Customer Session: Grasshopper Group Empowers Its Business Users with IBM Cognos Express Reporter

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Dan Potter: Hello and welcome to our customer session. My name is Dan Potter. I'm Product Marketing Executive with the IBM Business Analytics Team. Today we are going to be talking about how the Grasshopper Group empowers its business users with IBM Cognos Express Reporter. Joining me today is Mike Morris, Vice President of Operations with Grasshopper Group. Hello Mike.

Mike Morris: Hello.

Dan Potter: And also Tim Kreytak, the CEO and Principal Consultant at Ironside Group. Hello Tim.

Tim Kreytak: Hello Dan.

Dan Potter: First, let's get a little bit of background on the Grasshopper Group. And Mike, if you could give us a little bit more color about the Grasshopper Group.

Mike Morris: Sure. Grasshopper Group is all about empowering entrepreneurs. Our vision is to empower over 1 million entrepreneurs with the products that we develop. We started in 2003 and to date we have served about 100,000 entrepreneurs with different products. Our main product that we have is a virtual phone system which allows you to forward phone calls to various numbers and set up an IVR without hardware that you would normally have associated with a PBX.

And we have also, more recently, developed products that streamline recurring billing for entrepreneurial companies as well as word marketing tool

Dan Potter: So it is an interesting, diverse company, but not a large company in terms of employees, correct?

Mike Morris: That is correct. We have about 35 employees. We are growing at a pretty good clip and as I mentioned earlier we have served so far about 100,000 customers to date.

Dan Potter: That is very impressive. So tell us a little bit about some of the business challenges that you had.

Mike Morris: So one of our main business challenges prior to the implementation of Cognos was getting actionable data from our system. We have, as you can imagine, quite extensive production systems that store a lot of data about customer's usage, customer's different plan types and different customer behaviors. But we had a very difficult time making any sense of that data and being able to produce something that was actionable that allowed us to better serve our customers and drive our business forward.

So our main objective with the implementation of Cognos was to try and get a better handle on that and to try and get a better handle on that without the need to involved development and then sharing resources that are better used to develop our products and services.

Dan Potter: So Mike, prior to Cognos, how were you doing it?

Mike Morris: So we have, we are kind of a patchwork of different solutions. We were using some static reports that were directly reporting off of our production system which had some inherent flaws. We also would write manual SQL queries to identify different behaviors or different patterns within the data in response to questions that would come up or regulatory requirements or anything like that. So it really was a very manually intensive process and it was one that required not only people with detailed technical knowledge but detailed business knowledge almost to try and figure out what the data was telling them and really trying to figure out how to deduce that into something actionable.

Dan Potter: So even as a small company it sounds like it was fairly manually intensive and therefore expensive process?

Mike Morris: Yes, it was very expensive. And the other piece of it was that some things just weren't even possible. There was some data that based on our production systems and the way that the production systems were designed, that we just couldn't get access to. So there was some usage

related information that we just couldn't, that we really couldn't figure out without running SQL queries manually against millions and millions of records which just not only was time intensive but also could get to the point where it provided some issues with our production system given that all of this is running directly from production.

Dan Potter: So as you set out to find a better solution to these challenges, tell us a little bit about what the requirements were on your side.

Mike Morris: We had a couple of different sets requirements. First, we wanted to come up with a system that would be usable by non-technical resources. That was our main kind of user requirement. Not necessarily people that didn't understand the business or we could have the requirement to have people understand the structure of the data and how things are set up, but certainly not people that would have to write SQL queries and try and figure things out from there.

So definitely what we wanted to do was figure out how to do this in a way from a business perspective. The other thing was to figure out how we could consolidate our existing production system data into something that was more digestible and more easily reported on. The data that I mentioned before was there, it just wasn't in a forum that made it very easy for us to get access to and to make decisions based on.

Dan Potter: And what kind of users. Was this primarily the marketing function or other groups within Grasshopper?

Mike Morris: So our main target users were our product management group as well as our financial group. So those were really the two main customers because they were the ones who wanted to understand customer behavior and how that influenced different plan designs and the financial implications of that.

Dan Potter: Now tell us a little bit about, you talked about the pain and you talked about the requirements, now tell us why you selected Cognos Express.

