

January 2013

Packaged Analytics: The Gift that Keeps on Giving

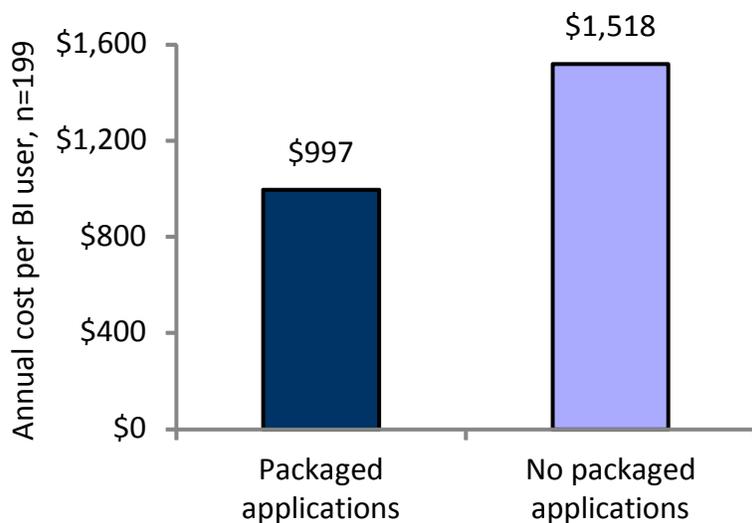
There are many alternatives to building a business intelligence (BI) solution from scratch. One option – packaged analytic applications – was highlighted in recent research on how companies can deliver analytics value faster (*The Grinning CFO: How to Get a Return on BI Projects in Less Than 4 Months*).

This Analyst Insight, based on data collected in Aberdeen's April 2012 agile BI survey, evaluates the benefit of buying pre-built, packaged analytic applications (see sidebar definition). This approach to BI is shown to deliver analytics capabilities for a broad range of business users, both rapidly and economically.

Packaged Analytics is a Cost-Effective Approach

Aberdeen included many factors in evaluating the cost-effectiveness of packaged analytic applications (see sidebar on page 2). Overall, companies that make use of packaged applications spend 35% less per BI user than those organizations that do not take advantage of this deployment method (Figure 1).

Figure 1: Packaged Applications Help Contain Spend per User



Source: Aberdeen Group, April 2012

Packaged analytics are used by companies of all sizes. For example, while 36% of the organizations using pre-built analytics had 100 employees or less,

Analyst Insight

Aberdeen's Insights provide the analyst's perspective on the research as drawn from an aggregated view of research surveys, interviews, and data analysis

Survey Definition

Data for this research was drawn from Aberdeen's April 2012 survey into agile business intelligence.

- √ 81 survey respondents indicated they were using pre-built packaged analytic applications (shown as "Packaged applications" on the charts).
- √ 118 survey respondents indicated that they did not use pre-built packaged BI applications.

Pre-built packaged applications typically provide reports, charts and / or dashboards - together with a data warehouse or data mart - to provide insight into a specific business function, such as finance or HR. While such applications can be used out-of-the-box, some degree of customization or tailoring is common to ensure a better fit to the organizations exact BI needs.

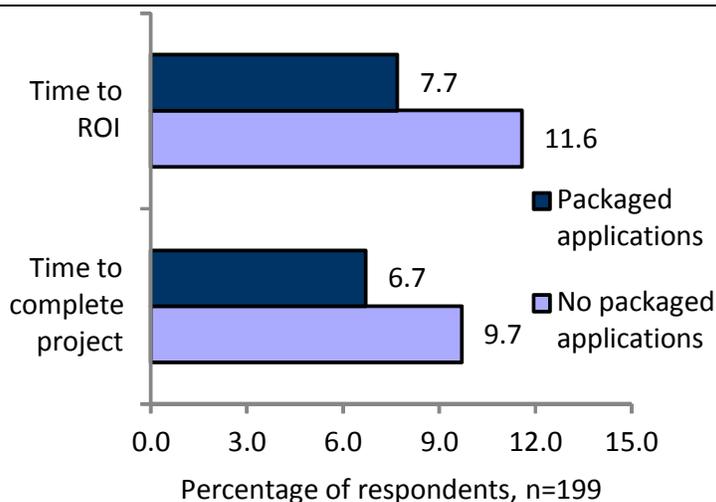
26% of the companies using them had more than 10,000 employees. There are differences in the cost of hardware, software, and professional services, but the most significant difference is in the cost of the employees required to support BI. For example, on average companies that used packaged applications are able to support 525 business intelligence users for every full-time equivalent (FTE) that supports BI. That is almost twice as many users per FTE when compared to organizations where packaged applications are not used – 271 users per FTE.

Undeniably, the overall cost of the solution should always be an important consideration. However, it is not the most important measure of success. After all, the goal of business intelligence is to provide managers with the information they need to fuel their decision-making. Consequently, the frequency managers find the information they need in time to influence their decisions is key. In this respect, packaged analytics also performed well. Employees at companies that use packaged analytics are able to find timely information 78% of the time. In contrast, when packaged applications are not used, the frequency of finding timely information drops to 73%.

Faster Project Completion and Return on Investment

On balance, businesses that use packaged applications complete their BI projects faster, and gain a positive return on their investment sooner than those that do not (Figure 2).

