

Why BI Is Ripe – NOW! – For Businesses of Any Size

Exploring the Vast Potential of BI and EPM

By Al Perlman

When Rob Gordon joined Taleo as director of finance about 18 months ago, he knew something had to be done – quickly – about the company’s antiquated budgeting and forecasting systems.

Taleo, a pioneer in creating talent management solutions and in providing software as a service, was approaching \$120 million in revenue and had more than 600 employees. Yet, in finance, it was not quite so innovative or dynamic.

“We had two or three financial analysts and a director and we were stuck in ‘Excel world,’” Gordon recalls. “It was somewhat manageable – everyone was sitting in close proximity to each other – but it just wasn’t practical.”

Every month Gordon had to provide management with a new high-level rolling forecast for the remainder of the year. How did he do it?

“I’d put my finger in the wind and hope to catch something,” he jokes.

At the time, though, it was no laughing matter.

Gordon recognized the need for Taleo to move to a financial reporting system that was as progressive as the rest of his company: A system that would take advantage of technology advances that were becoming available to businesses of all sizes.

Gordon had some very clear objectives: The information presented to Taleo managers and employees had to be accurate, current and easily shared; it had to be consistent in providing one version of the truth; and it had to support reporting in multiple currencies.

Beyond all of that, the solution had to address Taleo’s long-term needs for flexibility and scalability – this was, after all, a rapidly growing, high-profile public company – yet it also had to provide a simple upgrade path for a group of financial planners and business managers who were already quite comfortable in Excel.

The solution Gordon chose was the Hyperion Essbase online analytic processing (OLAP) server, which is part of

Oracle’s highly integrated and highly scalable set of Business Intelligence (BI) and Enterprise Performance Management (EPM) solutions.

It took only three months for Taleo to go from its decision to use Oracle Hyperion Essbase to getting the initial deployment phase up and running. And the benefits were immediate: The system went live on Dec. 9, 2007, and by January 2008, Gordon and his team had used it to present their first draft of an annual budget.

“We could not imagine turning around a budget in Excel within a month,” Gordon says. “We were able to decentralize the planning process and have everything roll up into a

**“I’d put my finger in
the wind and hope to
catch something.”**

single database. And we’re finding that the capability of our reporting is much more powerful now. Our managers are asking for – and getting – many more cuts of the business than they ever thought possible. For instance, capital: If an executive wants to know how much is in the capital fund, we just put it into the system and we can tell exactly how much capital is available and how much of that is depreciation costs.”

Addressing The Needs of Mid-Sized Businesses

The Taleo that Gordon joined 18 months ago was – and still is – fairly typical of a large portion of small and mid-sized businesses. For many of these companies, the idea of financial planning is whatever information they can generate on Excel spreadsheets. And, like Gordon of 18 months ago, many of them still have their fingers in the wind.

Oracle BI and EPM For the Mid-Market

Fortunately, however, it doesn't have to be that way anymore.

The concepts that Taleo embraced a year and a half ago – concepts built around business intelligence and ERP – are now within the reach of almost all businesses. In particular, these solutions are especially attractive and compelling for those in what is often called the mid-market – companies of \$25 million to \$1 billion in sales, or smaller companies in emerging markets such as energy, technology or healthcare.

“We're seeing a big wave in the emerging and mid-market areas for companies needing business intelligence capabilities,” says Lisa Davis, the CEO and founder of Analytics Partners, a Jacksonville, Fla.-based supplier of business intelligence and EPM solutions built around the Oracle product line. “These companies are finding that it is critically important for them to know their customers, to know what they're spending, to know which customers are profitable and which aren't.

“With the economic challenges businesses are facing, companies are getting more proactive – they're saying, ‘I need to know what's going on NOW – why did this happen, how did it happen, why did we not know,’” Davis continues. “We tell them, ‘If you're not getting the right information at the right time, how can you afford not to do this?’ Businesses have got to be able to look at information over time and learn from it. If not, in today's economy, they could be under tomorrow.”

