Business Intelligence as a Shared Service
Executive Overview

Chief Information Officers across the globe are focused on elevating the role of IT and the impact of technology investments by moving the focus of efforts beyond system maintenance and toward more strategic endeavors that help provide competitive advantage for the enterprise. One strategic initiative where CIOs’ involvement and impact to the business is needed is enterprise business intelligence. Most executives struggle to get complete and in-context information that is personalized and cross-functional, as well as relevant and actionable.

The ability to obtain smart, cross-functional data through system consolidation and data warehousing projects is often an expensive proposition and hindered by internal organizational politics or localized requirements. The ongoing growth of Shared Services models for management functions may provide a better approach for delivering business intelligence. If business intelligence is set up as a corporate Shared Service and combined with the right technology toolset, then many current challenges associated with treating business intelligence as a centralized project can be eliminated or substantially mitigated. It is widely known that organizations can save money and improve service levels through efficiencies gained by a shared infrastructure and support staff. These and other benefits are common and compelling for any Shared Service; however the greatest value proposition for a business intelligence shared service lies in how enterprise data can enable better business decisions.

The strategy of structuring business intelligence as a Shared Service requires solid, fact-based analysis. Once the decision has been made, using business intelligence as a Shared Service means designing and implementing an organization and technology aligned around a Shared Services framework. Critical framework attributes such as governance, service level agreements, cost model, and the technology toolset should be clearly defined.
A Persistent Lack of Business Insight

In today’s economic climate, pressure is everywhere. In the technology realm, CIOs, IT directors, and IT resource owners are under tremendous pressure to deliver more strategic value to their business stakeholders while also “keeping the lights on” operationally and positioning their company for innovation. Within business units and functional teams, management is demanding more timely, accurate, and informed decisions. The variability of the current economy only intensifies the need to make good decisions and make them quickly. One strategic place where new capabilities are most desired is business intelligence. A recent IBM study noted that business analytics were the most commonly cited (83%) capability that can deliver business differentiation\(^1\). Most organizations struggle to access and extract the right data from multiple systems and to deliver information to the right person at the right time. Data being distributed is often far from complete, current, or adequate to answer critical business questions. Many executives find that a good amount of data generated from layers of information technology is not relevant to corporate decision making.

The reasons for this situation have been well documented. At the heart of these difficulties are disconnected, business-unit embedded and owned information systems. Many of these grew organically with the business units over time or were the result of quick solutions to rapid growth phases, further complicated by systems inherited from merged companies. Internal organizational politics or localized requirements often result in an environment where these disparate systems cannot practically be consolidated but do not provide management visibility. From a technology perspective, this implies persistent, non-uniform data schema and attributes underlying the information architecture. Apples-to-apples revenue, cost or market analyses then become challenging without the widespread but sub-optimal use of Excel spreadsheets and staging tables.

The Case for Business Intelligence as a Shared Service

Business Intelligence (BI) is about getting the right information, to the right decision makers, at the right time. For most organizations, this is a high hurdle, as data resides in many systems and in different formats. Therefore data needs to be aggregated and standardized into a unified

\(^1\) IBM Global CIO Study 2009
model and transformed into information that is relevant to decision makers. In order to better understand what relevant means, we need to define what the users need:\(^2\):

- **Smart Data** is defined as combining the right information, pushed at the right time, provided in the right business context, and delivered to the right audience. It is characterized by its utility in making decisions. Although it is a near universal business requirement, many organizations remain ‘stuck at reporting’, meaning that they may create and publish lots of reports but that the information in the reports has the wrong focus, poor timing, or wrong audience to allow anyone to use it productively (and profitably). Reporting, while a valuable early evolutionary step, is often static, backwards looking, and does not answer the question ‘so what’?

- **Cross-Functional Data** is owned by different business units and often stored in many different systems. In many organizations, it causes data overload because it cannot be linked or reconciled. Effective decision-making requires executives to choose among multiple growth or cost saving options. Because these options often span organizational and system silos, it is extremely difficult, if not impossible, to access them, analyze them and make intelligent decisions based on them. Too often, executives get a lot of data, but it is disconnected, difficult to make sense of it all and therefore harder to base decisions on.

Logically, a solution to these needs and challenges is to have a single source of information to provide this summarized, cross-functional information. With these goals in mind, corporations have pursued system consolidation and data warehousing projects. However, the cost and complexity of these efforts often results in years passing before a technical solution can be developed. Business unit managers are also reticent to share data and are often comfortable with legacy reporting and analytic approaches, regardless of their enterprise value. CIOs are often unable to overcome the politics of information sharing and eventually abandon consolidation efforts.

