

Business Intelligence In A Cold Climate – A Cautionary Tale

A simple journey home turned into an epic battle against the elements for IPL's Jon Evans. By the time he finally made it, he'd had over 15 hours to ponder many things – like the weather, sports cars and even business intelligence.



By the time I spotted my house in the distance as I trudged up the final snowy incline, I knew that buying a sleek sporty set of wheels possibly wasn't the best decision I'd ever made. I'd also had plenty of time to think about the role of business intelligence in the current economic climate. I was rather surprised that the two have far more in common than I ever would have imagined.

Why on earth did I buy a sports car?

A sports car? Why on earth would someone who lives in the middle of nowhere choose to buy a sports car? I'm sure that very question was going through a number of my colleagues' minds as they watched me the previous evening, wheels spinning, failing to even negotiate the gentle ascent from the car park of the conference centre. In the end I had to admit defeat, abandon my car and reassess my options.

I guess it was partly my fault for not leaving earlier, when the first few flakes of snow started to fall, but I was keen to catch a few people to discuss IPL's forthcoming BI seminar. But it wasn't just me who failed to make it home. Even one of my directors in his "ultimate driving machine" ended up abandoning his journey and staying the night with friends.

It was during the final three mile cross-country hike towards my village that I had my Eureka moment. Perhaps it was the cold crisp morning air and eerie silence that focused my thoughts. Or maybe I was suffering the early onset of hypothermia. All I can say is things started to make sense. And it came down to one simple question.

What's the key to survival in an adverse climate?

I thought about the events of the previous evening. What was it that made the difference between getting home to the arms of loved ones and having to pitch up at a friend's house for the night? Three little words came to mind. Four-wheel drive.

Whilst those with rear-wheel drive (like myself) snaked, skidded and pirouetted their way out of the car park, the 4x4 owners wondered what all the fuss was about. Even those with front-wheel drive seemed to negotiate the slippery two mile stretch of lane up to the main road without too many incidents.

As I pondered the reasons why I opted for a rear-wheel drive sports car over a chunky 4x4 something struck me. When conditions are good, the roads are dry and the sun is shining my car is fine. More than fine. In fact, even in the wet I've learned to handle its over-exuberance on cornering. It's only really in the most adverse weather conditions, such as those crippling the UK at the moment, that I struggle.

How does 4WD relate to economic adversity?

By now, I suspect you're wondering what any of this has to do with business intelligence and the current economic downturn. Let me offer you this analogy.

During favourable economic times, organisations can (and do) survive **in spite of** their deficiencies in BI. They prosper because everyone is prospering. Public confidence is high and people are happily spending their hard earned cash. Even some of the most badly managed companies stay in business. The pace of growth and the balance sheets might distinguish the high-flyers from the laggards, but essentially everyone is making a living. This is our dry, sunny road where it doesn't matter whether you have rear-wheel drive (RWD), front-wheel drive (FWD) or four-wheel drive (4WD).

However, when the economic cycle reaches a downturn it's a very different story. As people (and governments) start to tighten their belts, the differentiators quickly become apparent. Badly managed companies struggle to respond to the changing market conditions, and those that had previously survived with little or no effective BI suddenly realise that they are hopelessly ill-prepared for the blizzard ahead. This is the dark, icy road where those with RWD struggle to get home whilst their better equipped 4WD neighbours simply slow down and take a little extra care.

Actually, the similarities between the global economy and global weather patterns are worth noting. Both are notoriously difficult to predict, being the result of unimaginably complex cause and effect relationships. Not only are they hard to predict, they are impossible to control. As the past two years have shown, there's precious little anyone can do when the economic blizzard starts to blow. Some would argue it's simply a case of taking shelter and waiting for sunnier skies to return.

Knowledge or intelligence?

Before we take this analogy any further, it's worth reminding ourselves of the 4 key facets of business intelligence.

- Reporting – what happened in the past?
- Analysis – why did it happen?
- Dashboards – what is happening now?
- Predictive Analytics – what's likely to happen in the future?

