

A BPM Partners White Paper

Migration from BI to BPM is Worth It



Executive Summary

In the past decade, many companies implemented business intelligence (BI) solutions that met a specific need, usually for analytics – and usually for a specific population of users focused on unique business analyses rather than broad operational decision support. The majority of these BI systems do not provide an easy migration path to the broader functionality typical of business performance management (BPM), such as budgeting, consolidation, workflow for financial planning, and decision-making. They also tend to lack built-in application intelligence or best practices related to operational processes and specific vertical markets.

From an operational perspective, the support costs necessary to maintain legacy BI systems are often high relative to the benefits they deliver. Another challenge is poor user acceptance of the BI tools, with usage often limited to analysts while operations managers exclude themselves from using the system. A third problem is that, in many cases, new projects and requests from users take too much time to complete or fulfill. Finally, users often circumvent the BI software and don't leverage the analytic tools it offers, instead converting data into Excel format to run basic analyses.

For the most part, these companies realize that the potential of their BI software has peaked, but they do not see a clear migration path to BPM, nor enough justification to make further investments. They know they are missing significant benefits by limiting themselves to legacy BI capabilities and tools – but they see obstacles to migration. The common presumption is, “I can't afford to migrate away from my existing BI platform.”

For several reasons, this statement may well be incorrect. BPM and BI solutions have evolved rapidly and have gained a degree of usability that was not envisioned several years ago when earlier BI tools were implemented. Today, migration to BPM often means that reliance on IT can be reduced while reaching more users with more applications. Additionally, some BPM solutions have a shorter implementation cycle than their predecessors did.

A performance management solution, whether it is tighter scope BI or more comprehensive BPM, has a specific reason to exist: It should help managers make decisions. Some BPM systems do this by offering more control of the decision process or by providing a knowledge base integrated with workflow. Such a system can usually help identify possible causes for poor results, identify potential solutions, and map out the actions and tasks to execute the remedy.

With a BPM solution, the end user could be in finance or might be an operations manager or a business analyst (the latter being the typical BI user). These users should all be able to meet their own needs with analytics in the BPM system. Decision-makers can be assisted by such features as scorecards, dashboards and intelligent alerts. There are currently many examples of companies migrating to business performance management from BI with rapid and substantial benefits. Several examples are provided in this white paper.

The Limits of Business Intelligence Relative to BPM

Numerous business intelligence vendors have repositioned themselves into the business performance management space. The BI label has become limiting, in large part because most BI solutions are seen as limited in both functionality and in the users they serve.

In most cases, sufficient time has passed for companies to evaluate their BI systems accurately. Among their negative findings related to BI implementations:

- Support costs are disproportionately high compared to the benefits and breadth of usage across the organization.
- There are low rates of user adoption. BI tends to be the domain of a favored few analysts. Most employees will not use BI and as such the entire company will not benefit from the importance that BI plays within their organization.
- New projects take too much time to develop. Requests from users are slow to be fulfilled, and users are not satisfied with the results. If users are simply not doing much analysis, that is a revealing symptom.
- Users are not leveraging analytics – those who are less comfortable operating the BI system may convert data to Excel where they run familiar but elementary analyses.

Of these, perhaps the most disappointing is poor end user adoption: BI tools can be difficult to use, with problems of performance, features, and look and feel. In most cases, underuse of BI applications can be attributed to vendor decisions about software architecture, interface, functionality and design.

Why Companies Don't Migrate to BPM, but Should

When considering a migration from BI to business performance management, both IT and finance often face a political issue: Did somebody make an error by investing in business intelligence instead of waiting for a broader BPM solution? Given that uncomfortable possible challenge, who will stand up and recommend migration to BPM?

Companies frequently overestimate the cost of migrating to BPM and fail to find the justification to make the additional investment. However, there is often a strong business case for BPM, even if the BI system was well chosen. The arguments in favor of a migration typically include:

- BPM has lower TCO, particularly on a per-user basis.
- BPM offers more flexibility.
- BPM is easier to use across a more diverse range of users.
- BPM, in many cases, can offer enhanced analytics.

It would be incorrect to assign blame for a BI tool or platform not matching the benefits of more comprehensive current BPM systems. In an article entitled “The Myths of BPM,” Wayne W. Eckerson, Director of Research at TDWI, wrote, “The truth is that you can’t do BPM without BI...BPM is the culmination of BI. It turns BI from a bottom-up technical activity done by business analysts to a top-down management activity guided by chief executives. BPM uses BI to enable organizations to monitor and proactively manage operations using metrics to represent key business strategies and objectives.”¹

What BPM Should Deliver

There are characteristics that every company considering migration from a BI to a BPM solution should rate as high priority. These generally belong on the “must have” list of features and benefits:

- High rate of user adoption
- End users, including operations managers, can meet their own needs using the analytic features
- Less dependence on IT for normal usage of the system
- Built-in intelligence
- Effective in helping managers make decisions
- Short implementation cycle

¹ From TDWI's Flashpoint Newsletter

High rate of user adoption

At live installations, a majority of the targeted potential users should be actively extracting value from the system. It should not be a difficult task to get users to monitor, analyze, and make decisions with the help of the system. The goal for user acceptance should be a substantial percentage of the users targeted for the project at each stage of the rollout. When only a small minority of managers actually make direct use of the system, it indicates that either it is too difficult to learn, or the information being aggregated is presented at the wrong level of detail.

