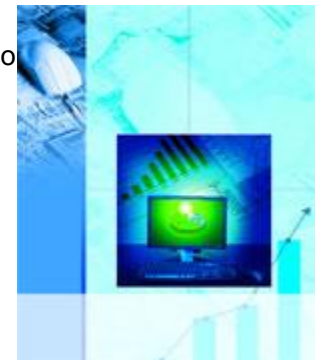


BI and MIS: Business Decisions Made Simple

January 26, 2009: *The voluminous growth of data from disparate sources has brought into focus the all-pertinent need for a unified platform that can be decoded to take faster decisions and perform competitive analysis says **Renuka Vembu***

The exponential growth of data and a plethora of information emerging from disparate sources are increasingly becoming difficult to manage. At the same time, businesses are looking to derive meaningful insights by analyzing the heaps of data to their advantage. The primary and critical need to distinguish data from information, extracting, analyzing and interpreting the relevant information, real-time access helping a faster decision-making mechanism, boosting efficiency and productivity leading to improved ROI, etc., have become imperative but are proving to be a herculean task.



The impact of ERP

Sanjay Mehta, CEO, MAIA Intelligence, said, "ERP systems force firms to re-engineer current practices to fit within the processes described by the ERP modules to get unified yet standard data across their business functions. Letting one ERP vendor provide most or all of a firm's enterprise systems is an attractive but risky proposition. While ERP provides significant benefits, organizations are finding that, in order to achieve critical decision-making business goals, they often need to supplement it with additional external reporting and analytics capabilities for end users enterprise wide. For example, it does not include the results of a customer survey or secondary sales patterns that can be useful in production as in the case of high-end fashion industry garments are made-to-order based on data at the channel or vendor's end."

The challenge that companies encounter is to bring in a unified system that handles all the data that surfaces out of the varied sources, systems and processes. The one platform that can be relied upon and is available should weed out the inconsistencies and irregularities that are bound to occur in separate varied sources and manual work.

For example if a report on order fulfillment is not coming to you on time then there are chances that the entire consignment may end up being shipped to the wrong customer. Alternatively, if the manufacturer missed the customer's delivery date, the customer may return the entire consignment leading to a huge loss of money. Additionally say in the case of textile manufacturing where the business is characterized by Cuts, Make and Trims—it's a process wherein customer supplies certain components of materials such as cuts (cuts of fabric to be stitched along with the garment) and trims such as buttons, hooks, zips and the

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Head Global Delivery, Collabera

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- **Sanjay Mehta**
CEO, MAIA Intelligence

like to the manufacturer. It is difficult to keep a track of CMT supplied by the suppliers to the manufacturer in the absence of a decision-making support system or the application.

Krishnamurthy Ramamurthy, Head Global Delivery, Collabera, opined, "In today's world where there is a plethora of data and DW/BI tools and technologies to extract, transform and report on the same, the extraction mechanism is not as critical as getting the right information at the right time for better decision-making. In order to enable 'fact-based decision making,' it is critical to accurately identify the business operational scenarios or questions that need to be answered." Identification of the right business drivers and related metrics is what leads to a successful BI/Reporting program for an enterprise.

Extracting from ERP

Mehta opined that business is dynamic with new product lines, new production methods, new distribution channels and demanding customers that a rigid ERP system cannot handle. ERP comes with a reporting toolset and predefined set of reports with general-purpose query tools to generate reports

using data within an ERP database. It provides acceptable day-to-day operations reporting but if business requirements change, these static ERP reports need to be changed. Specialized reporting and analysis applications can expose the business users to an altogether new and meaningful way of viewing data and analyzing data.

Today organizations pay millions to the consultants to create a few simple reports within their existing ERP systems. ERP/CRM/SCM/HRM are good at transactional reporting, but when it comes to BI reporting and analytics, a more cost-effective, easy-to-use reporting solution with superior analytics is required. Users need Web-based access to thousands of reports with drill-down and drill-through capabilities—primarily created by non-IT financial analysts, felt Mehta.

Ramamurthy said that the need for information surrounded key business areas of sales/revenue, customer service/interaction, profitability/billing, resource inventory/utilization and actual delivery/production progress. This information needs broadly serve decision-making around two areas:

- **Operational efficiency:** How to reduce operational costs and improve quality? How to do a better job of customer servicing?
- **Revenue sustenance and growth:** What are the additional revenue generation opportunities (cross-sell, up-sell, etc.)? How to improve customer retention? Companies also need to ponder over and answer questions like whether they are pursuing the right customers, doing the right things at the right price at the right time and whom their most important customers are.

He added, "The scenario today is significantly sophisticated and CXOs in mature organizations typically have online dashboards with drill down capability to view a combination of these metrics on a real-time basis."