The idea that businesses of all sizes should have real insight into their operations and their customers – to be able to do their planning, forecasting, modeling and adjusting based on data that is current, accurate, accessible and flexible – is at the core of today's expanding BI and EPM market.

Spearheading and driving this market with its typically aggressive approach is Oracle, a company that has always been a pioneer in developing progressive and industrial strength software solutions for businesses, particularly among the larger global enterprise companies.

Oracle, through acquisitions and its own software development, has turned its attention to the mid-market with a coordinated approach that is powerful, innovative and – most important – highly attuned to the needs and price points demanded by mid-market and emerging companies requiring leading-edge BI and EPM solutions.

“Business pains are very much in common across all sizes of business,” says Colin Dover, director of Business Intelligence and Enterprise Performance Management at Oracle. “Everyone needs reporting, everyone develops silos of information – little buckets of data – that are much more

valuable when they're combined so the business can move towards a 360-degree view of their customers and their own operations.”

Oracle's approach to the market reflects its vision that business intelligence represents a broad continuum. Companies can start with a system that focuses on one area of the business – as Taleo has in finance – and provides solutions for very specific requirements, such as planning, budgeting and forecasting.

Then, as the company's needs and capabilities grow, it can expand into a business-wide EPM solution that provides a much broader view of the company and its customers, with a system that links sales and finance and HR and manufacturing so that, as Dover suggests, the company can have a 360-degree view and make decisions based on accurate, current and actionable information. The common thread, Dover believes, is a system that enables the business to act on information that is predictive of what will happen in the future.

“Anyone who is doing budgeting, planning and forecasting should be part of the business intelligence conversation,” Dover says. “This is something that Oracle is leading – BI has traditionally told you what you did and what you're doing. It's something like a rear-view mirror. With EPM, the ethos is a past, present and future perspective, where you really do have insight into your customers. The business can understand why certain customers are valuable, which ones are the most profitable, which ones cost the most to maintain. It enables managers to tune the business more readily – identifying the most profitable customers so the company can find more of them that fit that kind of profile.”

Oracle's range of offerings to mid-size and emerging companies reflects its vision that: (1) BI and EPM solutions can be embraced by companies of all sizes, and (2) Building BI and EPM solutions is a process: Some companies will necessarily start smaller than others and focus on specific areas of the business where they will be able to see immediate benefits.

Taleo is an example of a company using a specific solution for a specific business function, in this case Essbase for financial reporting and forecasting. As the company considers expanding its BI and EPM capabilities to other parts of the business – for instance, adding a BI solution for the sales organization – it can layer in the Oracle Business Intelligence solution, which can surface data from the Essbase system.

If it wants to start small, it can purchase the Oracle Business Intelligence Standard Edition, which is targeted

Oracle BI and EPM For the Mid-Market

for small and mid-sized businesses, and has a starting price point of \$1,000 per user, with a minimum of five users. If it were to decide to take on a major EPM initiative, it could opt for Oracle Business Intelligence Enterprise Edition, which is a fully featured solution. From the customer's standpoint, the advantage is that it can start with the Standard Edition and migrate to the Enterprise Edition without having to change anything that it has already built.

Certainly, the aggressive moves by Oracle to extend into the mid-market have been welcome and reassuring to companies in the market. After all, when the dominant player in enterprise software extends its reach with an aggressive commitment to the next level, it makes for a strong statement that can help to galvanize a market.

Beyond the statement, however, is the reality that Oracle's commitment means a comprehensive, integrated approach to business intelligence and EPM as well as an upward path for companies to expand their use of BI and EPM as their companies grow and as they recognize the benefits of bringing in additional departments, business functions and operations.

For Gordon at Taleo, one of the key reasons he turned to the Oracle Essbase solution was its Excel add-in feature, which meant that the finance department, as well as others in the organization, could still work in Excel. "That was a strong selling point," Gordon recalls. "Our managers are comfortable in Excel."

The other features that pointed to an Essbase solution were its ability to handle multiple currencies and the flexibility afforded by its Web capabilities in creating and designing forms that Taleo could structure for its own requirements, Gordon says.

