

How to Make Your Business Information Count

**Generate a performance improvement of 27% by
becoming an Intelligent Enterprise**



The Executive Summary

Life never gets easier. We are all expected to do more with less. To survive the credit crunch, organizations have been driven to become leaner while at the same time improving operational performance. Today these challenges still exist, but organizations now need to be ready to exploit opportunities that arise in the post-recession economy. So, as well as being lean, organizations need to be agile. On the face of it, these appear to be conflicting priorities. However, effective Business Information Management (BIM) can help companies rise to these challenges.

Organizations certainly recognize the importance of their business information. In a survey of international companies conducted by Capgemini¹, over 80% of respondents stated that information exploitation was a critical driver or determinant of business performance. However, many also felt they could make better use of their information. The vast majority said that business performance could be improved by at least 27% if they were able to exploit their information successfully.

Although most organizations have invested significantly in Business Intelligence (BI), Business Performance Management (BPM), and Data Warehousing, many are not seeing the benefits. New clients tell us they still cannot get the information they need. They talk of multiple versions of the truth and information gaps.

Most organizations now have effective business transaction systems such as Enterprise Resource Planning (ERP) and Customer Relationship Management (CRM) that should provide all the information they need. So what's holding back more effective exploitation of information?

In our experience, while expectations for Key Performance Indicators (KPIs) and report requirements are relatively easy to identify, getting a clear, consistent, and agreed view of information is a much harder task. KPIs are of little use unless the organization has a culture that addresses factors such as information ownership and governance.

The information issue therefore is as much about people and process as it is about technology. Unless you take a joined-up approach to the management of business information, you are likely to continue to miss the information opportunity.

Capgemini: Enabling the Intelligent Enterprise

We believe organizations should aspire to become an Intelligent Enterprise. This means they must address and integrate the four core streams of Business Information Management (BIM):

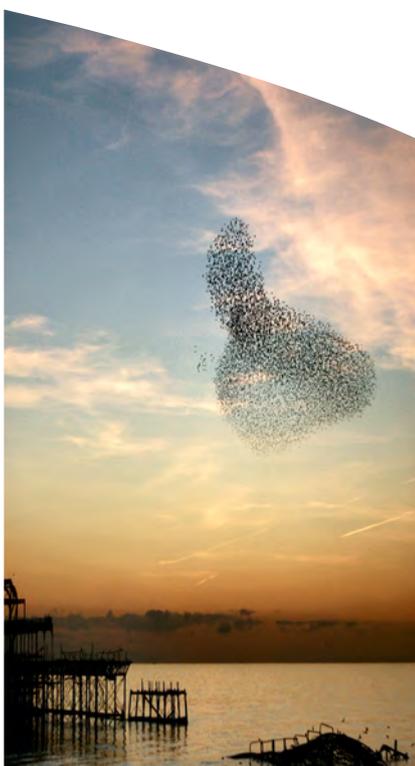
- Business Performance Management framework;
- Information Strategy;
- Solution Center approach to managing and deploying information;
- Business Information Technology.

Failing to take this integrated approach will result in poor decision-making that will ultimately affect the bottom line.

Capgemini believes that ownership is key to making this work. An organization's leadership has a vital role to play in the creation of an information culture that supports effective enterprise-wide decision-making.

The information residing in your organization is a critical business asset. Understanding how to use this asset to its fullest potential should be a critical objective.

This paper sets out to look at these issues, to understand how they inform each other, and demonstrate that through the implementation of these BIM streams a step change in business performance is possible.



Conflicting Priorities: Reduce Cost and Increase Business Agility?

If you have survived the recession then undoubtedly you will have cut some costs. But the pressure is always on to cut more. The post-recession enterprise needs to be lean to compete in the new economy. But where and how do you cut without harming customer service, operational effectiveness, and financial performance? At the same time, the post-recession market offers great opportunities for an agile business that can make quick decisions and move easily into new markets. These appear to be conflicting priorities, but in this paper we aim to show that the Intelligent Enterprise can do both. An Intelligent Enterprise is one that has business information as a core asset, with common and consistent access and clear ownership and processes for information management.

