

# Sage ERP X3 White Paper

## Building Blocks for an Effective BI Implementation

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The new ERP system is up and running and every business transaction is being processed successfully. But management is unhappy. “Where is the return on investment we projected before the implementation started?” they ask. It’s every project manager’s nightmare. And it’s a scene being played out in the midst of numerous new ERP system implementations today, particularly in those at mid-sized companies. Where did they go wrong?

An important lesson learned from even the most successful ERP system implementations is that automating business transactions – while certainly important to maintaining the lifeblood of the business – doesn’t add significant value or provide a measurable return on investment in and of itself. The real value-add comes from doing something meaningful with the wealth of data being generated routinely from on-going system activity.

Of course, the Business Intelligence part of the project isn’t forgotten. It begins with great intentions and ambitions with a projected “go live” scenario soon after the new ERP system is up-and-running. But too many get mired down in difficult, troublesome implementations, sometimes to the point where the project manager must go “back to the drawing board.” Why did these projects stall and what could have been done earlier in the process to avoid the delays?

It’s easy for the project team to assume up front that a successful Business Intelligence implementation will naturally evolve based on how simple the vendor demonstrations made it appear to organise, query, manipulate and report on the data in the system.

But what are often masked or hidden in system demonstrations are the myriad layers and complex intertwining of database tools, extractors, data integration platforms and report services that are often required to access data inside many enterprise systems.

How can you ensure your company doesn’t fall into the same trap when evaluating a new enterprise and business intelligence system? We’ll review the key requirements to look for prior to purchasing a new system. Think of these requirements as building blocks that together will help form a rock-solid Business Intelligence solution soon after your new ERP system is up-and-running. These building blocks consist of integration, usability, experience, visibility and security.

### End-to-End Integration

The first question to ask is if the BI solution will require your company to implement and maintain a separate data warehouse – as a stand-alone system – or if data may be seamlessly handled within the ERP system itself.

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A stand-alone system would force you to maintain an interface between your operational management system and BI solution, moving data back and forth from one system to another before you can access it for queries and reports. Not only will this manoeuvring diminish the timeliness – and accuracy – of your data. It will add complexity to your implementation, as well as user training and on-going support costs. Stand-alone BI systems may be appropriate – even necessary – for companies willing to leverage a pre-existing modular management system or having a team dedicated to market research or internal audit, but they should certainly not be required for mid-sized companies seeking to empower all users with easy-to-use analytical capabilities for their daily operations.

A fully integrated ERP system will be generating mounds of meaningful data just waiting to be mined for useful analysis and reporting. Business intelligence should be gathered against this operational data at the push of a button or two. In other words, integration should not just be from module-to-module, but it should extend to your Business Intelligence capabilities as well.

#### Usability – So Simple, Anyone Can Do It!

Next you should determine how easy it is for users (yes, even department managers) to build and run queries and reports. A good rule of thumb is, if the IT department is suggested as the “go-to guys” for building and distributing useful information, then you’ll no doubt be on the same path as the companies mentioned before who are still waiting for their BI implementation pay off.

Instead, use common applications like Microsoft Excel and Web browsers as your reference points when viewing demonstrations. If the reporting tools being shown are more complex than working with cells on a spreadsheet, performing drag-and-drop operations, using pull-down menus or ordering items on an Internet shopping cart, then your users are probably not going to be able to master the tools anytime soon.

You should also ensure that users will be working with business terminology they can understand – not technical file names – as well as intuitive computational and calculation techniques.

#### Experience – Get a Head Start on Improving Your Reporting Needs

Most ERP vendors have been in business at least 15-20 years and many have been around since the 1970's. The accumulation of their experience in working with industry leaders should translate into potential world-class content for ERP and Business Intelligence system functionality. Ask the vendor up front if there are pre-defined reports, queries and statistical analyses that are based on best-practice experiences. These templates could provide an excellent head start for your Business Intelligence implementation, but only if the system provides an easy mechanism to change the templates to any of your own unique business differentiators and ways of analysing data. Examples of such templates include ABC ranking reports, aged Accounts Receivable and Inventory Turns and Earnings.

In addition, resist the temptation to have your vendor redo decades-old reports from your previous system just because “that’s the way we’ve always done it.” Many of these reports may not even be used or are incapable of helping managers focus on the exceptions (i.e., unusual events or outliers that should be addressed immediately). Instead, use the tools in the next section as your new competitive reporting weapon.



## Enhanced Visibility into Dynamic System Activity via Portals and Dashboards

Once you've ensured your fundamental reporting needs will be met, make certain your vendor also provides self-service technologies like dashboards, scorecards and user portals ... powerful tools that, once implemented and fine-tuned, should contribute the most return on your investment. You should be able to easily consolidate high-impact business information originating from different sources onto a single, easy to view screen or portal. For example, you should be able to access data from your ERP system, data collection devices in the field and even web-based transactions without worrying about where the data is coming from or when it was last updated. The portal should further allow the ability to drill down into more detailed information if additional explanations are required.

Armed with real-time, operational business snapshots, management can make confident decisions quickly and decisively, particularly for the exceptions mentioned earlier. Check also if the vendor supplies Key Performance Indicators (KPIs) – similar to the predefined templates mentioned earlier – vital statistics that indicate how well your business is performing, especially when measured against other companies in your industry.

### “Fast and Easy” Should Not Mean “Open to All”

Business Intelligence tools should not force users to disclose confidential data and put businesses at risk for the sake of fast and easy reporting. Instead, make certain that security can be established at any organisational level – user, departmental, divisional, etc. – and for data elements as well, right down to the specific field level if necessary.

When running older business applications and reporting systems, most companies don't have a measurement system in place to indicate how they're performing in key statistical areas and how well they stack up to others in their industry. This is one of the top reasons executives give for seeking a new ERP system. With these five fundamental building blocks firmly in place, companies will not only reap the benefits of having a high-impact Business Intelligence solution soon after the new ERP system is up-and-running, but they will also have the means to calculate the ROI they expected to achieve from their new enterprise system.

