

Business Intelligence: Emerging Stronger from Economic Uncertainty

White Paper

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Introduction

There's little doubt that economic uncertainty presents challenges for businesses of all sizes in every industry. Around the globe, companies must cut costs and reduce risks as they confront slower sales, troubled suppliers, and tighter credit. But with challenges come opportunities. If you maintain a long-term perspective—even as you take short-term steps to adjust to economic realities—you can sharpen your organization's focus. Even with limited resources, it's possible to achieve your business objectives if you reduce costs, make smarter strategic decisions, and continue innovating new products and solutions.

With Microsoft Business Intelligence (BI), you can focus your resources—people, technology, and capital assets—to achieve these goals and generate the maximum return for your organization. You get the right information to the right people faster. As a result, they make smarter, more informed decisions, increasing efficiencies in the short term and positioning the company for growth in the long term.

Because you probably already own much of the Microsoft Business Intelligence solution with Microsoft® Office 2007 suites and Microsoft® SQL Server®, it's also the most cost-effective choice for deploying Business Intelligence throughout your organization.

The backdrop: uncertain economic times

In an uncertain economy, many companies feel the pinch of reduced business activity. Customer orders fall. Scrutiny of management decisions rises. And suppliers and lenders seek safe, low-risk investments. As a result, it becomes increasingly important to do more with less, compete effectively for limited credit, and reassure stakeholders and investors.

Doing more with less usually involves “belt-tightening” measures such as hiring freezes and layoffs. Management examines budgets more closely, looking for ways to save money without compromising quality or service. Executives reevaluate travel, computer, and supply expenses, and attempt to negotiate better rates for everything from freight contracts to insurance premiums.

Competing effectively in a tight credit market also raises new issues. Limited credit means fewer funds available for investment. Now is the time to carefully analyze investment options so limited funds are put to the best use. And securing new funds requires forecasting an accurate return on investment—whether it’s an outlay for new IT infrastructure or new machinery. In addition, frozen credit can have an impact on the entire supply chain, causing delays or limited availability to key raw materials. It’s crucial to have contingency plans for handling the potential impact of constrained trade.

Finally, in an uncertain economy, stakeholders and lenders are less willing to take risks. They seek low-risk investments that keep their capital investment whole and return even a small profit. Before investors will approve additional funds, they want to know that management has evaluated multiple scenarios—such as worst case, most likely case, and best case—and aligned potential returns within a range of market uncertainty. It’s essential to rely on solid financial analysis to assess risk and return when planning future investments. Armed with this analysis, it’s possible to reassure stakeholders and lenders while laying the groundwork for future prosperity.

The critical success factors for emerging stronger from economic uncertainty

To address the challenges of doing more with less, competing for funds in a tighter credit market, and reassuring cautious stakeholders and investors, you need to increase visibility into your financial and operational performance. This paper addresses how Business Intelligence can help you reduce costs, make smarter operational decisions, and continue innovating so you can thrive within a period of economic uncertainty and emerge stronger when the economy recovers.

Reduce costs

Business Intelligence can reduce costs in two ways: It helps you root out wasteful, expensive inefficiencies and it automates routine processes, saving you valuable time and resources.

Find inefficiencies

To identify areas of inefficiency, you need complete insight into your financial and operational performance. Powerful business intelligence tools improve financial visibility so you can better

analyze your operations. Take, for example, Culver Franchising Systems, Inc. (CFSI), a company that operates hundreds of restaurants and franchises throughout 17 states. With the help of Microsoft Business Intelligence solutions, CFSI helps franchisees lower food costs and improve speed of service. The solution provides CFSI with better visibility into the performance of Culver's restaurants and menu items, and identifies areas where restaurants can reduce costs without compromising quality or speed of service. Like CFSI, you can use Business Intelligence to understand variances and interdependencies and drill down into detail to find trends. Armed with this analysis, you can make smart, cost-reducing changes than improve operational efficiencies.

Save money

Another way to cut costs is to automate routine processes so you can reduce time-consuming manual intervention. Consider TAC Americas, a company specializing in energy management. It no longer manages multiple charts of accounts or relies on a host of macros to consolidate and report the numbers. The company now uses a Microsoft Business Intelligence solution to simplify and automate its consolidated results. The time saved from such automation is significant: It's slashed TAC Americas' consolidation process from about four hours to fifteen minutes.