Now, when Gordon does his monthly forecasting, he no longer has his finger in the wind. "Every month we forecast the rest of the year," Gordon says. "Every month we see if we are tracking to our plan and deviating in any way. Our Oracle Hyperion system gives us great flexibility to do that and enables us to quickly adjust operations. If the forecast shows we're going to miss target, for instance, we can do something about it. We have the flexibility to pull levers and not be blind-sided."

In fact, Gordon's only regret about the system is that he wasn't there to get it installed sooner. "When I joined we were approaching \$120 million in revenue and, frankly, we could have used the system a little sooner than that," Gordon says. "I would have liked to have seen it when we were approaching, say, \$50-\$75 million in revenue and 300 employees. That's when the company definitely hit that point where we needed to change the infrastructure."

Orchard Supply: Easing The Pain Around Planning

As with Taleo, it's not unusual for the finance department to be the entry point for a business to get into utilizing BI and EPM solutions. "Those who describe forecasting and planning – guys running spreadsheet models – they recognize that those pieces need to be integrated to have real value," Dover says.

That has been the case at Orchard Supply Hardware, a San Jose, Calif.-based chain of hardware and home improvement stores with 85 locations throughout the state of California. Two years ago the company started implementing an Oracle Hyperion system "to get us out of the pain we were feeling around planning," says James DeBenedetti, a senior financial analyst who manages all aspects of the Hyperion systems applications at Orchard Supply.

"We were tired of doing our budgeting and planning in Excel," DeBenedetti recalls. "Before we rolled out Essbase, our fiscal budget took about nine months. We really needed to find other options to address the multiple spreadsheets that we had that were not consolidated and not updated. With the Essbase system we did the first pass on our budget in about seven weeks."

The system is currently supporting about 75-80 people out of the approximately 250 people working out the company's home office. It is used for all financial planning and reporting functions across all departments – marketing, finance, human resources, accounting, store planning, real estate and IT. "Anybody who has to do a budget for a cost center," DeBenedetti says.

Previously these individuals would come up with a number on a spreadsheet. Now, he says, they are directly inputting their plans and forecasts into the database. "This way the financial plan is always in the database and it's always accessible and up to date," DeBenedetti says. "Our planners and business executives can pull up online reports and they can get the most current thinking, as opposed to asking the finance department to create reports and get back to them in an hour or a day or however long it used to take."

Orchard Supply is also using an Oracle Hyperion Web Analysis tool to create an executive dashboard that provides, among other things, current sales trends, weather forecasts – important for managing inventory in the home improvement industry – as well as other information related to margins and inventory. It also includes an abridged income statement and balance sheet and is refreshed three times a day. "We can do up-to-the-minute financial reporting within hours after we close a quarter," DeBenedetti proudly points out.

Sales analysis is refreshed overnight, DeBenedetti says,

Oracle BI and EPM For the Mid-Market

primarily because the company believes it could be distracting for stores and executives to be trying to manage that on a real-time basis. “It’s a large mountain of data, so we don’t even bring it up real-time from the stores at this point,” DeBenedetti says. “But when managers arrive in the morning they can see the prior day’s sales, year to date, month-to-date as soon as they log in.”

The other thing Orchard Supply hasn’t done is give the individual stores access to the system. “We don’t really want to push the financial data to everyone at this point,” DeBenedetti says.

For the financial team, however, the BI and EPM solutions from Oracle have solved critical problems and created tremendous opportunities. “Data consistency has been an issue in the past, DeBenedetti says. “Someone would have spreadsheets not reflective of the most current thinking. The Oracle Hyperion system has reduced the problems around forecasting and planning – we don’t have to worry about somebody having a bad number. Essbase has become core to the financial team: We can’t operate as a financial team without it.”

Because the implementation has been so successful, Orchard Supply is looking at ways to expand it to other parts of the business. DeBenedetti says Orchard Supply is starting to scope out a revenue and inventory planning application that would be built on the same infrastructure. “This will allow us to do category-level sales analysis and inventory planning and margin analysis,” DeBenedetti says. “We’re looking to start this in a few weeks.”

