

Embracing

BI Across the Enterprise

A First Look at PerformancePoint Server 2007:
A Unified View of BI from Microsoft



by Rob Augenstein

Management reporting plays a key role in business intelligence (BI) and performance management. Displaying the results, performing variance analysis, comparing projections and consolidating data from disparate sources provide business users with the essential information needed to make timely, relevant and profitable decisions. What would happen if we expanded these capabilities beyond reporting and got entire organizations, not just individual departments or managers, to embrace BI methodologies? What would the overall impact be if they did?



BI enables companies to access and use the vast amounts of data they own to drive better business performance. Organizations that access the right information at the right time make better decisions. Some of the more difficult challenges to overcome when deploying effective BI solutions are the costs for implementation and training, the complexity of establishing easy-to-use BI tools and the risk that these tools, once established, will not be broadly accepted.

After considerable research and development and the acquisition of ProClarity, Microsoft is making significant strides in its BI product stack. Microsoft is demonstrating that they understand the value in bringing together a suite of products to address BI needs across the board, with a single integrated product. They have dubbed their product PerformancePoint Server 2007 (or PPS), with an expected release date of September 2007. PPS is available to early adopters who engage a participating consultancy.

Microsoft Integrates BI

PerformancePoint Server 2007 expands Microsoft's growing line of BI products with a new focus on performance management solutions. It's a collection of powerful reporting, monitoring, analyzing and planning tools - including scorecards, dashboards, management reporting, analytics, planning, budgeting, forecasting, consolidation and financial reporting — built on SQL Server 2005, the analytic and data visualization capabilities of ProClarity and Business Scorecard Manager and the Microsoft Office desktop. By providing an application that is easy to use and less costly to deploy than competing solutions, organizations can take advantage of the power of a centralized data repository while performing planning and analysis within Excel, a tool that many people already use, understand and trust.

PerformancePoint Server provides the infrastructure to link people at all levels of an organization - from executives to individual contributors - to overall corporate strategy. It provides data in real time from a single, centrally managed data source. Information is up to date and consistent, and consolidated reports can combine operational and financial data into a single report. But what does this really mean, and what impact will this have on an organization?

Powerful Reporting Tools Make it Easy to Visualize Results

PerformancePoint Server's reporting function allows for an "across the enterprise" view with easy mass distribution. The BI platform of SQL Server 2005 integrates data from many different sources and systems, enabling an organization to build a foundation of useful, actionable business information for multiple departments such as finance, sales, marketing, manufacturing and human resources. You can widely distribute dynamic and standard reports, including financial statements, management reports and ad hoc analysis, to the decision-makers who need this information.

Microsoft has been using Excel as its BI front end for some time. With PerformancePoint Server, Excel remains the go-to

application for analysis and data visualization. The Excel interface is used to build, customize and share templates and forms, but now when you "save," the data is sent from the spreadsheet and written to the SQL Server database. By centralizing control of data and the models, PerformancePoint addresses the most serious weakness of using spreadsheets as a collaborative tool — their fragility.

One example of how the reporting capabilities of PPS can be used is for consolidating financial data from multiple general ledgers and reporting systems, creating a single, integrated view of financial information. PPS takes that a step further with the corporate budget process by using writeback capabilities to send spreadsheet inputs back to the central database. Extended even further, dynamic business scorecards can track and analyze a broad range of financial, operational, customer and human resource information across a department and, ultimately, across the entire organization. These analytics are critical for decision-makers to understand the reasons behind business change so they can take action on the results. PerformancePoint Server helps move your decision-makers beyond simply monitoring "what" is happening in the business to understanding "why."

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PerformancePoint Server is not a magic bullet. Yes, it is expected to be a fully unified, low-cost alternative in the marketplace. But just implementing its reporting capabilities, while effective, will fall far short of the much further-reaching potential PerformancePoint could have on an organization. Achieving greatness in a BI project requires a paradigm shift for management — perhaps greater vision, stronger focus and different skills.

The Challenge

In many midmarket and emerging enterprise companies, BI initiatives don't seem to be driven by upper management. Instead, many of today's BI projects are being requested by individual departments within an organization. Even then, anecdotal evidence suggests that 85 percent of the use of BI solutions comes from within the finance department. It appears that upper managements haven't yet recognized the significance of embracing BI enterprise wide. However, it's one thing to set up a department to be successful. It's quite another to set up an entire organization.



According to Edward Deming, the famous management guru who put Japanese industry back on the map after WWII, a manager should view the entire organization, including the people, equipment, software and processes, as a system. The manager's job is then to improve the system because improving the system will drive profit. On the surface, this is a simple and attractive mandate. However, the real world routinely interferes in this wonderful ideal because today's managers have a lot of day-to-day distractions to deal with that make it difficult to devise and execute a plan to improve the system. Yet we know that companies who implement BI as a means for improving their system are considerably more profitable than those who don't. So managers should feel compelled to move forward with BI initiatives, if only just to keep up. But I need to address the question of how to ensure these projects will be effective.


As with any other new strategy, implementing and embracing BI across an entire organization takes time and money. We know BI can be successful within departments and divisions, but imagine what could happen if management at the highest level embraced it as a tool for the entire company. This is not to say that you should implement BI all at once. Consider using an approach of "incrementalism." Implement pieces of BI in select areas within the organization to prove its value. The fact that PerformancePoint Server integrates reporting, scorecards,

dashboards and analytics into the same application makes deployment easier and helps drive alignment and accountability.

After a management champion has been enlisted, start with a small group of measures or one process from a key department or division. If your champion articulates the vision for what could be achieved, focuses the right internal and external resources on the project, provides oversight and holds all parties accountable, the initial project will be successful. After you analyze the level of acceptance and what it took to have that small subset of the organization absorb its capabilities, pick another subset of the organization and keep growing it from there. It will be easy to engage and motivate others in the organization once you have an example that can be held up and replicated in subsequent projects.

While Microsoft is going to make broad and deep BI capabilities accessible to every company across the globe, whether they are small,

midsized, emerging or enterprise businesses, the much larger challenge of getting a different kind of management buy-in in these organizations to achieve overall success remains. There is a clear pattern of why BI is successful in an organization. Some internal individual or small team embraced the concepts and systems and drove the process with upper management's blessing and oversight. Successful BI takes a mature and visionary manager who appreciates that this technology will have far-reaching impact on the organization over a long period of time - and who has the capacity and capability to steer the organization through the process so that the concepts and information become pervasive from upper management down to the lowest person in the organization.

Effective BI has the potential to transform how all employees in an organization - not just a small percentage of BI power users or financial analysts - impact the business to improve performance. Once fully embraced, these companies will rise above the competition as intelligent businesses and become more efficient, agile, competitive and profitable. 

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