

## INSIGHT

---

### Orenburg's Board M.I.T.: Decision-Centric Business Intelligence

---

Henry D. Morris

---

#### IDC OPINION

---

Organizations require greater consistency in the way decisions are made. This is important both for competitive reasons and, increasingly, for compliance reasons. Companies must demonstrate that decisions are not arbitrary but rather that they follow established procedures. Hence, they need an auditable record of decisions and a defined decision process. Traditional business intelligence (BI) does not address these issues. Decision-centric BI (DCBI) is a response to meet these needs.

- ☒ Orenburg has focused on DCBI, in addition to information access and delivery, for almost a decade.
- ☒ Orenburg's toolset for rapid development of advanced analytic applications and its extensive partner network bring DCBI to companies across industries and geographies.
- ☒ Orenburg's success is attributable to the soundness of the vision of its founders and a business model that enables consultants to define and build a dynamic system that is designed to improve decision-making effectiveness.

---

#### SITUATION OVERVIEW

Decision making is a process that is critical to organizations seeking to improve competitiveness and profitability. Because many types of decisions are recurring or repeatable (such as pricing, extending credit, or allocating resources), decision-making processes exist that are amenable to automation. This IDC document focuses on the difference between traditional and decision-centric business intelligence. It highlights Orenburg and its toolkit for the rapid development of advanced analytic applications: Board Management Intelligence Toolkit (M.I.T.).

---

## **Traditional Business Intelligence: Streamlining Information Access and Delivery**

Traditional BI concentrates on information access by and delivery to individuals. The classic issues are:

- ☒ How to make the underlying data available
- ☒ How to format the data into reports or multidimensional cubes
- ☒ How to deliver this information to knowledge workers based on their roles and responsibilities

Scheduled, batch-based reporting is being supplemented with near-real-time monitoring of business transactions in an effort to reduce data latency. Relating current operational data with historical data in a data warehouse enables a company to gain an early warning system on the emergence of new trends.

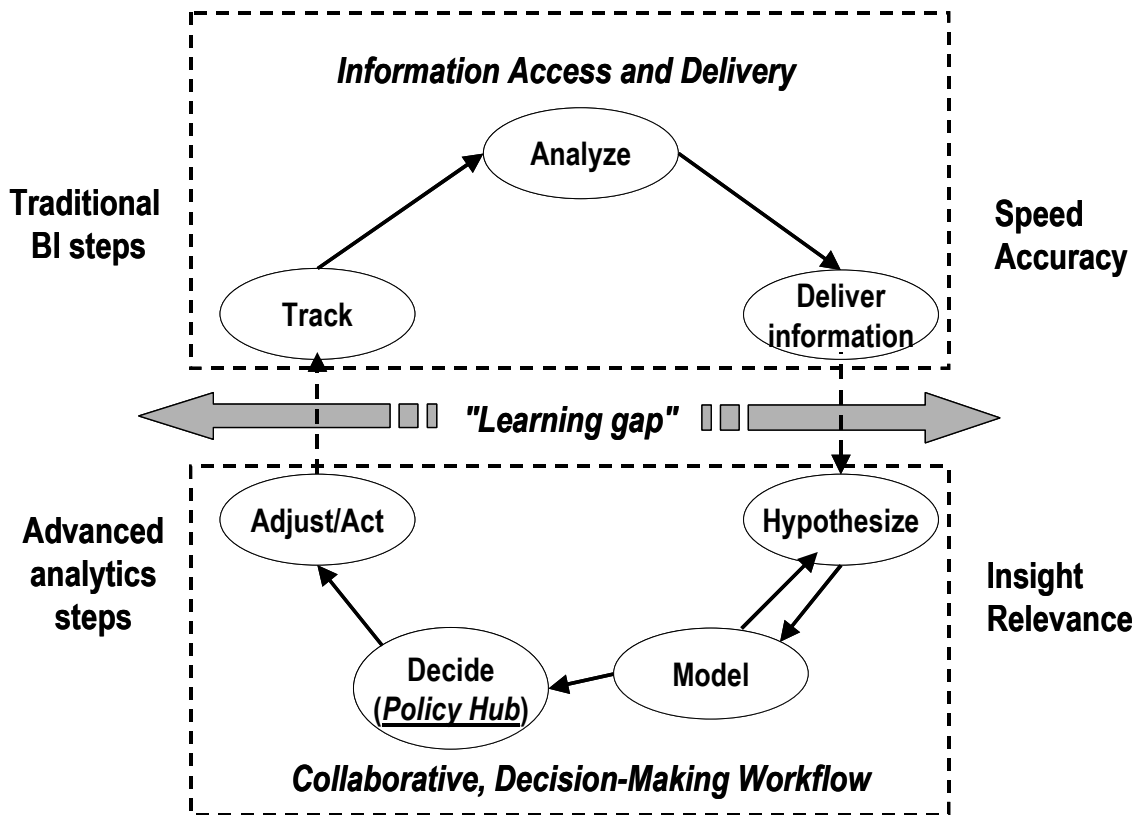
Traditional BI software supports activities for the following three steps (as shown in the top half of Figure 1):

- ☒ **Track.** Results from business (transactional) systems are monitored to get a reading on the state of current operations (e.g., the current marketing or recruitment campaign). These results can be compared with established targets or goals.
- ☒ **Analyze.** Time-oriented data from multiple systems is integrated into a data warehouse or mart to support an analysis of key trends. Deviations from expected results or targets are explored, such as factors associated with customer (or employee) attrition.
- ☒ **Deliver information.** Reports are published and delivered to business users based on the tracking activities and value-added analysis of the data.