There is no doubt that exploiting information has become a critical driver for world-class performance, especially in light of the huge rate at which information volumes are increasing. Many organizations have in place data warehouse programs and business performance measurement initiatives. Yet they are failing to see the benefits. In our survey, over 80% of senior executives acknowledged this.

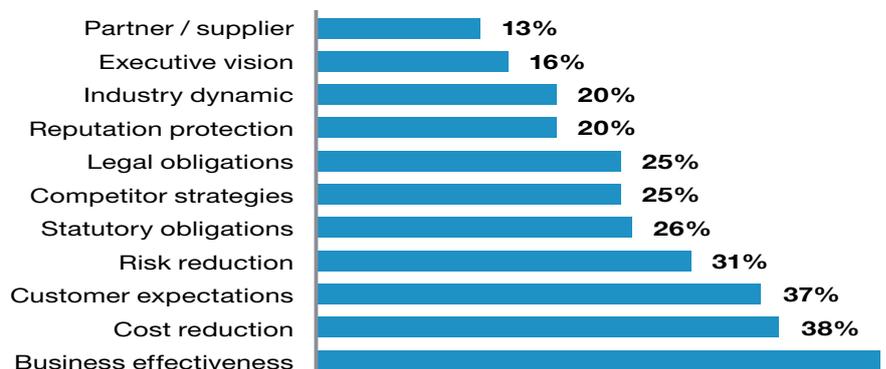
They also understood that successful exploitation of that information should provide competitive advantage; 83% say that exploitation of information was in their organization's top five priorities.

Not Seeing the Benefits?

While recognizing the importance of information, executives feel that their organizations have yet to reap its full benefits. On average, businesses believe that, by making better use of information, they could achieve a 27% increase in performance. It is possible that many organizations are simply overwhelmed by the scale and complexity of the information problem and this often leads to inertia.

What do we mean by 'improving performance'? Can a better grip on business information really solve all the problems of reducing cost, increasing sales, and improving customer satisfaction? Interestingly, most people who responded to the survey saw that improving the use of information in their organizations could allow them to reduce costs and improve business effectiveness. They also saw that it could meet many of their other priorities such as customer service, risk reduction, and compliance.

Fig 1: What were the positive drivers for exploiting information in your organization?



So What is Stopping You?

The solution looks simple. We are now able to manage much of the core business data with ERP systems. We know senior executives see the importance of Business Intelligence, and BI technology improves all the time with increasing scalability and performance. So it looks like we have the perfect conditions. But often it is a case of 'too much data and not enough information'.

Increasing Volumes of Information

The explosion in the volume of information often results in inconsistencies between sources, duplications of master records, and time spent reconciling one source to another.

The ubiquity of computerized processes, and the fact that data storage is relatively cheap and easy, means most organizations are facing massively increasing volumes of digital data. So the task facing today's business leaders is to find a way in which the organization can cope with this unremitting growth in information in order to manage the business effectively.

Failure of Existing BIM Programs

Most organizations have spent significant amounts on Business Information Management (BIM) in one form or another. There are the obvious programs: the data warehouse, the business KPIs, scorecards, CPM/ BPM initiatives, and reporting tool deployments. And then there are all the hidden costs, such as the armies of spreadsheet specialists, who spend their days downloading, rationalizing, and reformatting data.

Our survey asked senior executives to prioritize the numerous barriers to exploiting information fully. They identified user culture and staff skills as the top two barriers. Other important barriers included policies and procedures, information quality and information systems. These are critical factors in making business information work for you. Successful Business Information Management is as much about overcoming people and process challenges as it is about technology.

Fig 2: What are the greatest barriers to effective performance management in your organization?



An Information Culture

Developing an information culture is critical to establishing common values and behaviors for how information is collected, used, and shared.

Often business information initiatives have little or no enterprise-wide co-ordination. They are started by frustrated business managers or by teams within the IT function. This typically creates information silos within the business as the heads of each area invest in technology and build processes to get what they need. As a result, the full remit of BIM is seldom embraced. Delivering a BPM framework is of no use if the information that supports the performance metrics is flawed. Similarly, KPIs that have differing underlying definitions just cause confusion and prompt time-consuming debate about the data rather than business issues. Giving business users ad-hoc analysis tools without proper training is often counter-productive when all they want is a report.