Mike Morris: So when we started to look at different options for our business intelligence solutions, we looked at a couple of different software solutions and looked at a couple of different implementation

options. And I think that far and away one of the deciding factors for us from a Cognos perspective was we were very confident that Cognos as a leader in the industry was going to be able to solve our problems. We didn't have a lot of detailed experience and knowledge about business intelligence or data warehousing in house. But I was fairly confident that our problems weren't so unique that we would be pushing the bounds and require some kind of niche-y, exotic solution.

Cognos's reputation and established leadership position within the industry made it an easy choice for us. We also were able to overcome what I would consider the first objection we would have had to something on the level of a Cognos which was price. With the Cognos Express we were able to get a solution that fit our budget, even as a small company and we were able to get it implemented and up and running in a much faster time than I would have really ever expected to be able to get a solution like this running.

And then I think the other piece of this really had to do with working with Ironside. So as we were looking for solutions, we were also looking at different potential partners to help us with this and Ironside's expertise in the area really just made this a no-brainer for us.

Dan Potter: Hey Tim, I'm sure you had a hand in terms of recommending Cognos Express as well. Maybe you can provide a little bit more background about why the recommendation for express.

Tim Kreytak: Yes, so Ironside as a Cognos implementation partner for a number of years are very excited about the fact that the Express offering is out there. For many years our smaller customers struggled with the price tag of the enterprise class product. So I think that when we were approached by Grasshopper to make some recommendations and help them and understand what their business problem was, it became a very, very quick fit. Initially the thoughts were to leverage the In-Memory Analytics Engine within Cognos Express and we will talk a little bit about that a little bit later. But ultimately providing low cost tools, applying industry standard best practice really kind of helped us to recommend Express to Grasshopper.

Dan Potter: And I think it is interesting as well that I believe the software and services were financed. Is that correct?

Mike Morris: Yes, that is correct. And actually that was another factor in our decision, the ability to finance those costs over a 36-month period and really eliminate any significant upfront capital investment was a very large benefit to us.

Dan Potter: And do you know, are you able to treat that as an operating expense versus capital?

Mike Morris: We do. That is typically how we do that. Being a private company we don't spend a lot of time differentiating too much between capital and operating, but for the most part our expenses are treated that way.

Dan Potter: So Tim, let's jump for a moment. Give us a little bit of background about Ironside Group and the role that you played.

Tim Kreytak: Sure, no problem, Dan. So we were again approach by Grasshopper management to help solve some of the problems which we have discussed. We spent a decent amount of time working with them to understand really what their end state goal was. And then also to investigate the state and the number and the layout of their existing systems. Ultimately we came up with an appropriate data strategy, but initially what we did was to leverage Cognos Express, we are going to sell the software, we built the prototype cube within the TM1 or the In-Memory Analytics Engine in a matter of a couple of days. really what that did was that allowed us to take a look at the quality of the data and it also allowed Mike and his team to really get a first cut at what the value and really what the power of this technology was.

After that was delivered, shortly after that was delivered it became very, very clear that there were some data consistency issues. There were aspects of what was expected that wasn't actually seen. And at that point we made some recommendations to put an intermediate data mart in place. And worked with the team at Grasshopper to map out both the short and the long-term strategy around that data warehouse model.

Dan Potter: So Tim, that initial pilot, so pulling in their own data, building out the models, and showing some results, how long was that phase?

Tim Kreytak: I would say it was less than a week. Maybe a half a day to install Cognos Express and then a couple of days of sort of prototyping and then sharing with Mike and then kind of going back and changing things. So it was certainly less than five days in total.

Dan Potter: So Ironside Group is an important partner of the Cognos ecosystem. Give us a little bit more background about Ironside Group and your area of expertise.

Tim Kreytak: Certainly. So Ironside was founded in 1999 really as a performance management, business intelligence and data warehouse solution provider. We are based in Lexington, Massachusetts. We have branch offices in Cleveland, Ohio and Long Island, New York. We are really kind of focused in three areas: BI and performance management, data warehouse as well as Cognos training.