Pharmaceutical giant Eli Lilly provides another dramatic example of using Business Intelligence to save money. The company developed a Business Intelligence solution to pull data from an ERP system and other data sources, eliminating many hours of work. The company reports that one newly automated visual presentation—a "relationship diagram" that lets managers collapse charts for multiple drug projects into a program-level view—saves Lilly \$500,000 a year in labor costs.¹

Operate smarter, more strategically

With effective Business Intelligence you not only reduce costs, you operate smarter and more strategically, building a foundation that you can grow on once the economy picks up. A robust Business Intelligence solution supports your ability to operate smarter by helping you:

- **Get real-time information to the right employees**
- **Find profitable customers**
- **Pivot on a dime**

Get real-time information to the right employees

You want to empower your employees with the real-time information they need to make better, more strategic decisions. Business Intelligence gets the right information to the right people faster. For example, customer support representatives can use Business Intelligence to review information that helps them identify cross-selling and upselling opportunities. Sales directors can gain visibility into the pipeline and prioritize their efforts around their most profitable customers. And your CFO can set automatic alerts to warn of potential problems with cash flow. With access to real-time information, your employees—those that close deals, build customer relationships, and plan for the future—can quickly analyze what's happening

¹ InformationWeek 500: Orion Builds Efficiency Into Eli Lilly's R&D System, Mary Hayes Weier, *InformationWeek*, Sept. 15, 2008.

within the business today and make decisions based on information that's both current and relevant.

Find profitable customers

Profitable customers are the ones worth fighting for. In uncertain economic times, you simply can't afford to waste precious time and resources on customers that are not in a position to buy. Business Intelligence helps you analyze customer profitability, so you can allocate your limited resources on those customers that are profitable now—and cultivate those most likely to grow your sales when the economy recovers.

PREMIER Bankcard, one of the nation's largest credit card providers, uses powerful analytics to answer an endless array of "what-if" questions that help identify the best mix of customers. "We just had a meeting earlier this week with a department that makes decisions on the credit worthiness of our customers," says Dan Zerfas, vice president of software development. "Their question was: *'What if we made a slight percentage point change in our approval rate for one element of customer qualification? What would this change?'*"

"It used to take months to answer this type of question, assembling and analyzing the data," says Ron Van Zanten, directing officer of business intelligence. "With analysis services and the rest of our Business Intelligence environment on the Microsoft application platform, we can provide even better results within just a few days. The drill-through capabilities of analysis services are very important to our analysts."

Pivot on a dime

Your ability to sense and react to shifting market dynamics can set you apart from the competition. You need to identify problems early on, so you can make quick decisions in response to changes in the marketplace. You need analytical tools that can help you turn data into powerful information, driving better, faster decision making. And you must be able to incorporate course changes into future forecasts and plans.

Detecting potential problems early is critical to altering course and improving operations. A powerful BI solution delivers an information-rich dashboard that helps you identify problems before they become insurmountable. Glenn Yaffa, executive vice president of sales and marketing at Ste. Michelle Wine Estates, notes, "The dashboard gives me an immediate view of the key performance indicators that I need to track. It enables me to act faster to address potential problems."

Yaffa credits his dashboard with providing an early warning when the company's orders for imported wine appeared insufficient to meet anticipated demand. Because of the alert, Yaffa called his national sales manager and was able to address the potential problem before it actually cut into revenues.

In addition to early detection, Business Intelligence offers sophisticated analytic tools that turn data into powerful information. Mark Kinkade, CIO at the Illinois Department of Transportation (IDOT), explains how that agency's Microsoft Business Intelligence solution drives critical decisions by providing users with the ability to slice and dice data and decisions: "With the Microsoft solution, IDOT can allocate resources more effectively and quantify the decisions we're making. It'll also allow our staff to make better decisions quicker."

Not only can Business Intelligence help you track key metrics and rapidly analyze data, it lets you forecast and plan based on multiple scenarios and changing business conditions. With integrated forecasting and planning, you can quickly test and map the best route through economic uncertainty. Further, you can use comprehensive scenario planning, for example, to provide assurances to stakeholders and lenders that you have thoroughly vetted funding requests for strategic initiatives.

Using a solution based on Microsoft Office PerformancePoint® Server 2007, GPX, a manufacturer of specialty tires, is better able to ensure consistent measurement of targets and track results throughout its organization. "The integrated Business Intelligence solution is not only intuitive and easy to use, it helps deliver significant strategic value to our organization by allowing us to report current activities and better forecast for the future," says Andy Soares, manager of business intelligence and data integrity.

Innovate to create a condition for growth

In any economy, innovation is essential to business success. In the short term, you may need to cut costs and make focused strategic decisions. You also must continue creating products and services that will drive greater revenues when the economy improves. With an effective Business Intelligence solution, you can identify buying patterns so that you can focus your resources on creating and producing only in-demand products.