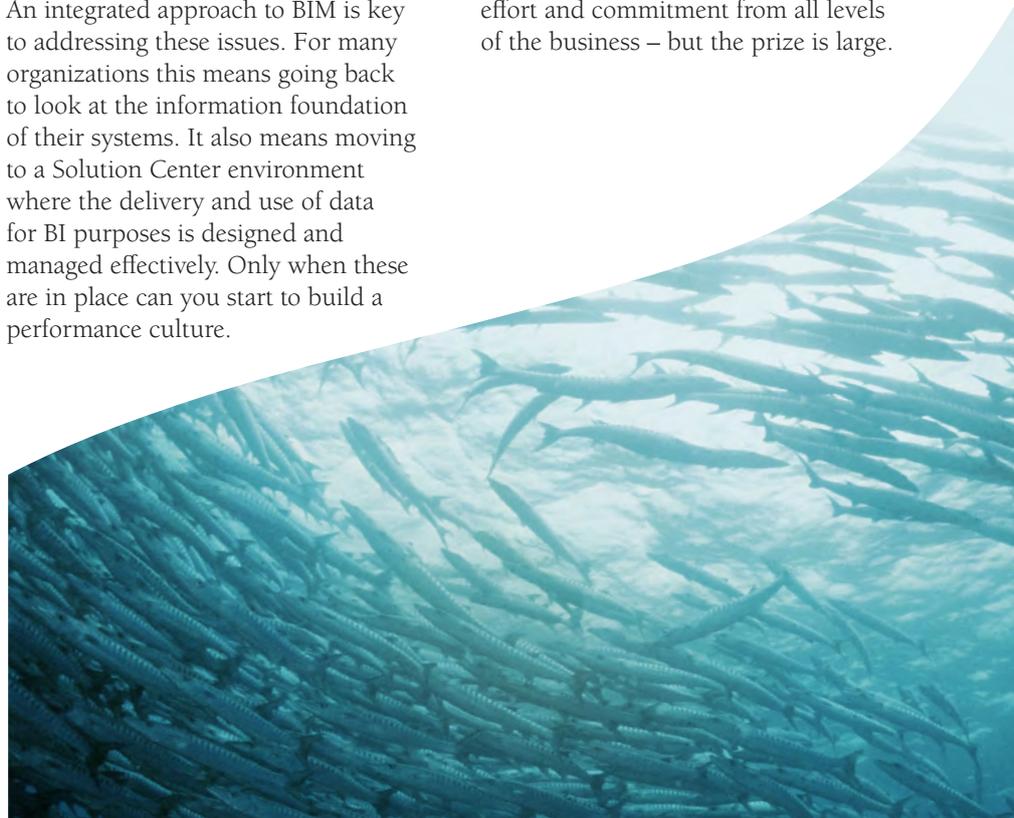
An integrated approach to BIM is key to addressing these issues. For many organizations this means going back to look at the information foundation of their systems. It also means moving to a Solution Center environment where the delivery and use of data for BI purposes is designed and managed effectively. Only when these are in place can you start to build a performance culture.

Statutory Reporting and Compliance

Although often seen as a chore, statutory reporting and compliance are a vital part of doing business. And failure to get this right can have a high price. Even simple mistakes can cost dearly as a drinks company found out when forced to restate sales figures, showing revenue fell 5% rather than rising 3% in the first four months of the year. This mistake was attributed to 'human error', and sent the company shares down 12%.

The burden of statutory reporting and regulatory compliance is another part of the information environment that senior executives believe prevents them from spending more time on optimizing information assets. Our survey reveals that 75% of the senior executives agreed or strongly agreed that their organization was spending an increasing amount of time on statutory reporting.

These are some of the challenges that stop organizations from realizing the information opportunity. Getting this right requires investment in time, effort and commitment from all levels of the business – but the prize is large.