Gallup: Exploring the Vast Potential of BI and EPM

As mid-market companies such as Taleo and Orchard Supply look to expand their reliance on BI and EPM to help them become more efficient and competitive, one of the organizations they can look to as a potential role model is The Gallup Organization. Gallup has taken an extremely progressive approach to BI and EPM – using it not only to improve its own operations, but also as part of the solutions set it sells to its customers.

“The promise of Business Intelligence is to help you make better decisions,” says Jim Collison, Technology Manager at The Gallup Organization. “If we can give our customers a tool to help them make better decisions faster, then we are enhancing our value to them. In the past, we would give our customers a static report. It was valuable, but they couldn’t drill down for more information. Now, with the new tools we are offering, it’s more self-serve – they can get additional information without coming to us, and they don’t have to wait for it. Plus, with better graph-

ics, we are able to tell the story better, make our data easier to read and make it easier for our customers to use the information to make decisions.”

Gallup has been using BI tools for at least eight years and until two years ago utilized a proprietary system. “We looked around and saw that the BI market had matured and consolidated and we realized it was time to move onto a platform where we didn’t have to keep re-inventing the wheel,” Collison says.

“Every month we see if we are tracking to our plan and deviating in any way. Our Oracle Hyperion system gives us great flexibility to do that and enables us to quickly adjust operations.”

From the beginning, Collison says, Gallup approached the project with the intent of using the BI and EPM tools for internal operations as well as for customer deployments. The company chose Oracle as its supplier and implemented the Oracle E-Business Suite and Oracle Business Intelligence Enterprise Edition, including a variety of specific tools such as Oracle Marketing, Oracle Sales, Oracle Learning Management, Oracle Financials and other products for specific applications.

Gallup has been using the system for its own financial reporting since February, 2008, and rolled it out to its first external client in late September, 2008. Internally, prior to the Oracle deployment, the organization had a financial system that was separate from its sales and marketing system. Now the two have been integrated and the business is running more smoothly and efficiently.

“We’re getting better visibility into all of our potential sales opportunities,” Collison says. “It has streamlined the process of integrating financial and sales and it’s made the numbers easier to get to, faster and more accurate. We now do have a single version of the truth.”

On the financial side, the company, which is privately held, reports revenue twice a day internally and all em-

employees can access that information. Collison points out that this information is available globally and can be viewed in multiple currencies. In addition, the Oracle CRM system enables the company to view deals in all phases of their development and to build out financial reports and dashboards that are tied directly into sales and marketing.

As for BI and EPM solutions for customers, Collison points to the dynamic reporting of research results – and the ability for customers to generate their own reports – as well as the improved availability of data and the enhanced presentation of data.

“The visual benefits sell themselves,” Collison says. “As far as we’re concerned, this is the next generation of reporting.”

Collison gives an example of how the BI tools might work for a customer:

“Say I’m the manager of a five-state area of retail store,” Collison says. “I’m looking at my employees – who has higher levels of engagement, who doesn’t. What products are selling better in some regions than others. Which stores or store managers are doing better than others. Maybe I need to investigate what some of my managers are doing right and apply that methodology to my other stores – find a best-of-breed approach. We could have provided that information before in a series of reports we printed manually. Now we allow our customers to make better decisions, faster.”

Collison says he fully realized that Gallup was on the

leading edge of the BI and EPM revolution when he attended the recent Oracle OpenWorld conference in San Francisco. “Folks were finding out about our OBIEE implementation and our customer rollout,” Collison recalls. “And people were coming up to me and saying, ‘You guys are actually doing this?’”

BI and EPM: Building A Bright Future

The answer, of course, was yes. Gallup is actually doing BI and EPM, and so are Taleo and Orchard Supply Hardware and thousands of other businesses of all sizes, in all industries, all around the world.

And this, really, is still the beginning, still a time when the business and technological advances promised by BI and EPM are still being developed and explored and enhanced. For Oracle, being at the forefront of a technology revolution is a familiar place to be.