To be honest, the term business *intelligence* has always caused me a certain amount of mental discord. After all, intelligence is generally accepted to be “the ability to solve new problems through the application of acquired knowledge”. To my mind, this should exclude reporting and dashboards from the scope of BI. I'm not denying their importance in the context of an overall decision support system, but it's really the other two facets of BI – namely analysis and predictive analytics – that are the true champions of business intelligence, helping organisations understand the “whys” and the “what ifs” of their complex business operations. In particular, predictive analytics is the key to providing invaluable insight into the questions that really matter to you.

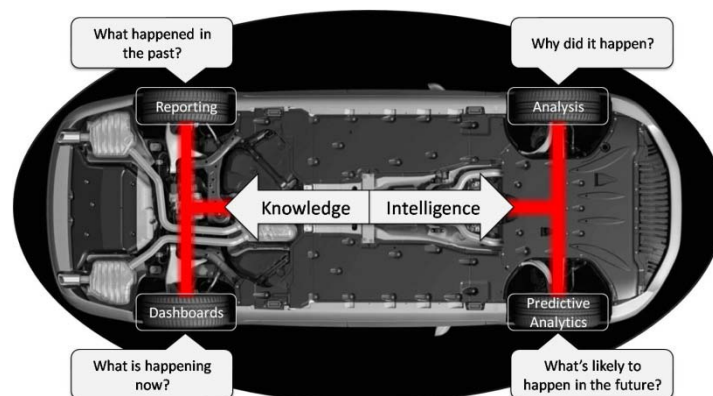
- Is this person likely to default on their mortgage?
- Are any of my customers likely to switch to my main competitor's products?
- Which of my patients are most likely to require hospitalisation this year?

As a senior police officer remarked at a recent supplier briefing, “we're not interested in where the last crime occurred – we want to know the location of the next one.” Can't really argue with that.

Are four wheels always better than two?

So when it comes to assessing BI capability, don't assume that all business intelligence is created equal. An organisation that relies exclusively on historical reporting to support its decision-making process is really only driving the rear wheels. It will make progress for sure (after all any BI is better than none) and in favourable economic times it might not even notice the lack of power to the front wheels. But when the climate changes, it will be relying solely on the skill of the individuals that interpret the reports and apply their own intelligence, to keep them on track.

On the other hand, organisations that fully embrace BI and invest in all four facets will have a huge advantage throughout the economic cycle. In good times, they will gain market share and creep ahead of the competition. And in bad times, they will understand their business well enough to ease off the throttle and steer a steady course until the market conditions improve.



4WD Business Intelligence

It's also worth remembering that business intelligence cannot exist in isolation. Effective information governance is essential to provide the right climate for BI to flourish. Poor data quality, for instance, will hinder any BI initiative so the real message is to take a holistic view and don't wait for the first signs of snow before taking information management seriously.

Two final questions

As I finally walked up my garden path to be greeted by my lovely wife and adorable two year old son I felt I had been on quite an adventure. But as I gave them both a big hug, I was still pondering two questions.

Will organisations learn from their previous mistakes and improve their BI capabilities before the next economic blizzard reaches our shores? Unless they've already taken decisive action over the past two years, there's probably little they can do to improve their chances of survival this time around. That's not to say they shouldn't invest in BI now – as the climate improves, having a head start on your competitors will be key to future success – but ultimately the fate of those that haven't yet got the message is in the lap of the gods. They will just have to fasten their seatbelts

and hope they come out the other side in one piece, albeit a little bruised. And most will. Almost 150 years after Herbert Spencer coined his famous phrase, the fittest aren't the only ones who survive.

So to return to my question, as the economic cycle brings warmer conditions and the ground starts to thaw, will organisations start trading up their BI capabilities to 4WD,

eschewing their current report-centric solutions for something that provides them with better control, improved visibility and greater ground clearance? My answer is simple. Some will. Some won't.

The answer to my final question isn't quite as simple. Precisely, how am I going to rescue my car from the middle of nowhere whilst the UK is in the grip of its worst snow and ice for 30 years?



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With significant information management expertise gained across a variety of sectors, Jon has most recently applied his skills in the area of health informatics. As the senior consultant within the Audit Commission's Payment by Results Data Assurance Framework, he has played a key role in the application of sophisticated statistical techniques to identify anomalies within health data. He can be reached at jon.evans@ipl.com.