The ongoing growth of Shared Services models for management functions may provide a better approach to delivering business intelligence. Shared Services commonly sets up Finance, Human Resources and other functions as an internal service bureau and defines agreements for how services will be delivered and cross-charged. Shared Services models have been successful at helping best practice organizations withstand the pressure of lowering cost, improving customer service and increasing transparency.

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\(^2\)Oracle White Paper, "Success In A Downturn Requires Faster, Smarter Decisions", January 2009
If business intelligence is set up as a corporate Shared Service and combined with the right technology toolset, then many current challenges associated with treating business intelligence as a centralized project can be eliminated or substantially mitigated (Table 1).

<table>
<thead>
<tr>
<th>OBJECTIVES</th>
<th>CHALLENGES ASSOCIATED WITH A CENTRALIZED BI PROJECT</th>
<th>HOW BI SHARED SERVICES MITIGATES THESE CHALLENGES</th>
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<tbody>
<tr>
<td>Accountability</td>
<td>• Lack of clear incentives to deliver the service&lt;br&gt;• Ownership of the system and the data are not aligned</td>
<td>• Establishes clear service accountability&lt;br&gt;• Transparent mechanism for negotiation/discussion of requirements and service levels between the business units and IT</td>
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<tr>
<td>Alignment</td>
<td>• Generally no distinction among types and needs of customers&lt;br&gt;• Minimal cost justification</td>
<td>• Focuses staff on service to clear set of business units, departments, groups, agencies, etc.&lt;br&gt;• Puts “burden of proof” on services and costs</td>
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<tr>
<td>Political Risk Mitigation</td>
<td>• Business units may resist a centralized model&lt;br&gt;• Risk of persisting fiefdom culture</td>
<td>• Joint ownership and collaborative nature of a shared services model makes opposition obvious and public&lt;br&gt;• Eliminates necessity of consolidating systems or data warehouses</td>
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<tr>
<td>Control</td>
<td>• Control still embedded in each business unit</td>
<td>• Easier to enhance control within one organization</td>
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<tr>
<td>Value</td>
<td>• Lack of customer transparency regarding tradeoff of value and cost&lt;br&gt;• May result in a “tragedy of the commons” if service isn’t priced</td>
<td>• Sophisticated, customer accepted chargeback model&lt;br&gt;• Business unit participation in governance helps better meet requirements</td>
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<tr>
<td>Staffing</td>
<td>• Project staffing decisions potentially detrimental to some business units vs. Others</td>
<td>• Leverages existing staff across business units to create critical mass of expertise&lt;br&gt;• Pools resources to efficiently deliver complete solutions</td>
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The Oracle Shared Services Framework

Using business intelligence as a Shared Service means designing and implementing an organization that facilitates delivery of the required capabilities in an organized fashion. The
framework below depicts the required attributes for an organization that is delivering a Shared Service.

Oracle’s client experiences in this domain reveals that several of these shared services capabilities become critical for business intelligence; including governance, service level agreements, the cost model, and the technology toolset.

The Right Governance

A Shared Services model implies that you will have customer and provider organizations working collaboratively to design and deliver the relevant services. Key to achieving this is creating an organizational entity that can facilitate discussion and decisions among the stakeholders. This formal governance group helps offset the perceived loss of control that business units experience when moving to this model. Effective governance is characterized by segregating operational decisions from executive decisions and defining an escalation path for dispute resolution. In general, governance is typically implemented as a committee that meets on a regular basis to provide business units and shared services executives with an opportunity to review performance and cost data and also address changes or problems. If business intelligence is being added to an
existing shared services organization, the existing governance committees needs to accommodate this new service area.

The Right Service Level Agreements

Service Level Agreements (SLAs) specify the exact services that the customer organizations can expect from the Shared Service, including the quantitative measures of responsiveness, quality and efficiency.

Business intelligence as a Shared Service should not function any differently than any other core business functions (e.g. IT, HR, Finance, and Procurement) that might exist. Baseline requirements should be identified as part of a SLA and define both customer and provider responsibilities. For example, questions such as what would be the minimum amount of time allowed building standard reports vs. ad-hoc reports, how many Business or IT analysts should be involved in the reports design or how to escalate data quality and accuracy issues identified in the delivered reports should be answered. Three best practices success factors for SLAs are described in Figure 2 below.