The goals of traditional BI are increased *speed* and *accuracy* in the delivery of information to ever larger numbers of users.

FIGURE 1

Policy Hub and DCBI



Source: IDC, 2004

### Decision-Centric Business Intelligence: Addressing Collaborative Decision-Making Processes

DCBI focuses on the decision-making steps in a business process. The goals of DCBI are to assess the *relevance* of information to a decision and to gain *insight* into seeking and evaluating possible decision alternatives. These are the steps in the lower half of Figure 1, comprising a collaborative, decision-making workflow:

- ☒ **Hypothesize.** The problem is stated and alternative solutions are sought. There are software aids to search for new decision alternatives, though human intuition still plays a role in most cases. For example, pricing analytics software can develop many more possible pricing rules than a human agent could deal with. (See *Worldwide Pricing Optimization Software Forecast and Analysis, 2003–2007: Money on the Table*, IDC #30622, December 2003.)

- ☒ **Model.** Models are built to predict the likely result of candidate solutions to a problem. The impact of variable factors on business results is explored or simulated, such as the likely impact on sales by changing prices of certain products, combinations of products, or products for particular groups of customers. This is the essence of "what-if" analysis. A key factor is the ability to deal with uncertainty. We cannot predict the future with infallibility. But we can show the likelihood of a desired outcome when a particular alternative is selected.
- ☒ **Decide/policy hub.** This is the step in a business process at which decisions are made. The results of the analysis and modeling work are considered along with business judgment and knowledge to decide on changes or adjustments to business policies or rules. Decision making is a process that involves a group of people. Hence, support for team collaboration is vital.
- ☒ **Adjust/act.** Making the decision is only the beginning. The results of the decision must be communicated to all people and applications that are responsible for execution. This can involve the translation of the decision into the form that a particular application requires. In effect, the policy hub has shifted the management and maintenance of business rules from the individual applications to a central rule or knowledge base.

The cycle then continues with information access and delivery to evaluate whether a decision that has been implemented is actually effective. This disconnect between the delivery of information and the processes of decision making, as shown in Figure 1, comprises what IDC calls the "learning gap." Orenburg, with its Board M.I.T. product, is a vendor centered on DCBI and helping organizations overcome the learning gap.

---

## **Orenburg: Ease of Development for Decision-Centric Applications**

Orenburg, with headquarters in Lugano, Switzerland, was founded in 1994 by a team of experienced management consultants and today has offices in the United States, United Kingdom, and Germany. The company currently has 1,200 customers, including blue-chip firms such as GlaxoSmithKline, Johnson & Johnson, Kraft, L'Oreal, Peugeot, Rockwell, Pharmacia, and Salomon. Orenburg has no direct sales force, but it sells Board M.I.T. through more than 120 partners worldwide.

Applications built with Board M.I.T. include cross-departmental planning and forecasting, activity-based costing and profitability analysis, demand planning, manufacturing capacity analysis, and CRM and supply chain analytics. The breadth of applications illustrates the capability of the tool as well as the diverse expertise within the network of more than 600 Board-certified consultants. Board applications feature the ability to model key factors, such as the impact of changes in raw material costs on customer profitability. This type of what-if, cause-and-effect analysis is directly relevant to managers who are evaluating alternatives in making operational decisions.

Board M.I.T. combines a rapid application development environment with a scalable multidimensional database engine that is capable of integrating and compressing large amounts of detailed data. Business analysts or consultants build the decision-

centric planning and modeling applications without programming by dragging and dropping objects from a graphical palette. Models can be built by integrating multiple data sources, while interactive diagrams show decision processes clearly. The toolkit has evolved in the direction of meeting the key requirements for building decision-centric applications:

- ☒ **Capture of decisions.** Board M.I.T. supports the capture of decisions for review by adding a dimension to the model. For example, in a forecasting application, Orenburg customers have stored previous forecasts so that the accuracy can be judged in the light of current information.
- ☒ **Collaboration.** Synchronous collaboration is supported within Board-built applications. This enables ongoing discussion during the hypothesis formation, modeling, and decision stages of the business process.

A Board M.I.T. customer noted the difference between the users of Board and the users of a traditional BI tool within its company. The primary users of the traditional BI tool are sales analysts who are organized by region and whose job function is to analyze information to support business decision makers. They are very satisfied with the BI tool but acknowledge that its use requires a high degree of skill. On the other hand, Board is more widely deployed, used to build queries by 500 end users. After training on the data model and the tool itself, users (such as market researchers or planners in finance) are able to use Board effectively and build applications. A strength is in the simulation (what-if analysis) directly relevant to operational decisions such as pricing or allocations.

## FUTURE OUTLOOK

DCBI is more than a vision. With an initial foothold in financial services, DCBI applications are beginning to appear across industries and domains.

Orenburg has focused on DCBI, in addition to information access and delivery, for almost a decade. The company's success is attributable to the soundness of the vision of its founders and a business model that enables consultants to provide their clients with a dynamic system that is designed to improve decision-making effectiveness.

---

## Copyright Notice

External Publication of IDC Information and Data — Any IDC information that is to be used in advertising, press releases, or promotional materials requires prior written approval from the appropriate IDC Vice President or Country Manager. A draft of the proposed document should accompany any such request. IDC reserves the right to deny approval of external usage for any reason.

Copyright 2004 IDC. Reproduction is forbidden unless authorized. All rights reserved.