Organizations who responded to our survey reported that their performance management efforts are being hampered by culture and skills deficiencies—36% putting this among their top three barriers, closely followed by lack of trust (30%), and problems with policies and procedures (29%).

Capgemini believes that implementing BIM technology or BPM projects individually may be necessary with current budgetary constraints, but in isolation they are not going to solve the underlying business problem. It is this approach that has resulted in some disappointment with the ability of BIM to deliver significant benefits. Realizing the benefits requires an approach that looks at all aspects of BIM in an integrated fashion:

1. Business Performance Management

Management—Using business information to build a consistent framework to translate strategy into managed and effective action. Taking information into the heart of the process to run the organization and provide informed decision-making.

2. Information Strategy—

Fundamental to having effective BI and BPM is the underlying business information foundation. We believe an information strategy is essential to derive clear and consistent metrics and KPIs with data ownership and management strategies.

3. Solution Centers—Reliable data and an information culture are key to the BIM challenge. Ensuring the information is understood, supported, and available is best achieved with a Solution Center approach incorporating business ownership and a Rightshore® strategy to scale effectively within budget constraints.

4. Business Information Technology

Technology—Most organizations have a plethora of BI applications from multiple vendors. Meanwhile the vendor market has seen massive consolidation. Understanding vendor roadmaps and how to get the most out of the technology is key to enable effective use of business information.

While these streams can be run separately, a BIM approach that interlinks and integrates them is fundamental to effective exploitation of business information.

Fig 3: The New Intelligence Platform - Value Added within an SAP Landscape



Unless such an integrated approach is taken, organizations will continue to ‘fly blind’. They risk making decisions without the right information or delaying decision-making—by which time, the opportunity may have gone. There is no doubt that badly informed decisions affect the bottom line.

1. Business Performance Management

Central to effective BPM is a framework to translate strategy into action. This relies on cascading strategic goals, set against clearly defined metrics through the organization with the associated accountability. It is about providing a consistent framework within which business decisions can be made with confidence. Accurate, usable metrics based on business information are the raw materials of good decision-making. The rate at which these critical business decisions need to be made is ever increasing, with 78% of organizations making 25% or more decisions than they were five years ago, and half making 50% more.

2. Information Strategy

Business Information Management is not just about interpreting available information, but about actively managing this to enable smarter decisions. An Information Strategy is vital. Organizations need to ask questions such as:

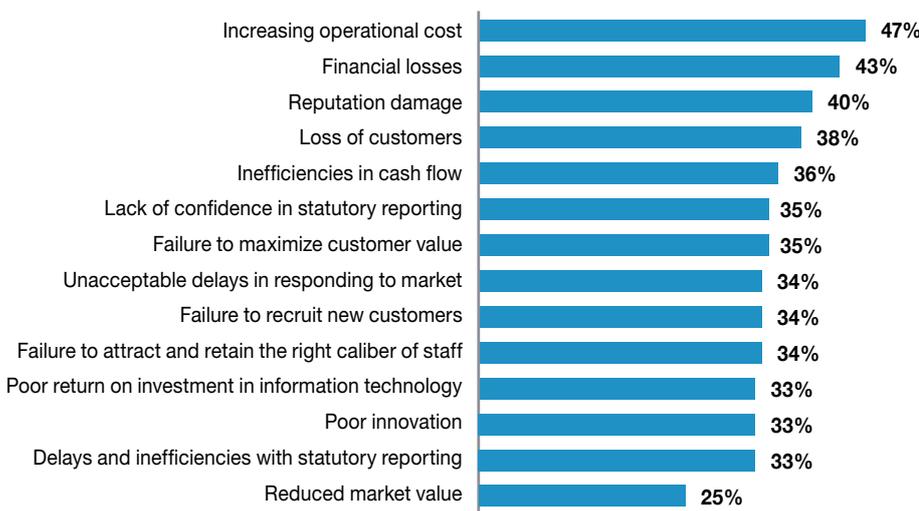
- Do I have a single view of my information or are there multiple versions?
- What processes do I have in place for the governance of that information?
- Do I have a clear strategy for the types and delivery methods of information to my users?
- How do I manage master data across the enterprise?
- What mechanisms do I have in place for sharing information inside and outside the organization?

