

Creating Olive Branches

The industry is unanimous on the stance that for BI, verticalization is the only way ahead

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Around this time last year, when the Dataquest team was surrounded and drowned in numbers (Top20 2009 was in its infancy then) there were quite a few numbers that surprised us. And not the least among them, were the growth and adoption figures of this one business application which not only outshone the others but also registered skyrocketing growth in the year of the slowdown.

The application was business intelligence (BI). Much like last year, it is still full of a surprise (who knows what this year's Top20 might bring!). However, many things have changed during the last year. BI is gradually climbing the rope from the experimentation cycle to the maturity curve. Although there is no doubt that BI is getting vastly adopted, there are many things happening here beyond pure implementation.

In fact, BI is now a parent of aplenty, and underneath its shade are many mushrooming family trees, and though some of them are mere roots as of now, they are only set to scale up your wall. Yes, we are referring here to BI verticalization. And our aim is not to ascertain whether it is happening or not, because the clear, unanimous and single word answer to that is: yes!

What we are trying to ascertain herein the prelim to the big bangs that how is BI getting verticalized. And is it, in the coming times, poised to throw up some big surprise. Let's delve a bit under the surface to figure out how the BI dashboards are changing and how it is donning new avatars for the screens of different industries.

Non-customary

In order to understand verticalization, it is primarily important to detach it from customization. For any company, BI implementation needs some sort of finetuning and adaptation to the processes of that particular company.

Verticalization typically means coming up with a basic solution that shall apply to certain groups or sub-groups. Customization is done over and above the verticalized solution.

BI then, in a way is much like a business suit. Although you can gauge the fabric and style as per the industry, you still have to work for that perfect fit.

The biggest question then, is to ascertain what organizations and functions can be clubbed under a single umbrella and have some commonality to qualify for a certain set of solutions.

Functionally Sound

If you thought that BI is getting segmented only as per the industries, you perhaps have only a narrower perspective of the innovation that is happening in the BI domain.

Beyond specific industries, BI is assuming the verticalization attire in its functions also. For instance, HR is a function that to some extent is similar for every organization. It has to have joining numbers, dates, and attrition figures, leave calculations, salary records, etc. Similarly, in the procurement function too, some things are



constantdate management, cost, channel, etc. Keeping these things in mind, BI vendors have come up with verticalization as per the functions or processes.

In a way, a strong juxtaposition as it may sound, BI is getting horizontally verticalized. As Sanjay Mehta, CEO, MAIA Intelligence says, "There are two types of verticalizations that are happening in the BI space. One is in terms of function, like consolidation, and the other is in terms of industry segments." Both, he adds, are taking place on the established grounds that BI verticalization does not make sense for a few generics.



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CEO, MAIA Intelligence

The most popular functions to qualify for these classifications are supply chain management, HR and International Financial Reporting Standards (IFRS). The most popular functions because what every customer requires from these functions is broadly the same. For instance, in the procurement space, they want to see logistics, and perform specific analysis on costs. Similarly for IFRS, customers need to know not only whether they are compliant or not, but how can they become so, in case they aren't. Vertical analytical solutions that address specific industry needs, such as ARRA tracking of US Stimulus spending, closed-loop planning to meet specific UK government reporting requirements, retail POS solution to manage retail store performance all go beyond traditional dashboards and reporting projects.

Trend Talkies

- Right here, right now: Who cares about centuries of data? One year or eight quarters is what matters most for businesses on the wheels. Its real-time and only set to be more so
- The SMS beep: Forget about complex mobile integration and enterprise mobility, BI feeds on SMS is the new simplified mantra
- Mass movement: BI is moving beyond few experts into the hands of common users
- Un-departmental: BI is no longer confined to the perimeters of a single department or function
- Make it large: Seems like the cynicism is a thing of the past. BI is now seeing huge deployments and all across, instead of cautious phase-wise ones

And well, this function based verticalization is also donning some new robes. "A new area emerging on this front is carbon impact and sustainability. This solution can measure energy consumption, transportation, and travel impact, etc," says Sharma.

Financial consolidation is the other area that is seeing a lot of knitted BI solutions coming its way. Due to heavy M&A activity and a stricter regulatory environment, all branches, subsidiaries and sister concerns of organizations have to have some common financial binding. And that is when BI is coming in and capturing the screen space. In fact, many global analysts are of the view that financial consolidated verticalization was one prime reason why BI registered the phenomenal growth figures in the last year.

Vertically Yours

The next type of verticalization is happening in terms of industry segments. However, every vendor has a word of caution to give in this regard. And that is creating a solution to suit (broadly) a whole industry is no child's play and everyone has to understand that not all industries can qualify for a special solution.

As Mehta explains, "The big question is to figure out what industry can be verticalized." Mehta thinks that those industries that are regulated and follow some standard procedures are easier to verticalize. Going by those standards BFSI, pharmaceuticals and telcos obviously look like hot segments. However, others like retail, manufacturing, broking are not being left out by vendors too.

