

Business Intelligence, Part 3: Is It Worth It?



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Used properly, business intelligence can enhance the data collected by your company's customer relationship management system and turn it into a decision-making tool. However, the cost can sometimes outweigh the benefits -- or at least the benefits might be difficult to quantify.

This is the third installment in a four-part series. [Part 1](#) examines how companies can use business intelligence to their strategic advantage. [Part 2](#) looks at the features and functionality of various systems.

Once upon a time, business was done smartly and logically. New initiatives were part of long-term plans and all new ideas had to pass muster. Then came a period where a whiff of a trend meant change for change's sake, which was followed by a period most notable for its greed-fest. Combined, these last two periods had little to do with passing muster and everything to do with cutting the cheese -- from bloat to stinky profits. Now, companies around the globe are desperately seeking the recipe for a sweet market pie hoping all the while that it doesn't prove to be a formula for mustard gas.

The recipe they're using is two parts Business Intelligence (BI) and one part Customer Relationship Management (CRM). "Done well, there's a symbiotic relationship between BI and CRM," Chris Selland, vice president of marketing and business development at [EasyLobby](#), told CRM [Buyer](#). "BI supports and enhances the direction of CRM initiatives, which in turn provide the data for further revision and fine-tuning."

However, these ingredients can be costly, which raises the question: Is BI worth it? "It depends on the result," Scott Barnett, chief operating officer of [Bluenog](#), told CRM Buyer. "Costs vary widely and the benefits can only be weighed by the company itself -- is the information helping them to make better [business decisions](#)? To cut costs? To fulfill a regulatory or reporting obligation?"

"Sometimes, BI is a requirement, regardless of cost," adds Barnett. "In many cases, it's simply a matter of the time saved from automating reports versus a manual process, as well as the ability to gather new insight in real time without having to do a lot of heavy lifting from IT."

Value Is in the Eyes of the Beholder

Determining value of BI is tricky business since each company defines the value for itself. "Quantifying actual ROI in Business Intelligence is complicated, if not impossible," Chris Ferrara, vice president of business intelligence at [ISA Consulting](#), told CRM Buyer. "However, it is not the technology alone that drives the ROI. Rather, it is also how the technology is implemented."

For example, said Ferrara, organizations that limit their BI implementation to a single objective, such as operational efficiencies, are likely to see less ROI than those organizations that view BI as a way of gaining competitive advantage on an on-going basis. "The key to ongoing success and a high ROI is the continual evolution of a BI implementation -- from operational efficiencies to revenue generation to competitive differentiation through various customer facing applications," he said.

Because of the fluctuating uses and the combination of hard and soft returns, BI value is seen in differing degrees throughout an [organization](#).

"Traditional 'BI' has most value where there's a large volume of data -- such as in a high-volume call center," explained Selland. "It's much less valuable in less structured environments with less structured data, which is common with sales force automation."

"The big challenge is the increasing amount of unstructured data since traditional BI tools don't handle that very well," added Selland. "New-breed enterprise search tools, such as [Attivio](#) and [Endeca](#), have started making headway in the domain of traditional BI because they are more flexible and able to unify both structured and unstructured data."

Even with the many challenges, there is definable value in BI. "The benefits are immediately recognizable and worth the investment," Tony Berry, director of strategic accounts at [Infinity Info Systems](#), told CRM Buyer. "If one client previously spent 70 days per year producing [excel sheets](#) and now, with BI, have reduced this process down to one day, well, there is obvious benefit. On the other hand, BI offers more indirect information, so it is difficult to complete traditional ROI."

Measuring ROI

[BPM Partners](#) says that users are typically much more satisfied with business intelligence and performance management implementations than they are with other enterprise software initiatives. In the 2009 BPM Pulse survey of more than 800 users of performance management solutions, 68 percent of respondents said their project experience met or exceeded their expectations, 22 percent reported it was too early to tell and less than 10 percent felt that their

project fell short of their expectations. In the same survey, 89 percent of respondents reported that today's difficult economic environment will either have no impact on their current performance management and BI spending, or they will increase their focus, with only 11 percent reporting that they would be decreasing their focus.

"The benefits in BI projects often fall into three categories: Do analysis more efficiently (less resources), improve analysis (more sophistication) to make better decisions, or handle larger volumes of data with the same resources (better scalability)," John Colbert, BPM Partners' vice president of research and analytics, told CRM Buyer. "There are many examples in the industry of users with a 100 percent-plus return on investment that results from a BI or performance management initiative." 

[Business Intelligence, Part 1: Tools of the Trade for Decision Makers](#)

[Business Intelligence, Part 2: Creativity in Overdrive](#)

Stay tuned for Business Intelligence, Part 4.

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