<table>
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<tr>
<th>Critical Success Factors</th>
<th>What You Need</th>
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<tr>
<td>Simplicity</td>
<td>• Short (1-3 pages) and simple to understand</td>
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<td></td>
<td>• Bundle services by business units to enable tradeoffs across functions</td>
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<td></td>
<td>• Enable straightforward, ongoing communication</td>
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<td>Transparency and Choice</td>
<td>• Invoicing clear and understandable</td>
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<td></td>
<td>• Pricing provides insight into service cost drivers and encourages desired behavior</td>
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<td></td>
<td>• Base level “lights-on” operations separated from optional services</td>
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<td></td>
<td>• Flexible, scalable service levels, up or down</td>
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<tr>
<td>Metrics and Accountability</td>
<td>• Track performance against internal targets and external benchmarks (without adding excessive infrastructure)</td>
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<tr>
<td></td>
<td>• Link business and service management</td>
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</table>

Figure 2: What makes a Service Level Agreement successful

Measurement of the service, including penalties for not meeting service performance targets, need to be defined. Although SLA performance should be monitored and available to functional and customer management, use of realistic targets, well structured measures, and linkage to the cost model should help make service level discussions constructive. A good service level should facilitate the customer-provider interaction of what service is wanted at a particular level of quality and at a particular price. Balancing these factors is one of the characteristics of a healthy
shared services model. Furthermore, SLAs should be reviewed and refined on a regular basis to ensure they are relevant, and beneficial to all parties.

The Right Cost Model

Part of the value proposition for customers of a shared service is that it delivers services (all else being equal) at a lower cost than could be provided locally. When setting up business intelligence Shared Service, a cost model must be developed to allow the Shared Services expenses to be billed back to client organizations. The cost model, sometimes called a chargeback model, consists of two components: a unit/activity costing model to allow allocation of actual costs to customers, and reimbursement model to allow bundled costs to be charged or reconciled on a periodic basis. The unit costing model should be as simple possible while balancing that simplicity against fairness or accuracy. The reimbursement model can be thought of as the financial part of the “contract” between provider and customers and could use any number of structures, including unit pricing, firm fixed price, or time and labor.

The Right Tools

Ultimately business intelligence is based on technology. A good technology platform for a business intelligence Shared Service should have the following characteristics:

- Support both centralized and federalized data sources and data warehouses
- Link to enterprise applications using pre-built components (schema, metadata models) to accelerate development and rollout
- Operate with data management tools to unify data defined differently in different systems and resolve data ownership conflicts
- Leverage the underlying application security model(s) to ensure data access is segmented and controlled
- Utilize open standards to provide the widest possible methods for integrating and unifying data

Why Oracle

To help customers achieve faster, smarter decision-making, Oracle has amassed and integrated a comprehensive, sophisticated set of business intelligence capabilities. Leading analysts validate Oracle’s leadership in terms of:
• **Analytics Software:** According to IDC, Oracle is the worldwide leader for Business Analytics Software\(^3\), Gartner places Oracle in the Leaders Quadrant for Business Intelligence platforms\(^4\), and Oracle is the #1 preferred BI vendor according to InformationWeek\(^5\).

• **Pre-Built Analytical Applications:** According to IDC, Oracle is #1 in analytic applications, including #1 for Financial and BPM Analytic Applications, and #1 for CRM Analytic Applications\(^6\).

• **Master Data Management Solutions:** Oracle Master Data Management solutions provide clean consolidated accurate master data that is seamlessly propagated throughout the enterprise, reflecting the actual operations of the organization. Providing the glue between the operational and analytical sides of the business, Oracle MDM enables organizations to get a single view of the enterprise with solutions addressing customer, product, and financial data.

• **Data Warehousing:** According to IDC, Oracle is the data warehouse leader\(^7\), and Gartner places Oracle in the Leaders Quadrant for data warehouse solutions\(^8\).

Oracle Business Intelligence Applications are built using standards-based technology, enabling easy integration with existing IT environments. Organizations realize the benefits of a packaged BI application—faster time to value, lower total cost of ownership, and built-in best practices—while also having the ability to extend those solutions or build additional custom BI applications on a common architecture.