In addition to this, reporting requirements can change. For example, reporting environment shall change in a regulated industry like insurance which will soon be affected by Solvency II requirements in EMEA. Thus, it is critical that the vertical solutions support viable and reliable ways to ensure the solution evolves and grows with soft and hard market requirements; flexibility is a critical factor in these pre-configured industry solutions.

Economics is another thing that needs to be kept an eye on for verticalized solutions. Not all solutions can be viable from a cost perspective. Says Mehta, "There is a cost challenge attached to verticalization. New fields, new reports, laws all need constant up-gradation and we have to understand how it can be technically deployed."

However, from a customers' perspective, economics is on the sunny side of things, as a verticalized solution can save huge amounts of money for an organization. "In terms of economics, pre-built vertical solutions can accelerate some projects by up to twelve months and save hundreds of thousands of Euros as compared with traditional, never-ending implementation consulting engagements," says Sharma.

All in the Template

Yes, template is where the secret lies for any verticalized BI. Much like the dashboard, template is that part of the solution that is premeditated and pre-fed with data by vendors. Be it function or a particular industry type, the first thing that any CIO analyzes in a BI solution is the template. When you are buying an off-the-shelf solution, the first thing you ask is how much of your requirements or functions are being fulfilled by the template alone. A retail CIO for instance looks for something different in a template than a telecom CIO. The desired results out of BI also differ for one vertical to another.

Top Five Verticals

- BFSI
- Retail
- Telecom
- Healthcare/pharmaceuticals
- Utilities

For Vikas Prabhu, CIO and business head, The MobileStore, BI is a tool that he thinks will not only simplify decision making in his retail chain but also eliminate false numbers. But he thinks that a major challenge there is that India as a market has not understood BI for what it actually is. "Simply doing data warehousing or generating some reports is not business intelligence," he adds. On the other hand, Anurag Choubey, CIO, Godawri Power is planning to go for a BI solution. But what he wants more than numbers is resource planning and effective utilization of mammoth data that any utility business has to deal with. Thus, the needs are different and vertical templates are designed by keeping in view the broad requirements of specific industries.

However, any pre-designed template is not the end of the road for any organization. As Sharma notes, "Take the case of the airlines industry. What is important for them? Monitoring footfalls, tariffs, taxes, etc. Although these functions will be embedded in a template for them, some customers will be okay with these standard templates while others may need reworking or more customization."

Applicable to All

There is a new lineage that verticalized BI has begun forming recently. And it is application based. A new offering, by some of the key vendors in the BI space is application specific solutions. However when it comes to applications, it mostly implies SAP. Call it market dominance or application adaptability. We won't get into that, for that is a story in its own right.

For vendors though, this application based BI is as much a matter of compulsion as it is of convenience. Mehta explains, "We have a lot of SAP customers, so it makes sense for us to provide SAP specific verticalization." In addition to that they provide Tally specific BI too and are also working on MS Dynamics.

In most cases of application verticalized BI, SAP happens to be the most common bet. The reasons are obvious. For any company, the BI stage comes later than the ERP stage. And when it comes to ERP, SAP is what comes to mind. And since it is indispensable to achieve a harmony between the various business applications, SAP becomes the tying factor.

However, application based BI is still only beginning to crop up, and is not being experimented on a broad scale. That is something to look out for in the future.

Vertical Challenges

- Cost: Building a customized solution often involves huge amount of green paper
- Upgradation: This is one challenge that vendors often find critical. Keeping your solution up to date with all industries happenings is no mean task
- Finding partners: Finding an implementation partner with the right mix of domain and technical expertise is a big challenge for vendors
- Training: As BI is getting verticalized, training needs are increasing and both organizations and vendors are finding different ways to educate

Road to Adulthood

It's actually strange how we have been calling BI on the path to maturity since several years now. But come to think of it, if a country can be called a developing nation for centuries, then a decade seems justified for an application that requires a huge perception shift.

Though results came late in the case of BI, they are increasingly becoming more tangible. There was a time, when a lot of BI implementations failed because BI was something that was confused for a CRM type of application. However, time has rectified approaches and BI fortunately is commonplace now.

And the new found verticalization approach is only giving it a further push. Give someone a product that is available for the masses, and it becomes common. But give a product that is meant for a select few, and it becomes exotic. And apart from its other benefits that is the kind of charm that verticalized BI is exuding.

Its impossible to put measurable figures to the market value of verticalized BI. But for now, let us be content with the fact that it is another step forward on the maturity curve. The fact that even SMEs are asking for industry standardized solutions, is also a sure shot sign of progress. Although most of the SMEs are still looking mostly at in-house functions, some more advanced ones, like auto-ancillaries for instance are taking industry solutions seriously.

Though it is still a journey, who knows, it might become a phenomenon someday soon.

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