SOUL MATES: BUSINESS INTELLIGENCE IN THE CLOUD

CIOs see this blend improving processes and driving business results

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Business intelligence is a top enterprise application priority, while cloud computing is a hot topic on the infrastructure side of the house. But thinking about one in light of the other hasn't been a big enterprise trend.

That may change soon. Business intelligence on its own brings competitive edge, as does cloud computing. Might combining the two, creating business intelligence as a service, as it were, unleash even greater advantages?

Eric Hungate, CIO for the Texas Association of School Boards, thinks so.

"The cloud really dovetails into business intelligence in the sense that if a company doesn't have the skill sets or the people to really see the value of business intelligence, or the processes in place, it could tap into a cloud, potentially, and get some economies of scale, leverage what's there, and hopefully move things along a little faster," he says.

Hungate shared his insights in a recent *CIO* magazine roundtable on business intelligence and cloud computing. Joining Hungate in the discussion were Ramon Baez, CIO for Kimberly-Clark Corp., and Ira Schwartz, senior vice president and CIO for Allied North America. Like many of their peers, these executives agree that business intelligence is a must, cloud computing a near-term consideration, and business intelligence as a cloud service a likely future.

BUSINESS INTELLIGENCE: HOT APPLICATION TREND, BIG VALUE

Just as they did in 2009, business intelligence and cloud computing services are among the top 10 technology priorities identified in *CIO*'s Technology Priorities Survey for 2010.

In the latest survey, 51 percent of nearly 800 participating CIOs cited business intelligence as being on their radar for the coming year. (Its counterpart, business process management, was also rated a priority by the same percentage of respondents.)

IBM data clearly shows that a top priority for CIOs is using data culled from company stockpiles to gain competitive advantage and improve business decision making. In a recent IBM study of more than 2,500 CIOs worldwide, 83 percent of respondents identified business intelligence and analytics as the way they will enhance their organizations' competitiveness.

Baez, who oversees IT operations at Dallas-based Kimberly-Clark, a $19 billion global consumer goods company with nearly 53,000 employees worldwide and operations in 37 countries, says he understands why business intelligence rates so high among his CIO peers: "Business intelligence is like frosting on the cake."

If business intelligence is the frosting, the cake is the corporate enterprise resource

If business intelligence is the frosting, the cake is the corporate enterprise resource planning system. "A lot of companies have had ERP systems in place, but with those transactional systems, getting the information out is difficult," Baez explains. "You get a lot of data, but it's difficult to get the information you need to make decisions quickly. At Kimberly-Clark, I've found that business intelligence gives us the value that we've been promised with ERP all these years."

Business intelligence has been "a wonderful thing" for Allied North America, a leading construction insurance brokerage firm headquartered in Jericho, N.Y., says Schwartz, especially for Allied clients—primarily contractors, builders and owners on construction sites—which the company supports via 800 extranets. "They're now able to drill through their own information from their portal," he says. Echoing Baez's remarks about ERP systems, Schwartz adds, "What I put in, I want to get out, but the transactional system just doesn't give me an easy way to do that."

And lest metaphors like "frosting on the cake" make business intelligence sound somewhat frivolous, be assured that these and other CIOs consider it anything but. Sound business intelligence can spell the difference between a company's survival or demise, especially in times like these.

At Kimberly-Clark, business intelligence is helping the company not only survive but thrive, Baez says. "Information, valuable information, is incredibly important in making that happen. Our leaders are using this valuable information and taking action," adds Baez, attributing positive earnings in part to business intelligence capabilities.

For example, Kimberly-Clark's sourcing organization has used business intelligence information on pricing across the globe to make sure it's leveraging its size to get the best deals on raw materials. It also gathers point-of-sale information from major customers, merges it with data it purchases, and derives marketing strategy, Baez says.

That, in a nutshell, is the real value proposition of business intelligence: Access to relevant business information and analysis, be it about diaper preferences in Asia or school safety policy in Texas, enables smart decision making. The result is increased agility, flexibility and responsiveness to changing business requirements and competitive demands.

CLOUD COMPUTING:
BIG INFRASTRUCTURE HYPE, GREAT BUSINESS PROMISE

Though in an earlier stage of adoption than business intelligence, cloud computing is all about increasing agility, flexibility and business responsiveness. No surprise, then, that 60 percent of respondents to *CIO*'s Technology Priorities survey expressed high interest in cloud computing services as part of their 2010 IT agendas.

