Sage ERP X3 | White Paper

Business Intelligence: Integration Matters!

By Bill Newcomer, Senior Business Consultant, Sage ERP X3

sage

Introduction

In today's dynamic business environment, every staff member needs the right information to perform their job effectively. From high level executives who determine the strategic direction of the company to customer service agents on the front line who must react quickly to customer issues, when employees have access to the most accurate information at the time they need it, they are able to make more timely and better informed decisions. And as the quality of decisions improves, the business realizes improved operational results.

Business intelligence facilitates this process by consolidating data from disparate sources in order to provide users with meaningful indicators. But connecting multiple databases to the BI system requires often complex integration projects, and still, the information within the multiple databases can provide conflicting data. By integrating all your information and business transactions in one coherent database, ERP systems provide a solid foundation for decision making tools. Furthermore, modern ERP systems may provide advanced BI tools out of the box, avoiding the hassle of connecting a stand-alone BI system, and lowering the cost: a critical capability to consider for midsize companies, with limited staff and resources to maintain multiple systems.

Business Intelligence: Integration Matters!

In today's competitive marketplace, you need every available edge to ensure your company's success. You need information that will help guide your strategic decisions. Implementing an Enterprise Resource System (ERP) that integrates all your information and processes into one coherent environment is a first – and major – step towards improved decision-making. But capturing and processing data is not sufficient to give you the insight into your business that you need today. Only when coupled with a business intelligence system can your ERP software enable users analyze and act on that data quickly and effectively.

What is business intelligence?

Business intelligence (BI) describes a variety of software applications used to analyze a company's raw data. It offers a company the opportunity to improve decision making since the information it provides is based on actual business transactions and is aggregated in meaningful reports for managers.

Today's BI tools are affordable for midsize companies, and they enable users to retrieve the information they need themselves, rather than waiting for the IT department to run complex reports. Now decisions can be backed up with hard numbers, instead of gut feelings.

How do you know you need a business intelligence system?

Companies in need of business intelligence often have trouble accessing the information they need when they need it. Though all the critical data they need to make better decisions are already within their company's management system, users often struggle with complex queries and inappropriate export formats to retrieve basic reports about their business. Compare the time and effort it takes to feed your management system with accurate data and the value you get in return. Is it worth the pain? See if any of this sounds familiar:

- You don't remember which of your multiple sales analyses in Excel is the latest one.
- You have to ask IT to create reports and you find the information is stale by the time you receive them.
- Employees have to run multiple queries to produce a single report.
- You are not sure where the numbers come from, and employees have different versions of truth.
- Mission critical data is spread across disparate systems and databases and accessing the information you need is difficult.
- You spend too much time in collecting data and creating reports manually for analysis rather than making decisions.
- Complying with government reporting requirements is cumbersome and time consuming.
- You make important decisions based on gut-feel instead of accurate current and historical data.
- You can't identify business trends.
- You're not sure where to focus your efforts to achieve your goals.

What can a business intelligence system do for you?

Business intelligence enables companies to better understand, analyze and predict what's occurring with their business. It provides managers with meaningful information to make more informed and timely decisions by:

Monitoring the business Environment.   Staying on top of today's dynamic business conditions is important. Not only will you be better prepared to respond to circumstances that could negatively impact your business. You also will be in a better position to take advantage of opportunities that can benefit your business. For example, BI can help identify customers who have cut back on orders so that you can offer incentives to try to retain them.

Focusing on exceptions.   The amount of data available has grown significantly and is increasing rapidly. Timely, up-to-date access to information within seconds is critical, but it's impossible to manually monitor the wealth of data in real time. A BI system will track your key performance indicators automatically and alert you of an unusual event or activity. For instance, you can use BI indicators to monitor your inventory for critical products so you can react promptly if it falls below a certain amount and ensure your ability to fill customer orders.

Consolidating data sources.   A BI system will integrate data from your various sources to provide consistency and reflect the current state of your business accurately. Finance managers will especially benefit from being able to understand the company's financial health without having to wait till the books are closed each month. Production managers will be better able to plan the manufacturing cycle when they can compare customer orders and ship dates against the finished goods inventory.

What are some features a good business intelligence system should include?

Information is not just for management anymore. Users in all levels of the company, from top executives to back office staff, field workers and call center reps need access to information to make decisions and do their jobs effectively.

A good BI system will be simple to use so employees can access and format information to suite their needs. Dashboards can help them quickly understand analysis results by providing user-defined, actionable, up-to-the-minute graphical representations of key statistical information such as revenues and equipment usage. With portal technology, users can easily define their own workspace content that can combine, for example, dashboards, calendars, most-used functions, tasks, and other key system access points.

The BI system should provide flexible reporting tools that enable manipulation of data, as well as the ability to drill down and filter to explore multidimensional data in detail. For example, it might be necessary to sort various combinations of data within a spreadsheet, such as the sales in each region for a given month or which products each customer purchased last quarter.

Finally, not every employee should have access to your company's confidential information. The BI system should offer controls to restrict access to reports and aggregated and/or individual data according to the needs of each employee.

Why consider an ERP system with integrated business intelligence?

BI offers great promise. But, while the information it provides is necessary for effective decision making, retrieving data from disparate sources is difficult. Data integration in real-time is key for a BI system to work efficiently and provide accurate information. While this can be achieved by connecting a stand-alone BI system to multiple data sources, the time and cost to do such an integration is considerable.

An ERP system provides a much more solid foundation to BI systems, as it manages and coordinates all company departments—such as manufacturing, distribution, warehouse management, customer relationship management and accounting functions—through one common database, ensuring data integrity and accuracy while enabling all departments to share information efficiently.

Not only does an ERP system with integrated Business Intelligence eliminate the cumbersome task of integrating multiple databases within a separate BI system, it is also much more easy to maintain. The BI data warehouse is fully managed and kept up to date as part of the ERP software system, and, because data is retrieved from one source, accuracy and timeliness of information is guaranteed and conflicting truths are eliminated.

Additionally, managing user access to confidential information is easier when BI is integrated into the ERP system as the aggregated data handled by business intelligence may inherit the security rules that have been defined for the ERP system.