Traditional solutions require managers to wait days or even weeks for specific reports and critical business results. Oracle Business Intelligence Applications provides detailed reporting at a greater frequency and to a broader range of users. The complete suite contains more than 3,000 prebuilt reports. Within reports, information such as cost or revenue can be segmented by product, geography, region, or customer so strategies can be fine-tuned. By reducing the time spent compiling and consolidating data, employees can spend more time on analysis.

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\(^5\) InformationWeek Research, "InformationWeek Research Business Intelligence Survey", March 2007


\(^7\) IDC, "Worldwide Data Warehouse Platform Software 2007 Vendor Shares," (IDC #213671, August 2008).

\(^8\) Gartner, Inc., “Magic Quadrant for Data Warehouse Database Management Systems, 2007” by Donald Feinberg and Mark A. Beyer, 10 October 2007
By delivering complete, relevant, and timely business content to decision-makers in easy-to-understand dashboards, alerts, and reports, Oracle Business Intelligence Applications help deliver the right information to the right people in the right format.

How to Get Started

The decision to develop a business intelligence Shared Service or include one into an existing Shared Services model requires concise, fact-based analysis. Key central management stakeholders, the business units, and the divisional and central IT functions should develop practical deliverables to communicate and socialize the proposed services offered and operating model in order to facilitate agreement among stakeholders. In our experience, this core set of deliverables can be created to clearly articulate the vision and value proposition for both the business units and the Shared Services Center. Key stakeholders should determine the complexity or level of detail in these deliverables. The set of deliverables includes the following, as described in Table 2.

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<tr>
<th>DELIVERABLE</th>
<th>ANALYSIS</th>
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<tr>
<td>BI Shared Service Vision</td>
<td>• High-level vision for the Shared Services Organization based on internal interviews, working sessions (with business leaders)</td>
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</table>
| Scope & Objectives for BI Shared Service| • Set of reporting functions and businesses that are initially in scope for BI Shared Service  
• Set of high level objectives that supports the vision and relates to the scope (e.g., a cost reduction goal, a service effectiveness improvements) |
| Cost Baseline of In-Scope Reporting & Analytics | • Cost and FTE baseline of all functions deemed in-scope  
• Use of internal / external benchmarks available |
| Functional Performance & Improvement Targets | • Cost reduction targets (overall, by function, and at the activity level - e.g. reporting for Finance, HR, IT)  
• Analysis based on baseline of company costs vs. external benchmarks available and best practice information |
| Value Proposition / Business Case for Change | • Combine the vision, objectives, scope and performance improvement targets into a compelling value proposition for BI Shared Service internal customers  
• Costs and benefits by function and in aggregate from moving to shared services |
| Detailed Business Case                  | • Capability Analysis and Opportunity Assessment  
• Options prioritized by benefits, costs and risks  
• BI Shared Service Operating Model |
| Communication Plan for Key Stakeholders | • Identification of key stakeholders  
• Communication plan including key messages, value proposition (see earlier deliverable), and schedule |
| Plan Forward for Opportunity Capture    | • Approximate timing and resources required to analyze and capture potential opportunity  
• Team charters where opportunity is already well understood |

Table 2: Fact-Based Deliverables for Decision-Making
Conclusion

The current economic downturn is dramatically affecting IT departments and the way businesses use technology, and how IT can remain relevant. One urgent area of focus is enterprise business intelligence. Top management often cannot easily access pertinent internal and external information for running a company and making fact-based decisions. Because a centralized approach is often focused on cost reduction, it is unable to overcome the politics of information sharing and eventually abandoned, a Shared Service model provides a better approach to delivering business intelligence. However, the decision to implement business intelligence as a Shared Service should rely on a solid fact-based assessment focused on the value that the capability will deliver. Once the decision has been made, implementing business intelligence as a Shared Service requires designing a new organization with clear attributes, including governance, service level agreements, cost model, and technology toolset.

How Oracle Insight Can Help

The Oracle Insight Program is a comprehensive business and technology strategy program in which select customers work in consulting-type engagement with Oracle experts. A joint Oracle/client team will work to identify critical objectives, understand unique business challenges and develop alternative solutions, including the relevant technologies. The Insight Program was created to bring Oracle's deep industry experience, technical skills, and extensive knowledge of business and technology issues directly to customers in a one-on-one collaborative setting. Leveraging industry frameworks and best practices, Oracle Insight helps identify the capabilities needed to transform business or technology operations and quantifies the financial impact that can be achieved with these capabilities.

To learn more about our services and how Oracle Insight can help, contact your Oracle representative or go to http://www.oracle.com/services/insight/index.html