Often we find that organizations have maintained multiple versions of the same data in a variety of information stores. Today, whether there are multiple data stores or a single, centralized one, organizations need to ensure that they have a single version of the truth.

Information Strategy A Single View

A ‘single view’ is vital for a high-performing business because it makes the organization’s complete information assets available to everyone who has a legitimate use for them. A common definition of a KPI such as profit can be a challenge across multiple functions and regions. Add to this the complication of potentially different sources for input factors, such as the sales and cost numbers and the complexity of the problem becomes evident. A ‘single view’ also increases the accuracy of information and eliminates the

Figure 4: The consequences of ineffective decision making



effort of maintaining duplicate records—81% of respondents said that a single view was a critical business requirement for them.

Information Strategy Effective Master Data Management

Effective master data management is often a recognized goal with most organizations realizing the power of a single view of the customer or vendor. But key to making this work is the process to govern and control how new master data is created, distributed, and managed. Also there are many other objects that are less obvious for master data management that could bring great value if properly managed such as product and spend categories, organizational structures, and even contract types.

3. Solution Centers

Having a business performance culture and the right information are all well and good, but if you do not have the skills and competencies to deliver and use the information then there will be little benefit. Similarly, if you do not have the infrastructure and resources to quickly respond to information needs then business users will typically find their information elsewhere and the spiral of declining use, quality, and ultimately trust in the information starts again.

36% of organizations put ‘culture and skills deficiencies’ in their top three barriers to effective performance management, along with ‘lack of trust’ (30%) and ‘problems with policies and procedures’ (29%). This demonstrates that developing appropriate behaviors and processes around the use of information is key to realizing the value from accurate and timely information. An enterprise Solution Center approach involving both business and IT in the design,

development, deployment, and support of information across the organization can be a valuable lever to address these concerns.

Once a Solution Center approach is in place, it is possible to move to a factory delivery model using near-shore and off-shore resources to address the need for quick and often expanding requirements for business information. This supports rapid scaling and enables the organization to move to a Service Level Agreement (SLA) culture.

4. Business Information Technology

Although technology is only part of the solution, it is clearly critical. Most organizations have several BIM tools from multiple vendors. The situation has become even more complex as the BIM tools vendor market has seen massive consolidation. For example, SAP acquired Business Objects, which had bought Crystal Decisions; Oracle purchased Hyperion; IBM acquired Cognos, Ascential, and SPSS to name just a few. Frustration with the tools is quoted as one of the top three barriers

to effective performance management, and 53% of respondents to our survey felt it was possible to achieve at least a 25% reduction in the time and effort being spent on reporting.

Vendor roadmaps are also complicated. Many cannot explicitly confirm which products are planned to be retired and many promise integration between products that will not be available for some years to come. There are frequent trade-offs between functionality and integration with core business applications. Understanding the relative merits of each is important. There are many different types of reporting tools on the market from simple formatted reporting to data exploration tools, each meeting different needs. The technology strategy must identify which tools to use for each user community. The wrong tool will badly affect user adoption. Steering the way through this minefield is not an easy task but is an essential part of effective Business Information Management.

Figure 5: What are the biggest challenges in joining up information from different sources?



Conclusion

To be effective and competitive today and ready to take advantage of the post-recession economy, organizations must leverage their business information.

Many organizations will attempt to address these opportunities through the traditional approach of applying tactical fixes to processes and organizational structures, often implementing additional IT solutions. This approach has only delivered limited benefits in the past and there is no reason to believe that it will be any more successful now and in the future.

