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# SatNav for SMEs:

Mapping the route to economic recovery  
with Business Intelligence



A White Paper by Pegasus Software



# Mapping the route to economic recovery with Business Intelligence

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## Executive summary

In this paper, Stuart Anderson, Director – Sales and Marketing at Pegasus Software, looks at the role and prevalence of BI in SMEs. Drawing upon research and examples to highlight key trends and successes, this paper identifies how SMEs can take advantage of lower cost, fit-for-purpose solutions to help drive growth and boost profitability, and provides a simple 10 step guide to getting the most out of Business Intelligence in your organisation.

## A new era for SMEs

The recession may be over, yet we are by no means out of the economic woods. The VAT increase, rising unemployment, high levels of inflation, subdued consumer spending and restricted access to credit are all conspiring to create tough conditions for SMEs.

Against this backdrop, businesses must draw upon the resources and tools at their disposal to identify their most profitable products and customers, and then act on this information to maximise value in the most cost-efficient way possible.

But while most organisations have access to vast amounts of information which holds the potential to help provide focus and shape direction, it is, for the most part, unused. Information is often stored in a variety of formats, across a number of locations. So while the data exists, the tools to transform it into insightful and actionable intelligence do not. The information cannot be accessed in a meaningful way and remains one-dimensional and limited in its propensity to help drive the organisation forward.

## The rise and rise of BI

Business Intelligence is crucial in bridging this void, testament to which is that the worldwide market for BI software is forecast to grow 9.7 percent to reach US\$10.8 billion in 2011, and ranks fifth on CIOs' top 10 technology priority lists, according to Gartner's latest enterprise software forecast. In fact Gartner states that, "the market for BI platforms will remain one of the fastest growing, despite sluggish economic growth in most regions, as organisations continue to recognise BI as a vital tool for smarter, more agile and efficient business."

This growth is because BI represents the closest thing to a crystal ball a business is likely to adopt. BI can provide answers to questions such as who your most profitable customers and products are, and what impact a particular event may have on cash flow and earnings over the next five years.

Crucially, it can help understand the drivers of profitability and perform what-if analysis based on scenarios such as opening a new branch; developing and launching a new product; decreasing staff numbers; deploying a new call centre system; or penetrating new markets.

But while many large companies have been using BI to make greater use of their data for some time, for SMEs, effective BI represents relatively uncharted territory. This is because for a long time BI simply wasn't designed for SMEs. In many cases, it was viewed as overkill, and was therefore prohibitive from a cost standpoint. For example, Coca Cola might use BI to decide where to place its products on supermarket shelves to gain the most sales, whereas a small chain of DIY stores could argue it just needs collaboration between a couple of its managers to reach the same conclusion.

However, as complexity continues to increase for organisations of all sizes, and margins continue to be squeezed, the potential of BI is becoming more and more compelling. In line with this growing demand, BI tools specifically designed for small businesses are becoming increasingly available. And in many cases, BI capabilities are being embedded in standard operating software.

Small businesses today often run on thin margins, but using BI can make a significant difference to profitability and ongoing sustainability. This is because BI tools do far more than standard reporting packages. Reporting only tells you what happened and when. BI tools can identify exactly where it happened, why it happened and helps to make decisions on what to do in the

future. For example, BI can identify anything from how many staff are needed at certain times of the day, to which are the most profitable outlets, and what impact a particular event or promotion may have on cash flow and earnings over the next five years.

Using traditional methods such as spreadsheets, this type of analysis could take even the most competent manager days, or even weeks, which is simply not viable in these economic times.

### Selecting the tools for the task

The main BI tools used in SMEs are the same as those used in large corporates: reporting, score-carding, dashboards and business analysis tools. Used properly, these tools enable accuracy and consistency of data, producing confidence in reporting and a clear picture of business performance.

Dashboards allow complex information to be communicated simply across the organisation. Crucially, they do not only benefit the management team but all personnel, from marketing and sales to operations and finance. They provide key performance indicators and operational information in easy-to-read page layouts, and give decision makers regular updates on the state of the business at a quick glance. Given that 'ease of use' has surpassed 'functionality' for the first time as the dominant BI platform buying criterion according to Gartner, this is crucial to effective BI.

Dashboards can also be accessed remotely over an internet connection. This means business owners can keep track of performance when away from the office and travelling abroad or when adverse weather renders them home-based for significant periods of time.

Given that industry experts put the cost of last year's snowfall at more than £6 billion, partly attributed to lost productivity through workers staying at home, the ability to access dashboards which provide accurate, live information from which to make decisions and continue running the business can deliver tangible benefits to the bottom line.

Dashboards enable each user to define their own individual portal, depending on their role and responsibility. Critical information relating to each area can be tracked, whether its sales performance, marketing campaign results or stock levels, ensuring that decisions about business performance never have to be delayed as a result of a lack of contextualised information.

Implementing BI requires commitment, dedication and resource to realise its potential benefits. However, as economic conditions remain tough for SMEs, BI currently represents an untapped means of achieving a substantial competitive advantage. It can facilitate better, sharper, timelier business decisions, and provides insight into what helps and what hinders business success, both in tough conditions and in boom times.

### 10 steps to successful BI

- 1) Establish an honest benchmark, no matter how disparate databases are, or how poor information might be.
- 2) Create a project team or project leader who has a thorough understanding of what information is needed, in what format and for what purpose.
- 3) Develop a plan comprising realistic, achievable goals. Identify exactly what you need from a system, ie analytics, dashboards, reporting tools etc, and remain focused on these goals.
- 4) Assess the success of these goals at each stage and revise the plan accordingly.
- 5) Talk to experts: specialists in BI projects, software providers and consultants will provide invaluable advice and insight.
- 6) Talk to other SMEs who have faced similar challenges and look at how they have resolved them.
- 7) Select and adopt the right tools for your organisation: don't make additional investment in extra functionality which might sound appealing but in reality would not be used.
- 8) Once implemented, train all users; the greater the buy-in, the greater the benefits.
- 9) Assess the improvements against the original benchmark and subsequent goals set.
- 10) Maintain a focus on data quality. It is an ongoing priority and must be maintained to maximise effectiveness of any BI system.