BUSINESS
INTELLIGENCE
for SMBs in 2020

Part 1: The Business Intelligence Landscape
for Small and Midsized Business

Author: Gary Boddington, CEO–Alchemex (Pty) Ltd

Audience: This paper is intended for small to midsized business leaders seeking information on the impact of Business Intelligence on their business in the emerging decade.

December 2010

Executive Summary

In the aftermath of the Great Recession, an economy that is growing but uncertain has lead to greater caution and thrift among consumers. As a result, even as many small-to-midsized businesses (SMBs) plan for growth, they continue to look for ways to improve efficiency and cut costs.

SMBs increasingly realize that having the right information and the tools to analyze that information are critical to making business decisions that can drive growth and improve productivity. Today, more information than ever is available about companies' internal operations. This information is a by-product of companies' successful efforts to automate their operations.

Business intelligence (BI) solutions provide a way to harness this ever-increasing information in a way that allows companies to make better, smarter decisions of all types and ultimately outpace their competition. As a result, BI has emerged as one of the top IT priorities for SMBs.

As BI solutions have evolved, they have become less expensive and easier to implement and deploy. Indeed, BI vendors today, facing stagnant and oversaturated enterprise markets, are increasingly shifting their focus to serving the SMB market. This is good news for SMBs looking for BI solutions. Yet challenges remain in terms of information accessibility, ease of use, and implementation.

This series of white papers looks at how the BI industry will evolve over the next decade to address these challenges and how emerging technology is likely to enable vendors to further improve BI capabilities. In this series of three papers, the following areas will be covered:

1. High-level trends that have led to SMBs' increasing adoption of BI and how enterprise and accounting software applications will need to change to provide better access to information

2. How BI technology and capabilities are likely to evolve over the coming decade to better address SMB's information requirements

3. How trends and advances outside the BI sphere will impact BI technology

This paper is the first in this series.

2

SMBs' Growing Interest in BI

Faced with uncertain growth as the economy slowly recovers from the Great Recession, SMBs are enthusiastically adopting BI technology. Indeed, BI industry analysts agree that SMBs' demand for BI is outpacing that of larger enterprises.

Gartner is forecasting that "the market for BI platforms will remain one of the fastest growing software markets despite sluggish economic growth in most regions. Organizations continue to turn to BI as a vital tool for smarter, more agile, and more efficient business. The BI platform market's annual compound annual growth rate through 2014 is expected to be 7.0%.

Although Gartner research is more geared toward enterprise organizations, these forecasts will also be fuelled by SMBs that increasingly realize that BI delivers unprecedented visibility into organizations' transactional and operational data. This visibility enables employees, managers, and executives to make better decisions that can help their business improve efficiency and grow. As SMBs recognize the value of BI, BI initiatives have become higher priorities. With BI being the top priority for SMB CIOs, it is safe to assume that vendors will continue to focus their BI development efforts on the SMB market over the coming decade.

The Newfound Demand for Information

The growing interest in BI has been a long time coming. Over the past decade, there's been a tremendous proliferation of information. As organizations have increasingly automated their transactional systems and business processes, massive and exponentially growing amounts of information have become available on desktops, on laptops, on phones, and in vast server farms scattered around the globe. The staggering pace of growth is unlikely slow in the next decade. SMB organizations realize that BI can help them transform this raw business information into an asset that can drive innovation and create efficiencies and competitive advantage.

Indeed, today's top SMB goals are all best achieved with the help of better information visibility to support better decisions. According to Gartner, the top SMB priorities for 2010 and beyond include:

1. Business process improvement
2. Reducing enterprise costs
3. Improving enterprise workforce effectiveness
4. Attracting and retaining new customers
5. Increasing the use of information/analytics
6. Creating new products or services (innovation)
7. Targeting customers and markets more effectively
8. Managing change initiatives
9. Expanding current customer relationships
10. Expanding into new markets and geographies

Organizations also realize that the best way to address these issues is by providing information not only to top-level executives, but to people throughout the organization—from business-line managers to front-line employees. This trend toward distributing information widely throughout the organization, rather than locking it up where it can only be accessed by top executives, is called the "democratization" of information.

"Magic Quadrant for Business Intelligence Platforms," Gartner RAS Core Research Note G00210036,Rita L. Sallam, James Richardson, John Hagerty, Bill Hostman, 27 January 2011, R3570232012.

How BI Must Change to Meet SMB Requirements

A wide range of application software vendors today recognize this increased demand for information. These vendors are working to understand their customers' biggest pain points in terms of accessing and analyzing information and are developing product roadmaps for the next decade that will address these challenges.

Two of the biggest changes that will be necessary to provide the information that SMBs increasingly require will be for vendors to alter the focus of application development and for database administrators to change the way they think about security.

