

INFORMATION

Understanding the Value of BI Platform Standardization

The Quantitative Benefits of Standardizing on a BI Platform

The key benefits of standardizing on a BI platform include:

- ✓ Reduced BI acquisition costs
- ✓ Lower planning and implementation costs
- ✓ Reduced development systems support costs
- ✓ Minimized production systems support costs
- ✓ Lower application systems support costs
- ✓ Shrunk help desk/user support costs
- ✓ Less business unit training and management costs

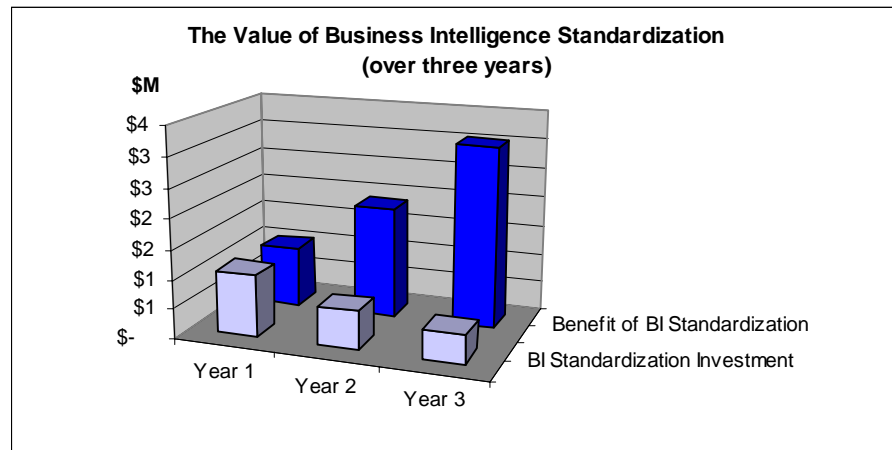
Based on the scenario illustrated in this analysis, an organization standardizing on a Business Objects BI platform can generate cash flow benefits of \$4.8 million over five years on a \$1.8 million investment. This equals a 156% return on investment for standardizing on BI over the three-year analysis.

These savings only include measurable benefits and do not include soft benefits you gain from BI products such as improved data organization, integration, and quality. This analysis also doesn't factor in the potential savings that could come from retiring existing BI deployments.

Standardizing on the Business Objects BI Platform

In a recent survey of 43 business intelligence (BI) deployments, IDC found that the average return on BI solutions is 112% over five years. As organizations continue to evaluate and implement BI across multiple business units, they have an opportunity to greatly enhance their returns and reduce the costs for planned and existing BI initiatives by standardizing on a single BI infrastructure.

When you standardize, your IT and business units can cut significant costs while creating additional value through the better coordination, integration, and quality of data and analytical functionality. This benefit analysis is based on a representative organization with roughly 19 unique BI projects slated for evaluation over the course of the next three years. By standardizing on BI, this organization will save up to \$3 million over the next three years, compared to less than one million if the organization had purchased a different system for each project.



	Year 1	Year 2	Year 3	Total (NPV)
Benefit of BI Standardization	\$ 1,020,152	\$ 1,880,984	\$ 3,052,130	\$ 4,804,806
BI Standardization Investment	\$ 1,061,114	\$ 650,223	\$ 485,943	\$ 1,878,983
Net Cash Flow	\$ (40,962)	\$ 1,230,761	\$ 2,566,187	\$ 2,925,822

Over a three-year time period, this organization will save up to \$3 million from standardizing on a BI platform, compared to the dwindling savings from investing in multiple BI platforms.

It is important to note that the benefits of platform standardization are not necessarily predicated on removing existing BI deployments. Many businesses choose to maintain tactical implementations that serve a unique functional need. Rather, the benefits of standardization flow from a strategic, forward-looking approach to acquiring, deploying, and managing BI.