We have been working with many of Cognos's largest customers in New England over the last 10 or 11 years and again we are really excited to be able to take that expertise and apply it to companies in the mid-market in a way that makes sense to them. And again sort of the value offering from a Cognos Express perspective really makes that much more appropriate for smaller companies.

Dan Potter: Yes, the value that partners bring in terms of domain expertise around business analytics and the ability to rapidly go from those core requirements that Grasshopper Group had to a functioning solution, I think is a very important part of the overall strategy.

So let's talk a little bit about kind of results to date. And Mike I will ask you to speak to what you have seen so far in a short amount of time.

Mike Morris: Okay. So our focus to-date has been to get Cognos up and running on the intermediate data warehouse as Tim had mentioned before. And what we have been able to do so far is replace the majority of our standard daily reports and we burst those out to about 10 users. We have developed a couple of dashboards to give us better visibility and interactivity with some of our critical metrics, one of those being customer signups on a daily, monthly and yearly basis.

And we have also been able to make extensive use of both the reporting tool as well as the query tool to do ad hoc analysis and kind of ad hoc reports from time to time to get a better understanding of our business data from a user perspective.

So one of the key things that we were able to tie together by implementing Cognos was the behavior of customers and the sales channel through which they came to become customers. Prior to this implementation we had information from web analytics tools that would tell us how many customers came from given sources in a given period of time. But once they became customers we really lost that data from our reporting perspective because everything was then tracked in our production systems which would keep track of usage and revenue and things like that. And by implementing Cognos we were actually able to tie those two things together.

So we were able to look at things like what sales channel provides us with the customers who go on the most profitable plans which sales channels provide us with customers who use the most, which sales channels provide us with customers who had different lengths of tenure. And by doing that we were able to better optimize our marketing spend and our customer targeting.

Dan Potter: I know that it is early in your implementation, but have you seen good results from having that better insight?

Mike Morris: Yes, we definitely have. So we have been able to make much more objective and quantitative analyses of our customer acquisition costs and we have been able to better target different channels for customers.

Dan Potter: And how about empowering the business users to be self-sufficient? Have you achieved that goal?

Mike Morris: So we are definitely on the way to doing that. I think we have come a long way from our initial state. And we still have a little bit of ways to go. But at his point from an ad hoc query perspective and from even a report writing perspective in a basic sense, we are able to do that without any engineering involvement at all. So engineering is entirely out of this equation at this point. And really the step now is just to start to get the query tools and some of the reporting tools more out in the hands of even more business users.

Dan Potter: So Tim you have been a Cognos partner for some time. Is the Grasshopper experience similar to other kinds of Cognos Express deployments you have been involved with?

Tim Kreytak: Yes. And I think that the real value was engagement. Both Mike and the leadership team were very, very interested in understanding more about their business. And I think that in larger companies sometimes that interest spreads out across the functions where in smaller companies it is very, very concentrated.

So I do think that this situation was typical of an Express or a typical mid-market customer. Yet at the same time, I also think that it was very successful because of the fact that there was so much, the leadership team was 100% behind the solution. And was very open and intent on driving their business based upon metrics. So it became as situation with everyone's support we were able to move very, very quickly, through the implementation to the point where there was a usable product. And Mike, feel free to jump in on the timeframe. But it was certainly a short period of time.

Mike Morris: Yes, absolutely. We were up and running, I mean the biggest step in this entire implementation was the development of the ETLs in order to populate the data warehouse. But even including all of that, from the time we did that initial kind of proof of concept we had a usable reporting environment I would say within three months.

Dan Potter: Now tell us a little bit about the future plans, Mike. You have set out initially to do some of the reporting, provide some visibility. What is next on the roadmap?

Mike Morris: So the next piece on the roadmap for us is to start to take the same level of reporting and visibility that we have created with our virtual phone system product and apply that to our other products, most notably the recurring billing charge by product as well as the word of mouth referral tool. And so what we are in the process right now of doing is designing or modifying the data mart to include data from those products and then we will essentially do the same thing we did with the virtual phone system for those products from a Cognos implementation perspective, so develop standard reports and an ad hoc query environment and other analytic tools on top of that.