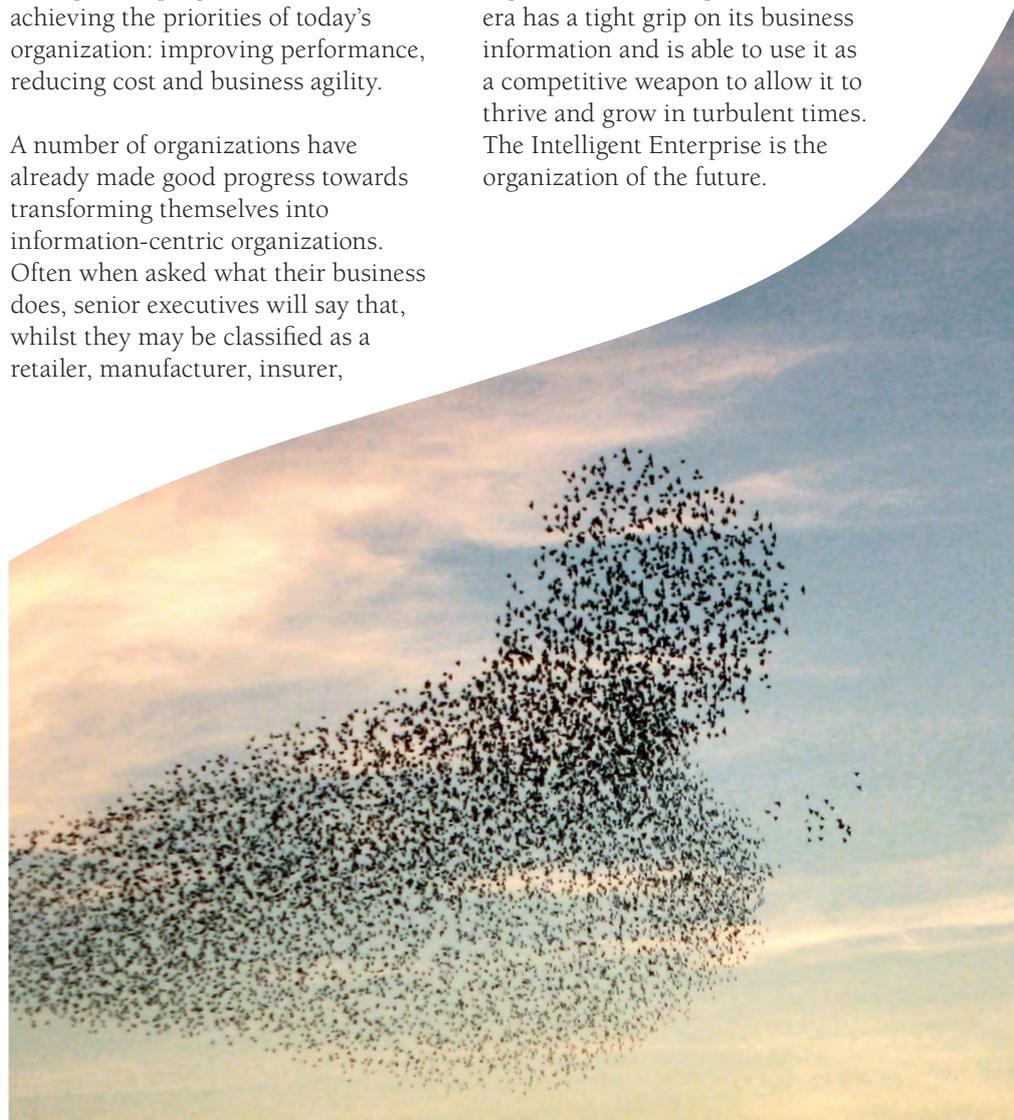
We believe that an effective and integrated Business Information Management program is vital to achieving the priorities of today's organization: improving performance, reducing cost and business agility.

A number of organizations have already made good progress towards transforming themselves into information-centric organizations. Often when asked what their business does, senior executives will say that, whilst they may be classified as a retailer, manufacturer, insurer,

or public service provider, they are really in the business of managing information.

Since our original survey, the pressures have only intensified. Mastery of the business information challenge is an imperative to succeed. Organizations need clear insight. Rapid and informed decision-making is key to success, and the absence of good business intelligence creates the potential for failure.

Capgemini can demonstrate that only by taking an holistic approach to management of information in the business can the prize of improved effectiveness be achieved, potentially by as much as 27%. The agile, lean organization for the post-recession era has a tight grip on its business information and is able to use it as a competitive weapon to allow it to thrive and grow in turbulent times. The Intelligent Enterprise is the organization of the future.



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