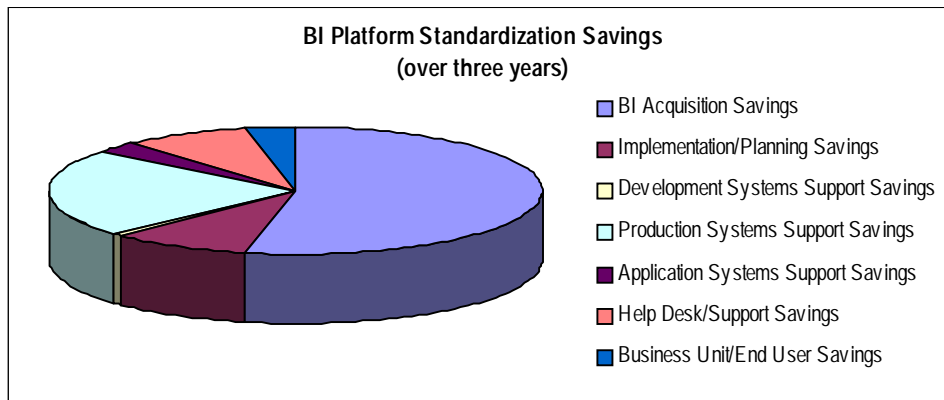
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Understanding the Savings from Standardization

Your strategy for implementing BI projects can greatly affect your returns. For this study, the organization implemented BI products in a non-standard, decentralized way, versus adopting a more efficient strategy where the organization coordinates the various projects in terms of acquisition and staffing and reuses standards and processes across departments, functions, and business units.

A good way to understand your benefits—particularly from an IT management perspective—is to address the savings along the lines of the major budget categories that IT departments often use to manage costs. This framework follows the project implementation lifecycle from the acquisition to production operations and management. The chart below compares the average savings over three years between standardizing on a BI platform and implementing multiple BI platforms for various projects.

The Benefits of Standardization	Estimated Three-Year Costs		Total Savings
	Without Standardization	After Standardization	
BI Acquisition Savings	\$3,996,157	\$1,432,632	\$2,563,525
Implementation/Planning Savings	\$2,903,560	\$2,467,360	\$436,200
Development Systems Support Savings	\$92,878	\$48,711	\$44,167
Production Systems Support Savings	\$2,209,762	\$1,136,594	\$1,073,168
Application Systems Support Savings	\$883,142	\$755,695	\$127,447
Help Desk/Support Savings	\$1,611,165	\$1,204,436	\$406,729
Business Unit/End User Savings	\$921,412	\$767,844	\$153,569
Total Benefits	\$12,618,076	\$7,813,271	\$4,804,806



This chart shows the detailed benefits of standardizing on a BI platform over a three-year time period.

When you standardize on a single BI platform, you can reduce the total number of unique deployments across your enterprise, dramatically reducing—or even eliminating—some IT costs. With a strategic approach to the adoption and rollout of BI deployments, you can effectively sequence projects and often combine them with other similar projects. By consolidating BI projects, many of our customers have reduced the number of unique deployments by 50%, significantly reducing overall project costs.

Lower BI Acquisition Costs

The costs associated with acquiring a new BI platform can add up. For each unique project, your organization must invest time and money into evaluating a solution and negotiating the licensing and maintenance fees. But once you standardize on a single vendor, you can dramatically reduce the time required from both IT and business units for new deployments. Instead, you can dedicate this time to mapping the solution to specific and unique business and integration requirements, rather than lengthy, redundant evaluation cycles for each project. In addition, license purchases can be aggregated and organizations can achieve greater discounts by committing to a standard vendor, both from the perspective of software licensing and recurring maintenance fees.

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Reduce BI Implementation Costs

A non-standardized approach to BI leads to high fixed costs for each unique deployment. During the implementation phase, you accrue extra training costs for the deployment team and you aren't able to reuse portions of development from other similar projects. When you standardize, your technical team only needs to learn one set of skills to implement multiple projects and can reuse portions of interface and functional code on subsequent projects.