In the past, application developers of all types have focused on automating specific business transactions and processes. In the coming decade, the focus will shift to delivering functionality that gives SMBs visibility into that information for use in making better decisions. At the same time, database administrators will need to shift the focus on security from keeping unauthorized people out of the database to providing better data access to more people who need it

Data In Vs. Data Out

Software vendors have long focused on automating the Data In part of business processes. In other words, most widely used applications, including Enterprise Resource Planning (ERP), accounting systems, Customer Relationship Management (CRM), or payroll have automated operational processes—such as finance, sales, or human resources. These automated solutions streamlined business processes and allowed users to capture relevant transactions much more efficiently and effectively than they could with their previous manual processes.

While these applications have done a good job of automating Data-In business processes, they have been less effective at giving organizations visibility into the data that they created using these applications. This is because these solutions have automated business processes individually with each application storing their data in separate databases or data silos. Business questions are often best answered by accessing data from multiple areas or departments in a company. Yet, businesses have had a difficult time consolidating information from multiple silos for use in analysis.

As the decade unfolds, the burgeoning demand for meaningful information will put increasing pressure on vendors to provide functionality for increasing data visibility—in other words, getting data out of their business applications so as to allow SMBs to use this information to improve decision making and ultimately drive organizational performance.

Very recently, BI vendors went through a "consolidation"—where the larger vendors of general business applications that had previously focused on the Data-In phase fought each other to buy out the smaller vendors specializing in BI solutions. This consolidation was arguably the precursor to these vendors' focusing on the Data-Out phase of BI, simplifying these BI solutions and making them available to the SMB market. This is clearly good news for SMBs that wish to implement BI solutions.

In the next decade, look for vendors to realize that their previous focus on Data In has been misbalanced and to put more emphasis on providing ways for customers to get Data Out in order to provide more value to customers.

Balancing Information Access With Security

Decision makers today agree that they need access to more information. However, database gatekeepers within organizations have frequently been unwilling to allow access to various databases because of security risk or potential compromise to performance that occurs when many users access the database at once. These gatekeepers have even gone so far as to deny access to the database, defeating the organization's best intentions to implement a viable BI solution. So much for democratization of information!

In the next decade, SMBs will truly understand the importance of allowing widespread access to data. As a result, gatekeepers at these organizations will need to understand the business implications of historical trends and predictive possibilities the information represents and shift their focus to providing access to all structured and unstructured data across disparate data sources.

The tension between providing access to data and data security is long-standing, but you have to assume in the next decade companies will learn to strike a balance between the need to provide more access to information to more people with the competing imperative of securing this information.

Conclusion

Over the past decade, increasing automation of individual business processes has captured exponentially increasing amounts of information. Companies of all types now realize that this information can be a valuable resource to help employees, managers, and executives make better decisions that improve competitive advantage and improve productivity.

To support SMBs' efforts to harness this information—and to expand into a vibrant and growing market—applications vendors will increasingly change their focus from automating business processes and transactions to providing tools that give organizations greater visibility into this valuable business information. Organizations themselves will also encourage their database administrators to find ways to shift the focus of their security efforts from keeping people out of their corporate databases to finding secure ways to allow people in to access the data they need.

About the Author

Gary Boddington is a cofounder and CEO of Alchemex Pty Ltd, a software vendor specializing in easy and affordable integrated Business Intelligence solutions in Microsoft Excel® for the SMB market. Alchemex partners with OEM partners to deliver fully integrated solutions. Although this white paper is intended to be objective, it is recommended that readers form their own conclusions and that the observations contained herein are used together with (but not in place of) the readers' own good judgment and research.

Contact: gary@alchemex.com

About ALCHEMEX

ALCHEMEX is a leading developer, enabler, and support provider of affordable Excel-based Business Intelligence software for small to midsized enterprises. For nearly 20,000 registered users in Africa, Asia, Australasia, Europe, and North America, ALCHEMEX's reporting software delivers automated financial, payroll, and other decision-support reports and analyses in Microsoft Excel at the click of a button, directly from a company's accounting or payroll system.

ALCHEMEX integrates with leading accounting and payroll packages, pulling real-time data directly from the database, thereby eliminating manual report preparation and repetitive data extracts. ALCHEMEX provides complete automation of ready-to-use Excel reports for MYOB Account Right, MYOB Exonet, Sage Pastel Accounting Evolution, Sage Pastel Accounting Partner, Sage Pastel Accounting Xpress, Sage Pastel Payroll, Sage ERP Accpac, Sage ERP MAS 90 and 200, Sage ERP MAS 500, Sage50, Sage Simply Accounting, Sage Peachtree, SAP Business One, Sybiz Vision, SYSPRO, and Sage VIP Payroll.

Alchemex Training has improved efficiencies for Excel users worldwide for over six years.

ALCHEMEX is a Microsoft Gold Certified Partner.

Visit: www.alchemex.com | **BI Community:** www.alchemex.ning.com
BI Blog: www.alchemex.com/blog | **Online Training:** www.alchemexacademy.com