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Report Content Writer  
www.reportcontentwriter.com.

**AUTHOR:** Rachel Agheyisi

**EMAIL:** [rachel@reportcontentwriter.com](mailto:rachel@reportcontentwriter.com).

**TWITTER:** [www.twitter.com/rachel\\_rcw](https://www.twitter.com/rachel_rcw).

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## Five Things Every Business Manager Should Know About Business Intelligence

Business Intelligence (BI) is one of those terms that conjure up an air of covert operation. However, the core role of BI is to facilitate decision-making. Like a good spy, once deployed, BI assists its “handler” in making informed decisions. Until recently, applications of BI were limited to large and mid-size enterprises, but the technology is gaining popularity.

BI promises the type of information support every business manager or decision-maker could use. Using a question-answer format, this article provides an overview of BI in the hope of contributing to a broader understanding of this potentially powerful performance management tool.

### 1. What is business intelligence (BI)?

The simple answer is there is no single universally used definition for BI. Developers may define the technology in ways that favor the features of their own brand of BI software.

Regardless of the exact wording of a definition, the following applies across BI brands:

- BI is not a single tool. Most frequently, it is a collection of related technologies, tools and functions. These components explain why BI is often characterized as a system.
- The core function in a BI system is to gather, coordinate, and transform data into information efficiently. Not surprisingly, the more integrated the BI components, the more diverse the data analysis and performance capabilities.
- BI deployment is customizable to fit enterprise and industry needs.

In essence, BI is what your enterprise makes of it – depending on usage and functionalities.

## 2. What are the key components of a BI System?

What constitutes a BI system varies by developer. However, most integrated systems have the following tools and functionalities:

- Data management tools for collecting, cleaning, integrating, and analyzing transactional and operational data from multiple sources;
- A query tool for asking questions from the database;
- A reporting tool for generating ad hoc reports based on a query or series of queries;
- An analytical tool for generating projections, conducting forecasts, and creating alternative scenarios;
- A search tool for locating information, discovering underlying patterns, and augmenting analysis;
- A dashboard functionality providing for quick viewing and sharing of results.

## 3. What are desirable qualities in a BI system?

Given the relatively high cost of deploying, running, and maintaining a BI system, it is important that the product you select possesses the following qualities:

- Ease of use, especially from the point of view of the intended primary users in the enterprise.
- Flexibility of customization, to improve the best chance of adoption success
- Best fit to enterprise needs and existing systems, to enhance the ROI of the technology

## 4. When should an enterprise consider deploying a BI system?

Many enterprises follow a benefit-cost approach to the acquisition of new technology. In other words, they look for a positive ROI, preferably high enough to rationalize the investment. One way to improve the returns on BI investment is to ensure, at a minimum, that the acquisition is based on a thorough needs assessment.

A needs assessment involves a detailed checklist of how an enterprise collects and uses data in order to identify the best possible role for BI. The examination might reveal the following characteristics:

1. The enterprise collects large amounts of transactional and operational data from multiple departments, markets, and geographical locations.
2. The enterprise data integration and analytical processes are getting complicated without providing a corresponding enhancement in information value.
3. It is currently difficult to see, quickly, how enterprise data from multiple sources are related.

4. There is a growing problem with tracking internal operational trends and assessing contributing factors.
5. There is the need for a simpler approach to handling regulatory compliance requirements, customer relations, reporting obligations, including audits, invoices, and inventory tracking.
6. There is a need to improve internal information sharing by being able to integrate, slice and dice data from multiple sources with efficiency.

An objective evaluation of current enterprise data processing and anticipated needs is important in the choice of appropriate BI system and vendor. This goes back to the point made earlier about BI being what your enterprise makes of it.

## **5. Who are currently the principal developers of BI systems?**

It makes business sense to invest in a product with a solid track record and a potential for longevity. Not surprisingly, the BI vendors of note include the who's who of the tech world. The BI products of the following developers represent the current industry standards:

1. IBM - Cognos
2. Oracle - Hyperion
3. Microsoft
4. MicroStrategy
5. SAP Business Objects
6. SPSS

## **Conclusion**

Few will debate the benefits of having BI as part of the decision-making toolkit of an enterprise. Properly deployed, BI tools and functionalities promise to improve the timeliness, objectivity and transparency of business decisions. However, realizing these benefits hinges on how well the chosen BI product fits the needs of the enterprise.

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**About the author:** Rachel Agheyisi is a business writer who specializes in white papers and case studies that address regulatory compliance and business intelligence issues. Related articles are available on her website at [www.reportcontentwriter.com](http://www.reportcontentwriter.com).