For example, the success of a pharmaceutical company directly correlates to its ability to innovate needed treatments. Eli Lilly's scientists, who work on several thousand potential new drugs at any given time, are always looking for the next blockbuster. Eli Lilly adopted a new centralized portfolio management system, based in part on Office PerformancePoint Server 2007 for Business Intelligence and Office SharePoint® Server 2007 as a system portal, to facilitate that process. Scientists can now assemble portfolio information in a matter of hours—a process that used to take a month or two. "Our ability to access, apply, and manage information through the portfolio, from basic innovation to marketplace dynamics, has to advance dramatically, and this is one of those tools that will help us do that," says CIO Mike Heim. "As a pharmaceutical company, your innovation engine and the ability to bring those innovations to market is crucial," adds Heim. "If we don't innovate, we go out of business."²

² InformationWeek 500: Orion Builds Efficiency Into Eli Lilly's R&D System, Mary Hayes Weier, *InformationWeek*, Sept. 15, 2008.

Powerful, cost-effective solutions: Microsoft Business Intelligence

A new generation of flexible, cost-effective Business Intelligence solutions can help you reduce costs, make smarter operating decisions, and continue innovating so that you can emerge stronger after a down economy. Further, these solutions let you understand and respond to changing business conditions with greater insight and speed, which is especially critical to creating a competitive advantage. Business Intelligence solutions from Microsoft combine the best value, pervasive deployment, and complete integration you need to deliver the most cost-effective and feature-rich Business Intelligence solution.

Best value

Microsoft Business Intelligence solutions deliver greater value at lower cost than many competitive products—making them particularly ideal in difficult economic times. When resources are limited, leveraging what you already own is a smart, cost-effective approach.

A case in point: Ste. Michelle Wine Estates adopted its Microsoft Business Intelligence solution for just half the cost of alternative solutions. “The Microsoft Business Intelligence solution gave us the best combination of price and performance of any of the options that we considered,” says Alan Stefanin, database architect at Ste. Michelle Wine Estates. “We have a best-of-breed strategy, and Microsoft Business Intelligence fit into that perfectly. A significant share of our IT infrastructure is based on Microsoft technologies, and this solution will operate easily with what we already use.”

Microsoft Business Intelligence solutions provide the best value for money by maximizing your existing IT investments and requiring only small, incremental investments in technology. And in the long run, Microsoft solutions offer lower support, training, and maintenance costs than competitive solutions.

Pervasive deployment

To reap the full performance-enhancing benefits of Business Intelligence, you need a solution that is easy to use and makes your employees smarter. Business Intelligence doesn’t need to be so complex that it shuts out regular business users. Nor does it need to eat up IT resources. Microsoft Business Intelligence has removed these barriers to use, making Business Intelligence accessible to all your employees—from line-of-business managers to customer service reps. Because it’s so intuitive to use, you can deploy Microsoft Business Intelligence to all of your employees. With more employees able to review performance daily and make more informed decisions, the productivity of your workforce rises.

Fully integrated

In addition to providing the best value and enabling pervasive deployment, Microsoft Business Intelligence solutions come fully integrated with the rest of your Microsoft Office productivity tools—including Microsoft Office Excel® 2007, Office SharePoint Server 2007, and other Microsoft Office applications. Microsoft SQL Server provides the data management and analysis platform, and Office PerformancePoint Server 2007 delivers powerful performance management capabilities. Because all these products are built on the industry-leading SQL Server, they inherently work together from the beginning—not at some time in the future. Joe Gregg, IT director for Ste. Michelle Wine Estates, explains it this way: “The Microsoft Business Intelligence solution was a natural extension to our Microsoft-based environment, so

integration was easy and we were able to take advantage of much of the software—such as SQL Server and Visio—that we already had.”

Close integration among Microsoft applications extends Business Intelligence capabilities throughout your organization, supporting rapid insight and action. It also facilitates a self-service Business Intelligence environment with analytics, content management, workflow, and collaboration embedded into key business processes.

Conclusion

To emerge stronger from a period of economic uncertainty, your organization must cut costs and make more strategic decisions, emphasizing low-risk investments that drive maximum value. Because you already own much of the Microsoft Business Intelligence solution, it's cost-effective to deploy and easy to integrate into your IT environment. Microsoft Business Intelligence can offer your organization these compelling benefits:

- **Lower total costs.** Utilize your existing investments in Microsoft SQL Server, Office SharePoint Server 2007, and Microsoft Office 2007 to drive end-user adoption, dramatically reduce per-user costs, and generate unprecedented value.
- **Empower employees to make better business decisions.** Giving information workers quick access to data and enabling them to perform analysis with minimal hand-holding from IT lets them make fast, accurate decisions.
- **Enjoy rapid deployment and faster time-to-benefits.** Promote wide-spread adoption and benefits with the intuitive-to-use yet powerful Business Intelligence capabilities embedded within the everyday productivity tools your employees already use.
- **Realize powerful synergies with other Microsoft applications.** Deploy the unified communications capabilities within Microsoft Office Communications Server 2007, for example, to nimbly act on Business Intelligence generated insights and “spread the wealth” among co-workers, customers, partners, and suppliers.

To learn more, visit us at www.microsoft.com/BI.

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