Challenges faced

Every module comes with its share of challenges that need to be dealt with. "Companies may be among those falling prey to the limits of spreadsheets due to ERP reporting limitations and manual processes as you work to improve information visibility and achieve compliance. It is important that you are able to trust your data and avoid any inconsistencies in your reporting definitions and calculations due to spreadsheet use even after an ERP deployment. If your existing ERP systems and processes are slowing you down, external reporting and MIS may be problematic. Often the accountants struggle for weeks to consolidate multiple levels in their organization using their ERP. Adjusting entries are booked in ERP and need to be replicated multiple times for each level," advised Mehta.

Support systems

ERP/BI is dependent upon a number of other systems and basic factors that have an impact on it such as speed of the network, number of users, volumes of databases, etc. With IT anymore not aiding but enabling business, all mission-critical applications are of due significance because anywhere, anytime availability also gives rise to concerns like security, connectivity and performance. The source systems involved are mission-critical operational systems and the final delivery is through the organization's portals/intranets/extranets. There are multiple tools and technologies used in between to facilitate the extraction and representation of information, explained Ramamurthy.

Mehta gave a feel on aspects that would assist in enhancing the report performance:

- Continuous monitoring and improvement
- Know when to scale your hardware architecture
- Know when to break reports apart
- Make the most of schedule reporting and OLAP
- Encourage the appropriate use of features and functionality

Adding value

Businesses are looking for information across departments in the form of reports and data modeling that will help them assess market conditions, business objectives, understand customer behavior, analyze competition, and modify business elements so that they can map data and reports that are in line with their direction of the growth and vision for future, and take corrective steps, if need be, to amend the same. The compliance and regulatory issues, constant technological advancement and innovative techniques and methodologies, and the pursuit to gain the competitive edge in the changing industry dynamics has led to the phenomenal growth of ERP/BI. It has now become an indispensable part of sustaining business and framing its growth.

Using BI:

- Mails can be sent at periodical timings
- Misuse or wasteful expenditure can be identified; duplication can be stopped
- Increases efficiency; improves productivity
- Drawing comparisons and inferences becomes easily possible

Bucket analysis

Some of the ways Wal-Mart managers found to exploit their findings are legendary. One such story is of “diapers and beer.” Wal-Mart discovered through data mining that the sales of diapers and beer were correlated on Friday nights. It determined that the correlation was based on working men who had been asked to pick up diapers on their way home from work. On Fridays the men figured they deserved a six-pack of beer for their trouble; hence the connection between beer and diapers. By moving these two items closer together, Wal-Mart reportedly saw the sales of both items increase geometrically.

A version with a slightly different view of the roles involved suggests that the men are sent to the supermarket for the diapers and, because there’s no time left to go to a bar, take beer home with them.

Source: MAIA Intelligence

Ramamurthy asserted, “Businesses require numerous decisions to be made on a daily basis to improve operational efficiency or revenue growth. One of the key parameters that affect the success of these decisions is the availability of accurate information in a timely manner. All these systems and tools facilitate the process. There is neither any doubt about the need for such systems nor the associated benefits. They are considered imperative for an organization to be agile and customer oriented.”

Mehta explained timely access to BI has never been more important. Sophisticated use of BI can help organizations reduce costs, plan inventory, identify sales and marketing opportunities, optimize pricing and, ultimately, increase revenues. For many companies, aggressive and real-time BI activities can make the difference between winning and losing to the competition. Successful business intelligence implementations can unlock key information within a company’s data vaults and enable organizations to operate more effectively and profitably. Sample some of examples how decision-making tools such as BI adds value to business:

- **Business value:** Visibility into business operations can yield previously unknown insights. Without having an integrated view of the business, functional areas make decisions without having all of the relevant data that they need to understand the company-wide impact of their decisions. With one place to go for one version of the truth, business units are aligned on the business’ performance to make more informed and timely decisions.
- **It increases user productivity:** By simultaneously providing consolidated business reporting and improving the quality of data, companies can empower employees with the information that they need to work more effectively. Users no longer need to chase down data, reconcile different versions, and follow the data trail. Business intelligence provides business users with self-service access to enterprise data in real-time.
- **Use it to derive more strategic value:** With a jungle of dated, homegrown legacy applications, multiple enterprise and departmental systems, and databases living in every corner of every office, IT organizations often have to spend more time maintaining the systems than developing new solutions for the business. With a robust, self-service BI solution in place, IT departments can reclaim valuable time that can be spent on strategic initiatives versus the never-ending daily data requests.

In short, decision support systems tools such as BI or MIS reports highlight areas where spending can be curbed, inaccuracies are brought to notice, analyzing and decoding results becomes easier and decision-making in turn gets faster. In these days of recession, controlling costs and augmenting efficiency, adhering to compliance and regulation, maintaining transparency in dealings and being accountable for actions, are the need of the hour. Real-time access, instantaneous impact and immediate actionable measures are what businesses are struggling to grapple with. Even a minor delay or error can prove to have costly repercussions.

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