FIVE BUSINESS INTELLIGENCE PREDICTIONS FOR 2009 AND BEYOND

- BY 2012, BUSINESS UNITS WILL CONTROL AT LEAST 40 PER CENT OF THE TOTAL BUDGET FOR BI
- BY 2010, 20 PER CENT OF ORGANISATIONS WILL HAVE AN INDUSTRY-SPECIFIC ANALYTIC APPLICATION DELIVERED VIA SOFTWARE AS A SERVICE (SAAS) AS A STANDARD COMPONENT OF THEIR BI PORTFOLIO

Gartner, Inc. has revealed its five predictions for business intelligence (BI) between 2009-2012. Speaking ahead of the Gartner Business Intelligence Summit 2009 in The Hague, analysts' predictions ranged from the impact of business units exerting greater control over analytic applications to the effect of the economic crisis and how it will force a renewed focus on information trust and transparency to innovations such as collaborative decision making and trusted data providers.

"Organisations will expect IT leaders in charge of BI and performance management initiatives to help transform and significantly improve their business," said Nigel Rayner, research vice president of Gartner. "This year's predictions focus on the need for BI and performance management to deliver greater business value."

Through 2012, more than 35 per cent of the top 5,000 global companies will regularly fail to make insightful decisions about significant changes in their business and markets

The economic downturn forces businesses to be aware of changes in their organisations, re-think their strategies and operating plans and face demands from stakeholders and governments for greater transparency about finances, operations, decisions and core performance metrics. However, most organisations do not have the information, processes and tools needed to make informed, responsive decisions due to underinvestment in information infrastructure and business tools.

"IT leaders in companies with a strong culture of information-based management should create a task-force to respond to the changing information and analysis needs of executives," said Bill Hostmann, research vice president and distinguished analyst at Gartner. "IT leaders in businesses without such a culture should document the costs and challenges of adjusting to new conditions and propose a business case for investing in the information infrastructure, process and tools to support decision making."

By 2012, business units will control at least 40 per cent of the total budget for BI

Although IT organisations excel at building BI infrastructure, business users have lost confidence in the ability of them to deliver the information they need to make decisions. Business units drive analysis and performance management initiatives, mainly using spreadsheets that create dashboards full of metrics, plus analytic and packaged business applications to automate the process. Business units will increase spending on packaged analytic applications, including corporate performance management (CPM), online marketing analytics and predictive analytics that optimise processes, not just report on them.

"By making purchases independently of the IT organisation, business units risk creating silos of applications and information, which will limit cross-function analysis, add complexity, and delay to corporate planning and execution of changes," said Mr Rayner. "IT organisations can overcome this by encouraging business units to use existing assets and create standards for purchasing classes of packaged analytic applications that minimise the impact of isolated functions."

By 2010, 20 per cent of organisations will have an industry-specific analytic application delivered via software as a service (SaaS) as a standard component of their BI portfolio

Information aggregators will increasingly rely on SaaS to deliver domain specific analytic applications built from industry data

they collect and shift the balance of power in the BI platform market in their favour. Companies will only share their data with aggregators that can guarantee security and confidentiality so, while hundreds of information aggregators offering SaaS analytic applications will emerge, a virtual monopoly will persist within each vertical niche because of the high barrier to entry for others.

"IT leaders should work with business users to identify the information aggregators in their industry and plan to incorporate a manageable number into their BI and performance management portfolio," said Kurt Schlegel, research vice president at Gartner. "They should work with the information provider to ensure the information tapped by the SaaS analytic application can be integrated into their internal data warehouses."

In 2009, collaborative decision making will emerge as a new product category that combines social software with BI Platform capabilities

The emergence of social software presents an opportunity for savvy IT leaders to exploit the groundswell of interest in informal collaboration. Instead of promoting a formal, top-down decision-making initiative, these IT leaders will tap people's natural inclination to use social software to collaborate and make decisions.

"Social software allows users to tag assumptions made in the decision making process to the BI framework," said Mr Schlegel. "For example, in deciding how much to invest in marketing a new product, users can tag the assumptions they made about the future sales of that product to a key performance indicator (KPI) that measures product sales. The BI platform could then send alerts to the user when the KPI surpassed a threshold so that the decision makers know when an assumption made in the decision-making process no longer holds true. This approach dramatically improves the business value of BI because it ties all the good stuff BI delivers (e.g. analytical insights, KPIs) directly to decisions made in the business."

By 2012, one-third of analytic applications applied to business processes will be delivered through course-grained application mashups

Businesses should not trust their megavendor to solve all their integration problems. Vendors move slowly to integrate the disparate code bases they have acquired. Reliance on one vendor also limits the ability to use best-of-breed capabilities and weakens the buyer's negotiating position. At the same time, business units do not care about grand visions for service-oriented architecture (SOA), such as assembling composite applications by weaving together fine-grained services.

"IT leaders in Type A organisations who want to link analytics with business processes should use course-grained mashups of existing operational and analytical applications," said Mr Schlegel. "Today, most use portals to integrate operational and analytical applications, but portals simply put the operational and analytical views side by side. Course-grained mashups overlay analytical insights, such as queries, scores, calculations, metrics and graphs, onto the graphical user interface of the operational application."

"The current economic crisis shows the importance of trust and transparency in the information that organisations use to run their business. Integrate the analytical insights derived from this information into the decision-making processes throughout the company," concluded Mr Rayner.