So that is our next immediate step which we are working on right now and then as we go a little bit further out, we would also like to start to use some of the forecasting tools that we haven't really used very much to date but we would like to start to use some of those going into our 2011 planning. So, to be able to come up with projections for signups and different categories of metrics and then compare that against the acutals to date using some of the Cognos tools.

Dan Potter: Did you find that as you did your initial rollout that the business users were coming to you with additional requests for reports or analysis capabilities?

Mike Morris: Yes, they are. So as you start to give people additional insight into the business, they think about the questions and they then request more insight. One of the nice things that we have been able to do is for the most part when people come and request additional data we are able to show them how they can get it themselves in the system, whether it is through Query Manager or with some people through the reporting tool. And so that has been a process that has been very good to date.

Dan Potter: I would imagine just the use of a well-formatted prompted report would satisfy a large number of business users.

Mike Morris: Yes, it absolutely does.

Dan Potter: So let's conclude by talking about some of the lessons learned or what guidance would you give to other mid-sized organizations who are listening today and are faced with similar kinds of challenges. Throw out some pearls of wisdom. And Mike, we will start with you.

Mike Morris: Sure. So from our perspective and from an overall BI implementation perspective, the biggest lesson learned from our perspective was data quality. And not just the data quality within the operational systems but the data quality once it was transformed into a report-ready format and data structure. That was something that we gained some insight based on the proof of concept but frankly we underestimated the amount of time it would take for us to work all of those things out and also get things clean enough in a reporting environment to be able to roll that out to broader use within the organization.

Now, that said, we are talking on the order of a couple of months. It wasn't a terribly extended period of time, but that was definitely something that took more time than I had anticipated.

We have also learned a lot from our business perspective about different channels that deliver different quality customers. We always suspected things. And a lot of times we ran things based on suspicion.

But since implementing the data warehouse we have been able to run things based on data and information. And that has been a significant change.

Dan Potter: Nice to run your business on real information not gut feel?

Mike Morris: Yes, absolutely. I mean it is interesting because a lot of times the gut feel got validated but it would get validated in a way with a slight twist. So it is not that people were running things incorrectly so to say, but there were subtleties that being able to capture this information at this level of detail have been able to allow us to optimize even better, better drive the business.

Dan Potter: So what would you tell another mid-sized organization that may have been in the same situation you were a few months back, kind of sitting on the fence, knowing that business analytics could really help the business but not yet pulling the trigger.

Mike Morris: So I would definitely advise them to go ahead and do it. I would say one of the main things that was stopping us was just the perceived cost and time associated with this. I had had I would say exposure to these sorts of technologies in much larger organizations where things tended to get perhaps a little too complicated. And one of the nice things about the Express offering and being able to implement it in a small company is you have control over a lot of that stuff and you can get this system up and running in a way that provides real information pretty quickly and pretty inexpensively.

Dan Potter: And Tim, what did you learn through this project?

Tim Kreytak: So one additional point that I would like to mention is that taking the approach and not trying to solve all of your business problems with your first phase of implementation. Taking a specific area of pain and applying some practice and applying the Cognos tool set allows you to gain both credibility within your organization as well as incremental value.

So delivering the first phase, focused on a specific area, and then rolling that out and having your users adopted and trust the information allows you to gain more credibility and buy-in from the management team which then leads to additional investment over time.

Mike Morris: I think that is great advice. We talked about having the notion of "Think Big but Start Small," and have that bold long-term vision of how your desired end state should look. But you are right, pick a small project, show some quick wins and then move on.

Dan Potter: So Mike I am going to finish with you. I'm going to ask you a question. were you surprised that IBM could be a good fit for what at the time was a 35 person company?

Mike Morris: I was a little bit surprised. As I had mentioned a couple of times I certainly was familiar with Cognos. But I didn't expect that it would be something that we would be able to implement in a cost-effective way for our size company.

Dan Potter: I would like to thank you both, Mike Morris, Vice President of Operations at Grasshopper Group, thank you very much. And Tim Kreytak, CEO and Principal Consultant at the Ironside Group. I would like to thank you both very much. Continued success with the project as it moves forward and thanks for sharing today.

Tim Kreytak: Great, thank you, Dan.

Mike Morris: Thanks, Dan.