



INTELLIGENT BUSINESS

Business Intelligence has emerged as the key priority among Indian enterprises and vendors believe partners will have a crucial role in customizing BI for various verticals and offering implementation and support services

■ TABREZ KHAN

In 1958, an IBM researcher Hans Peter Luhn termed Business Intelligence (BI) as the ability to apprehend interrelationships of presented facts in order to guide action towards a desired goal. BI, even after five decades, remains a fluid term used to describe varied business analytics, and data warehousing techniques and solutions. In the contemporary context, BI can simply be defined as a decision-support system that uses key business data presented as text and is supported by graphics.

BI has been and remains one of the key IT priorities for CIOs to implement in the near future. According to a recent study by IBM, more than 80 percent of the top Indian CIOs surveyed rated BI and analytics as their top priority area for IT investments in 2010.

“In the Indian context, BI platforms, analytic applications and performance management software present an ever-expanding market opportunity. Organizations are

increasingly focused on leveraging information for smarter business outcomes. Over the past two years, the market has seen a strong propensity for these platforms,” says Chandrashekhar Sankholkar, Country Manager, Cognos, IBM India and South Asia.

The driver for BI has been the need for efficiency and informed decision-making. According to Sankholkar, the need for predictive analysis in an uncertain economic environment has also driven the adoption. Even in a strong economic growth scenario, companies need to know how fast they are growing in a micro period, where the growth is coming from and what areas they need to focus on to drive incremental growth.

According to a 2009 Gartner report, for instance, through 2012, more than 35 percent of the top 5,000 global companies will regularly fail to make insightful decisions about significant changes in their business and markets because of lack of information, processes, and tools. In that context, BI solutions will obviously gain even more importance.

Ashit Panjwani, Director, Marketing, SAS India, cites IDC figures to corroborate the growth potential of the BI solutions market. “As per IDC figures, BI solutions market in India is likely to grow at a CAGR of more than 25 percent to touch \$300 million by 2012-13.”



“The BI solutions market in India is expected to grow at a CAGR of 25 percent to touch \$300 million by 2013. This demonstrates the growth potential”

ASHIT PANJWANI
Director, Marketing, SAS India

Windows of opportunity

BI is becoming a crucial piece in enterprise software across industry verticals. Some industries have taken the lead in

BI solution adoption due to the very nature of their business. Chief among these are the banking and financial services vertical, IT and ITes, telecom, and FMCG.

"BI is seeing a good adoption in almost all the industry verticals. But innovators in the IT adoption cycle are showing more propensities for these solutions. The early adopters of core banking and ERP solutions will also be the early adopters for BI software," says Sankholkar.

Most vendors opine SMBs will be slow on the adoption curve. Offering a reason, Durai Rajasekar, Senior Vice President of a specialized BI solutions provider for the BFSI domain Ramco DecisionWorks, says, "BI is still finding its feet with large enterprises, who have already invested heavily in IT infrastructure. They will continue to be the early adopters, as in the case of either ERP or CBS systems. SMBs will take some more time. But then, there are some foresighted SMBs who will also look at BI."

Partner play

System integrators and solution provider partners are key to the implementation of BI solutions. BI software from most vendors takes an architecture approach rather than a packaged software approach, hence suggesting a more direct selling business model.

"BI is a solution initiative, so organizations with focus on solutions can be the best fit for selling BI. It also requires a lot of customization, which partners can deliver," says Sanjay Mehta, CEO of Mumbai-based BI solutions provider MAIA Intelligence. "Besides this, customers would require on-going service, licenses and training. All three are recurring revenue opportunities for partners," adds Mehta.

Getting more specific on the revenue opportunities for partners, Sanjay Deshmukh, Vice President, Business User and Platform, SAP India, says, "With implementation and customization services being a key component of BI solutions business, a large chunk of that business will go to partners. Globally, the ratio of services to product is at least 3:1, so for every dollar spent on a BI solution, three more are spent on services to support that solution. This ratio is at least 1:1 in India."

The fact that vendors believe partners can deliver the customization and value-addition is borne out by their recent initiatives on channels front. Both top vendors IBM and SAP for instance, are increasing their channel partner network in the hope that it will help them target newer verticals and wider opportunities. The only criterion they have is for partners with good domain knowledge of any industry vertical.

Says Sankholkar, "We have increased our partner capacity significantly in the past six months for these solutions and are already seeing benefits. We currently have about half of our revenue coming through channel partners. We would like to increase this significantly going forward in 2010." Deshmukh adds, "SAP currently operates with a set of around 20 partners for BI solutions and our target will be to expand that in 2010."

Challenges

As they say, the proof of the pudding is in the eating. BI

"Partners can expect a big chunk of BI business, as for every dollar spent on the product, another three are spent on customization and services"



SANJAY DESHMUKH

Vice President, Business User and Platform, SAP

is constrained due to challenges that may not be as severe as ERP for instance, but of a similar nature. Any decision support system based on business data is only as good as the data itself. Therefore, capturing key and relevant data is crucial and can be difficult especially in a scenario where data keeps growing exponentially. Also, deciding the key metrics or performance indicators for a particular business can be a challenging task.

"In my interaction with CIOs across industry verticals, especially BFSI, I found that there was a huge interest in BI adoption. But the difficulty for them was deciding the key performance indicators (KPIs) of their business," says James Horton, Director Business Development, HP Business Intelligence Solutions, HP Asia-Pacific and Japan. Adoption can be slowed down in such instances.

According to Rajasekar, however, partners themselves hold the key to solving such problems. "Specialization and a vertical-specific strategy are key to successful delivery of BI solutions. Deep knowledge of a particular domain can aid in solving specific problems related to adoption in that domain."

According to Rajasekar, another key challenge facing BI was justifying the investment vis-à-vis benefits at the middle level in the organization.

"Today, companies must do more with less. Gone are the times when BI projects took months to implement, yet delivered vague business value. Organizations need to quickly and comprehensively identify where performance can increase (KPIs), and costs decrease," says Mehta.

Mehta quips the way to faster ROI could be in the form of light-weight version of BI. "Customers want BI implementations to be able to deliver immediate value without sacrificing long-term strategy. They are opting for a lightweight BI solution that is easy to install, easy to use and which leverages existing IT investments and data sources."

Conclusion

While the debate on the best form of BI solution continues, BI is clearly a must have for organizations today and the market seems poised to grow. Also, BI will have to be adapted in various models and levels of complexity to suit the needs of various verticals and industry segments. Therein lies the opportunity for partners to participate in one of the most promising IT opportunities for the next few years. ■