



Implementing a New Retail BI and EPM Platform Strategy: Are You Ready?

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Retailer interest in business intelligence (BI) and EPM technology has been accelerating in the past year. Four converging factors are at work:

- Our Retail IT Budget Study, 2004–2005, completed in partnership with the National Retail Federation, showed that 52% of retailers were looking to either add on to or replace their BI systems as part of their retail infrastructure strategies. This is incremental to the significant interest retailers had in implementing more advanced demand planning applications.
- AMR Research's recently completed quantitative assessment of broader, cross-industry BI and EPM spending confirms this trend, noting a 2005–2006 growth rate of 26% in spending on dashboard and scorecarding systems alone.
- Mandated requirements for regulatory or compliance reporting (most notably Sarbanes-Oxley) have spurred investment in better technology.
- We've been getting a near frantic increase of inquiries over the past few months from retailers that have started and funded data warehousing and BI projects and are looking to evaluate the changing vendor landscape.

Early adopters of retail BI love the benefits, but hate the battle scars

Most of the retailers that successfully transformed their legacy reporting systems with more sophisticated BI technology in the past decade would say that the journey was ultimately worth it, but often hampered by numerous implementation challenges. Retailers were forced to build from scratch—often at a great expense—such essentials as a workable data model, data loading routines, and even the most basic report templates from within very complicated and expensive BI development environments. This often led to budget overruns and delayed deployments along with merchant stakeholder skepticism.

However, once deployed, new abilities like drill-down reporting and daily insight were considered major advancements from the often batch-oriented, weekly canned reports most merchants had been receiving. Unfortunately, the total cost to deploy these was prohibitive for many retailers, especially Tier 2 and Tier 3 retailers that could not seem to make a benefits case for the investment.

Traditional BI vendors strengthen their products with more industry focus

The depth and breadth of capabilities seen from the BI suite vendors was often viewed by retailers as both a blessing and a curse. With almost limitless options for building reports and analytic applications, this blank-slate approach often paralyzed retailers that were hoping for more industry-centric functionality to help them get quick wins in their enterprise data warehouse (EDW) and BI projects.

Vendors have responded, with many creating retail industry teams to help expand specific products inside their portfolios targeted directly at retailers. Companies like **Business Objects**, **Cognos**, **Microstrategy**, and **SAS** have not only added industry experts, but also have begun to add important base functionality like an initial data model, extraction, transformation, and loading (ETL) functionality, and retail key performance indicator (KPI) libraries. They have also added initial application designs targeted at different functions like merchandising, vendor analysis, or store operations.

And vendors like **Actuate**, **Hyperion**, and **Information Builders** have a number of retailers as clients, though they tend to place less emphasis on industry-specific systems in their product strategies and more on deeper enterprise BI and EPM functionality. We also can't ignore **Microsoft**, with its aggressive entrance into BI, along with its major internal investments in retail and a burgeoning partner portfolio targeting specific industries.

A new breed of application is helping retailers kick-start BI and EPM projects

Another major change in the retail BI landscape has been the rapid evolution of new vendors providing a hyperfocused applications layer on top of established BI platforms. They have drawn major interest from retailers, especially Tier 2 and Tier 3 retailers implementing their first formal BI strategy and looking to fill two needs: rapid deployment (targeting less than 100 days) and lower total project costs resulting from lower implementation and consulting expense. Many are partnered with specific toolkits (most often Microstrategy) and retail-centric data warehousing platform vendors. Vendors in this newly developing category include **QuantiSense**, **Manthan**, **MI9**, and **Seatab**.

Retail demand intelligence vendors are embedding more BI into their platforms

The increasing deployment of advanced demand planning technology in areas like price and promotion,

replenishment, allocation and assortment, and labor has led to deeper and richer reporting and dashboarding functionality being available from within those products. This includes the enterprise suites from **Oracle**, **SAP**, and **JDA Software**. This has often complicated foundational BI projects, with merchants becoming torn as to which application to use for their specific analytic needs.

What BI vendors struggle with is that this embedding of reporting and performance management logic into these optimization applications can constrain their value. Their response: offer more retail optimization applications as part of their broader retail BI product. This creates broader yet more complex choices for retailers as they evaluate and assess the blending of these two now separate products and the fit within their BI strategy.

The vendor landscape in retail demand intelligence is broad and includes **Applied Intelligence Solutions**, **DemandTec**, **i2 Technologies**, **Manugistics**, **SoftSolutions**, **GERS**, **SAS/Marketmax**, **Retalix**, **Aldata**, **Tomax**, **Lawson**, **IRI**, **KSS**, **Manhattan Associates**, and **JustEnough**.

Increased EDW competition gives retailers more choice and better pricing

No BI deployment happens without a supporting EDW infrastructure. And fortunately for retailers, the interest by major vendors is acute. **Teradata** continues to be a major EDW provider, with retailers in all segments as references and a combination of applications, professional services, and BI partners available.

Netezza continues to show strong momentum in retail, and has become an increasingly competitive thorn in the side of Teradata, competing successfully on price, performance, and speed of deployment. Netezza has greatly expanded its BI software partner portfolio in the last year, but may see more competition as new data warehousing appliance upstarts like **Datallegro** get on the radar screen.

Oracle and **IBM** also offer broad data warehousing for retailers and their client rosters, and industry focus puts them in most major EDW deals.

Keys to successful deployment of new BI technology among skeptical merchants

With all the changes in the retail BI and EPM space, we need to circle back and make sure that the right priorities are in place to ensure a deployment brings operational and financial benefits to stakeholders and the retailer as a whole.

Things to keep in mind include the following:

- **Transplant a small, core set of well-liked reports and KPIs into the new platform.** Countless retailers have spent major capital on a new EDW and BI platform only to see user adoption slow or stall. A common reason is that merchants will often feel lost without at least one or two of their critical reports. Giving users that comfort and adding benefits like data accuracy and real-time analysis can help speed use and have them exploring the other analytic abilities and KPI reporting options in the new system.
- **Don't neglect usability.** Whether using prebuilt queries and reports or customizing dashboard configurations, actively involve stakeholders in the testing to ensure that they are comfortable with it, and that it blends well with their existing process flows. This doesn't mean necessarily catering to every specific (and often legacy) reporting need, but having the endorsement of key users before a wider deployment will help speed adoption. Also, take full advantage of the different BI front-end options, and adapt them to the appropriate user audience. Dashboarding and mobile access for executives, key report options for operational users, and granular querying for power analysts are some of the options.
- **Don't skimp on system performance.** Nothing is worse than becoming the victim of your own BI project success—that is, usage is at such a level that the platform and application performance screeches to a grinding halt. Don't try to lower the initial capital spending by limiting database performance or BI application server configurations. If your BI platform is a raging success, have the capacity to grow so that it stays that way.