End users proactively analyzing results

Looking more deeply at the issue of user adoption, a software vendor should be able to show reference installations where end users are able to leverage analytics as they see fit and are actually doing so. In particular, operations managers should be exploring results, drilling down to identify causes of variances, and bringing basic analytical tools such as trend analysis to bear on the data sets. They should not be exporting to Excel to manipulate data.

Reduced dependence on IT

Less reliance on IT for normal usage of the system implies that business users should be largely independent when they access scorecards, dashboards, and reports, as well as generate queries and analyze and explore performance results.

Built-in intelligence

Intelligence should be incorporated into the system design in the form of embedded best practices, support for vertical market specifics, or enabling features such as alerts that can operate without detailed pre-configuration.

Solutions to problems and help making decisions

BPM solutions must help key employees make and carry out decisions. If not, they fall short on the “management” aspect of performance management. Nevertheless, relatively few applications help you take control of the decision process. They may provide data, but rarely are the applications designed to help a manager follow up with the decision to see the resulting impact over time. One approach is to provide a knowledge base integrated with workflow to help identify possible causes for sub-par results, propose possible solutions, and suggest the actions/tasks for executing the solution.

Short implementation cycle

Since there are commercially available BPM platforms and applications that can be implemented in weeks rather than half-years, a selection team can ask vendors to show reference customers who were successful with rapid implementations. It is important to note the scope of each reference project, since a very short implementation could merely indicate a small initial project.

Track Record: Companies with BI That Added BPM

The issue of whether to move from BI to BPM is not entirely new. There are a number of companies that have carried out this transition with positive results. The following summary examples are intended to provide an overview for companies considering a transition.

A large enterprise using software from a leading BI vendor experienced a mediocre 40% adoption rate among initially targeted potential users for monitoring and a very low 5% adoption rate for analysis. It took four people to support this platform for just 30 users. Now, with a unified BPM solution that provides ad hoc analysis along with management dashboards and broader distribution, the user adoption rate is close to 100% and it has risen to 52% for analysis. Perhaps most notable is the administrative burden reduction; now, just one person is supporting the platform for 500 users.

A medium-sized company used software from a BI vendor rated high on customer loyalty. This organization decided to stop further BI development because implementation of new applications took too long, and they discovered that most users were exporting information to Excel because they found the software too difficult to use. This company developed a new solution from Bitam that offered easy-to-use but in-depth analytical capabilities and saw a rapid payback. Its users of BI – or now BPM – do all their analysis inside the BPM system without exporting data to Excel.

A Mexico-based manufacturer of coatings, adhesives and building materials decided to strengthen its existing BI capabilities by building a BPM platform to unify its separate businesses. After evaluating several software vendors, they chose a solution that met the following requisites:

- Integrated financial reports
- Presentation of information about every level of the enterprise
- The ability to set up planning and consolidation models
- Balanced scorecards
- With accumulation of historical data in the system over time, the ability to establish correlations between key performance indicators (KPIs) and fulfillment of objectives

A large company using a BI platform had to depend on IT for new metrics, reports, and dashboards. They switched to a unified BPM system that enables end users to dissect the data. While IT provides a datamart, users are able to work on their own and create new metrics, dimensions, reports and dashboards, and tap the analytical features of the system.

A large headquarters office needed to offer human resources metrics to all of its subsidiaries. Management decided that the department of human resources (rather than IT) was to drive the project. Working with the BPM software vendor, HR developed the data structures and HR populated those structures, defined security, developed the dashboards, published the dashboard to the users, and even trained the end users on the tools.

A multinational with 18 subsidiaries spread across four continents needed to define and track a budget. The financial team wanted to drive the project with zero dependence on IT. Another requirement was that individual users be able to input EBITDA and the revenue budget based on local currency and have the system calculate those values in US dollars. Budgeting is an area not typically addressed as a business process by BI tools. IT helped to select a BPM solution with budgeting capabilities, and the financial team carried out the project without implementation assistance from IT.

Conclusion

Organizations that acquired BI tools and platforms over the past several years have found them limiting. The typical shortcomings they cite are cases where:

- User acceptance is low.
- Support requirements are high.
- The broader functionality of BPM is not available.

Many have considered a migration to more comprehensive business performance management platforms, but are deterred by perceived obstacles including the anticipated costs and expected political embarrassment over replacing a BI system that may have been acquired recently.

However, companies that have gone ahead and made the step up to BPM have experienced lower total cost of ownership, especially on a per-user basis. They have considerably wider usage, greater benefits and good payback, with less dependence on the IT department. In addition, more built-in intelligence, especially for vertical markets like manufacturing or retail, has reduced the payback period in some cases to less than six months.

Compared to several years ago, BPM is easier to deploy today, with lower switching costs. BPM offers established data structures, tools available for migration, and greater user friendliness. BPM applications currently on the market require configuration rather than customization. They build on known best practices. As a result, migrating to the broader – and in many cases, deeper – functionality of BPM for a larger number of corporate users can be as straightforward as switching to a next-generation platform from your existing BI vendor.