As Dover of Oracle says, “You’re never too small to start thinking about business intelligence.”

ABOUT THE AUTHOR: Al Perlman is co-founder and partner of New Reality Media. He is an award-winning journalist and publishing executive who has launched more than a dozen successful high tech media products, including *Interactive Week*, *CRN*, *VARBusiness*, *Baseline*, *CIO Insight*, *CommunicationsWeek*, *Information Week* and others.

ADVICE FROM THE EXPERTS

Thinking About BI and EPM?

PLANNING IS IMPORTANT. Is your organization thinking about doing a BI or EPM deployment? Here’s some practical advice from some managers who’ve gone through the process:

- 1. Know Thyself.** “When you design the system, you have to understand what it needs to do for you,” says Rob Gordon, director of finance at Taleo. “It’s not a hard case to make – you’re getting multiple cuts of the data more efficiently and more quickly – but when you’re ready to implement, the individual leading the process should understand how financials roll up to date and where you want to go with it.”
- 2. Don’t Be Afraid To Change.** “There’s a lot to be gained from really ripping the process apart when you’re doing an implementation of this nature,” says James DeBenedetti, a senior financial analyst at Orchard Supply Hardware. “Stop and rethink how you do your planning or monthly reporting and

Continued on next page

how you put that together. Ask yourself and your team: ‘Do I really need this report? How would I change this process to do things better.’”

3. **Clean Your Data.** “If you’re doing a financial application, it’s a good time to clean up your chart of accounts before you embark,” says DeBenedetti. “I would also recommend trying to get your data cleaned. This was one of the biggest time consuming parts – extracting old data and making it consistent.” Jim Collison, technology manager at The Gallup Organization, agrees: “It’s about the data and not the tools. If your data isn’t right – if it’s not set up in a way that is easy to get to – all of this work will be for naught. We spent a lot of time on the back-end schemas to get them to be what we wanted them to be.”
4. **Plan and Plan Some More.** “Take your time architecting and planning,” says Collison. “If I could give one piece of advice it is plan, plan, plan.” Adds Gordon, “If you start without a plan toward an end goal, you could make decisions that sell yourself short. We avoided pitfalls by designing a hierarchy the met the needs of what we needed to report for SEC filings.”
5. **Get Management On Board.** “You have to have support from the top – you cannot do without it. You’ll have zero adoption,” DeBenedetti says. “And you have to have more than one or two executives. You have to go down to the next layers and make sure they’re engaged, make sure they know that this really matters to them. You need to get someone in each of the functional areas to understand and champion the system.” Collison says the key to the successful deployment of BI and EPM at Gallup has been getting the business decision-makers involved. “They have to really own it,” he says.
6. **Get Outside Help.** “I can’t imagine doing this on your own,” says Gordon. “Being an end user, you don’t appreciate what goes on behind the scenes to make it work. We used a consultant – TopDown Consulting – and they did a great job.” Collison also recommends getting outside help, but using it judiciously. “One of our most important lessons was to use our consultants (Optimum Solutions) strategically,” Collison says. “If you bring in too many consultants, you’ll have a problem with knowledge transfer. We were much more successful with pinpoint consulting where we would ask the consultants to tell us what to do and we would do the actual work.”
7. **Get Inside Help.** “The situation to avoid is to have the implementation team crank it up and be done with the project and then leave,” DeBenedetti says. “If you don’t have someone on staff who can continue to grow and maintain the application and the content, it’s going to quickly fall out of favor because the data will be stale and the application will fail. Get the commitment from the organization to dedicate the resources needed to maintain the system once it’s up and running.”
8. **Choose the Right Technology Partner.** “It doesn’t take armies of people to get these things deployed,” Collison says. “We deployed it with a handful of people. Plan it out well and make sure you’re partnering with the right folks. Oracle has been our partner the whole way. We went to Oracle and told them we want to roll this out to the public. They’ve given us best of breed products and they’ve got good folks over there who have a good handle on what they’re doing.” – *Al Perlman*