Cloud computing offers enterprises the promise of self-service, on-demand access to a highly interconnected and massively scalable pool of IT resources on a pay-as-you-go basis. Users might be able to get software, infrastructure or platforms as a service, for example. Some companies will build private clouds, others will tap into public cloud services, and others will use a hybrid model that leverages both.

For small organizations like the Texas Association of School Boards, cloud computing can be a great way to cut day-to-day expenses, Hungate says. But TASB even sees opportunity in becoming a cloud provider itself. With excess capacity from a new virtual data center, "We're noodling on the idea of providing school districts the ability to get basic infrastructure as a service from TASB," Hungate adds.

No matter which model they use, companies must determine how cloud computing fits their business needs. The potential cost benefits and efficiency gains are too good to ignore, even in the face of security and data privacy concerns.

"We can talk about security and where the data is, but the numbers are compelling and you can't get away from them," Schwartz says. "They're going to be compelling enough that the cloud will be made to work. This is where things are going to go."

BUSINESS INTELLIGENCE AND CLOUD COMPUTING:
ACCELERATING THE POTENTIAL

If business intelligence is a top application priority and cloud computing a can't-ignore infrastructure model, then intertwining the two seems logical. Business intelligence as a service is an intriguing concept, and not just for small companies.

Done right, business intelligence bolsters a company's competitiveness and, some would say, ensures its success. That said, getting buy-in for a business intelligence program isn't always easy, especially with tight budgets requiring tough scrutiny. Developing the infrastructure for business intelligence projects can be costly, and without pervasive support from pertinent players, the return on investment might be long in coming.

Enter the cloud computing model, with its ability to streamline costs and improve efficiency by delivering software—in this case, business intelligence software—as a service. A cloud, with its infinitely scalable pool of resources, makes an ideal platform for the heavy number crunching and data analysis required in many business intelligence projects. And cloud storage facilities are the perfect venue for the big data stockpiles associated with business intelligence initiatives.

With considerations such as these, many companies will find the notion of buying business intelligence as a service to be much more palatable than undertaking a major software project and corresponding infrastructure upgrade. Even those that already have invested in business intelligence might find appeal in the ability to grab more analytics services out of the cloud on a case-by-case basis.

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COMMONSENSE ECONOMICS

The economics of cloud-based business intelligence is indeed promising, but so is time to market, Baez says. Discovering a new product opportunity based on data garnered from business intelligence and speeding that onto store shelves is the goal for any sort of analytics project. "What makes software as a service so appealing is the dollars you save and then how quickly you can generate value," he adds.

Hungate agrees. When it comes to business intelligence, "the cloud sets up a bit of a structure, where if you don't have the skill set or the analytics in-house, you can go there. This can provide some real economies of scale," he says.

IBM itself is committed to the concept of business intelligence in the cloud. Through Blue Insight, an internal cloud for business analytics, the company provides its sales teams and developers—more than 200,000 IBMers—new levels of insight to better meet client needs. Blue Insight gathers information from nearly 100 different information warehouses and data stores, providing analytics on more than a petabyte of data.

"This new cloud and the insights that our analytics will provide are the next step in the continuous transformation of our business to better serve our clients," says IBM CIO Pat Toole. "I expect this first-of-its-kind approach will help drive both new growth opportunities as well as have a significant impact in cost savings, which is exactly the kind of client-focused value that businesses are asking of their IT organizations."

Via Blue Insight, IBM expects sales teams to gain a deeper understanding of a client's relationship with the company on a global scale, not just regionally or by product type. From that view will come the ability to better predict which products and services will deliver the best value for a client.

QUICKER ANALYSES, SMOOTHER PROCESSES

Likewise, product development teams will be able to run quick analyses of sales information, industry trends and customer perceptions. With this data in hand comes the ability to adjust product plans and development specifications almost on the fly.

Running business intelligence in the cloud also would help smooth the manufacturing process. Engineers, for example, would be able to evaluate real-time data on the plant floor to identify trends and adjust manufacturing processes as needed to improve yields and reduce shipment delivery times.

While IBM has high expectations for business improvements via Blue Insight, it anticipates business intelligence in the cloud having great benefits for customers too. Toward that end, it has developed a business intelligence cloud service for large enterprises. IBM Smart Analytics Cloud lets enterprises consume business intelligence services, systems and software so they can efficiently share analytics across lines of business and functional organizations. Smart Analytics Cloud comprises IBM Cognos 8 BI software and the System z mainframe server, topped off by help from the company's services team in working with business intelligence in the cloud.

For CIOs, business intelligence as a service clearly is worth evaluating. With the promise of streamlined operations, faster reporting, less costly intelligence and greater agility, what's not to like? •