Eliminate Redundant Development & Test Systems Support Costs

When you don't standardize on a single BI platform, you are forced to pay support and maintenance teams to develop and test environments for each new project. Each unique deployment requires a development environment, and depending on the size of the deployment, a separate test environment. In a standardized environment, you can dramatically reduce the number of unique deployments and lower the number of development and test environments.

Spend Less on Production System Support

Much like the redundant development and test environments associated with unique projects, supporting production systems in a non-standardized environment can get costly. While there are many unique functions that production systems support, you can cut costs around server maintenance and database administration. Again, you save because you reduce the number of unique BI deployments by consolidating projects and reusing resources such as core strategic architecture and support.

Minimize Application Systems Support Costs

There are a number of maintenance activities required for the ongoing configuration and administration of BI applications. The savings from a standardized environment are twofold. First, you can reduce the number of unique application instances you manage. Secondly, your technical team only needs to master one vendor's application when you chose to standardize on a BI platform. Hence, you can reduce the administration training costs and reduction in managing access and security controls, particularly for users who need to access multiple BI applications.

Lower Help Desk and Support Costs

When you standardize on one BI platform, implementations become more familiar to your technical team so you can lower IT help desk and support costs. End users who learn how to use one BI application will need less support when accessing other BI applications from the same vendor. And from a help desk staffing perspective, you will spend less on education costs because you won't have to train your staff on a number of different BI applications.

Shrink End User Costs

As BI reports proliferate throughout the enterprise, end users will increasingly access multiple systems to get information. In a standardized environment, you can shrink the training costs for power users by dramatically reducing the required training due to the single-vendor approach.

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ANALYSIS PROVIDED BY:
CRIMSON
CONSULTING GROUP™

Investing in Standardization

Achieving the benefits of standardization on a single BI platform is not quite as simple as just making the decision to make an enterprise purchase from a BI vendor. It involves shifting to a strategic approach for evaluating, deploying, and managing BI initiatives in a manner that makes logical sense and maximizes the value for both IT and the individual business units.

The components of the standardization investment include the following items:

- ▶ Establishing a Business Intelligence Center of Excellence (CoE)
- ▶ Taking advantage of volume purchasing leverage to drive an enterprise-level BI deployment
- ▶ Centralizing maintenance and support agreements
- ▶ Investing in an Initial Evaluation to support a standardized deployment
- ▶ Investing in the services required to support a strategic, standardized deployment

About This Scenario

The figures illustrated in this analysis are based upon secondary and primary research conducted by Business Objects and Crimson Consulting Group. The benefits and costs of standardization are based, in part, on the assumptions listed in the sidebar and general industry accepted figures. For more information regarding the assumptions or calculations, please contact Business Objects at +1 800 527 0580.

About Business Objects

Business Objects is the world's leading provider of enterprise BI solutions. Business Objects enables organizations to track, understand, and manage enterprise performance. The company's solutions leverage the information that is stored in an array of corporate databases, enterprise resource planning (ERP), and customer relationship management (CRM) systems.

Summary of Key Standardization Assumptions

Number of Anticipated BI Deployments	19
Total Number of New Users	9,500
Percent of BI Users - Power Users	20%
Percent of BI Users Accessing Multiple Systems	20%
Average # IT Staff Involved in BI Evaluations	4
Average Effort for Evaluation (Days)	4
Average Annual Salary IT Staff	\$90,000
Average # BU Staff Involved in BI Evaluations	8
Average BU Staff Effort for Evaluation (Days)	2
Average Annual Salary BU Staff	\$75,000
Average Training Course Fee (Technical)	\$1,500
Average Training Course Fee (End User)	\$500
Average # of Developers/Project	4
Average Project Length (Days)	90
Amount of Code Reusability (After Standardization)	25%
Average Annual Salary HelpDesk Staff	\$50,000
Average Cost per Call to Helpdesk	\$33
Average # of Helpdesk Calls/End User/Year	3
New Full Time Staffing for BI Center of Excellence	3

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