Figure 2: Packaged Analytics Accelerate Time to Value



Source: Aberdeen Group, April 2012

By definition, prepackaged applications deliver a solution which is already partially built. In this way, pre-built analytic applications are similar to ready-to-assemble (or flat-pack) furniture. With ready-to-assemble furniture, all of the difficult, highly skilled carpentry work is completed long before the furniture reaches the store. Measuring, cutting, and machining are completed in a factory before shipping. To complete the furniture, only low-

Cost Comparison

The per-BI user expenditure in the last year as recorded by Aberdeen’s survey breaks down as follows:

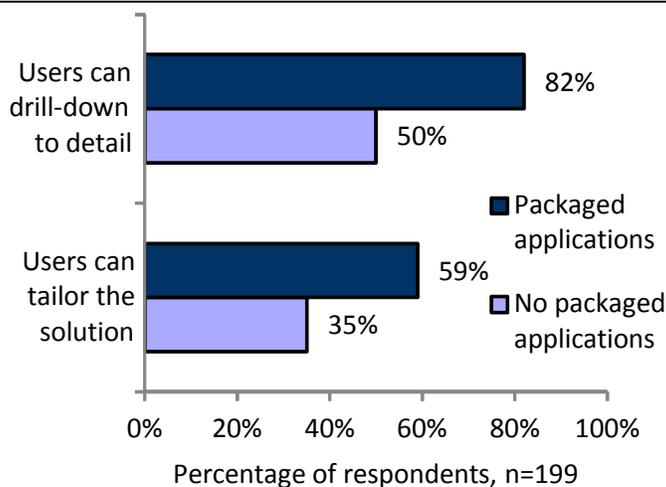
- ✓ **Software licenses and subscriptions:** Packaged applications \$212, others \$181
- ✓ **BI hardware:** Packaged applications \$89, others \$102
- ✓ **Professional services:** Packaged applications \$83, others \$101
- ✓ **BI support and development staff:** Packaged applications \$613, others \$1,134

skilled assembly is required. In the same way, packaged analytics aims to build a data warehouse, reports, and dashboards that each buyer receives. While some organizations will use packaged applications out-of-the-box, others will perform some tailoring or customization before they are ready for use. Unlike furniture, that customization may still require some degree of technical skill, to perform data integration or build additional reports, for instance. But, in both cases, the concept is the same – provide the customer with a partially completed product that can rapidly be finished with relatively low skill. As a result, organizations using packaged analytics complete their projects more than 30% faster on average, and are also 16% more likely to complete their BI projects on-time or early.

Business Managers Gain a Rich Analytic Environment

It might be assumed that buying a pre-built solution would provide a more restricted or less functional solution. However, that is not usually the case. As Figure 3 shows, companies that employ packaged applications are often able to provide rich and engaging BI solutions for their user community.

Figure 3: Avoiding Coding Provides a More Interactive Solution



Source: Aberdeen Group, April 2012

Organizations that use packaged analytics applications are 64% more likely than those that do not to have drill-down capabilities. Quickly navigating from summarized information to detailed supporting data is a powerful way to problem solve. Drill-down allows managers to understand cause-and-effect – not just "what happened," but "what happened, and why." For example, imagine that a chart shows that total sales revenue unexpectedly fell last month at a supermarket chain. That in itself is useful. But it is only the starting point to discover what the underlying reason is for the fall in sales. And, until the underlying reason is understood, corrective action cannot be taken. An interactive chart that featured drill-down would allow fuller exploration to understand if the underlying cause was:

Fast Fact

Organizations with packaged analytics are much more likely to have dashboards as part of their BI portfolio:

- ✓ **Dashboards:** Present at **94%** of companies that used pre-built analytics, but at **57%** of companies that build their own
- ✓ **Static reports:** Present at **95%** of companies that used pre-built analytics, and at **85%** of companies that build their own

- Fewer customer transactions overall,
- Supply chain or distribution problems,
- Falling sales at one particular store,
- Falling sales of one particular product category,

or some other reason. When drill-down is not possible from high level information, the alternative is old fashioned and error-prone. Typically, managers must either ask someone with technical skills to create a more detailed view for them, or they delegate to a staff member to investigate further. Either way, delays are incurred, impacting the timeliness of the solution.

For similar reasons, solutions that can be tailored and customized by business users are powerful too. Fifty-nine percent (59%) of firms that use packaged applications find them so easy to customize that at least part of that task can be delegated to end users. This is important because most corporate IT organizations have more BI-related work than they can comfortably manage. In other words, they do not have enough technical skills to fulfill all of the business needs. As evidence, Aberdeen research from March 2011 ([Agile BI: Three Steps to Analytic Heaven](#)) found that, on average, organizations have 143 days of BI related work in the queue. One part of the solution to this problem is to enable business users with low or no technical skills to take on some of these tasks. With this in mind, companies that allow managers to tailor part of the solution to meet their own particular needs and tastes have an advantage.

In practice, few business intelligence users want to see exactly the same information presented exactly the same way. For example, two different sales managers would want to see information on different customers, different regions, or different product lines. On the other hand, the vice president overseeing these two sales managers would want to see a broader, yet shallower view of sales performance. It is natural for BI users themselves to make the subtle, yet detailed changes instead of relying on corporate IT. Changes that affect:

- Which subset of metrics from a superset are shown on the dashboard,
- Where exactly a chart appears on a dashboard,
- Which filters are applied to show the right subset of data,

for example, can all be achieved through simple configuration with the right tool. When end-users are able to take on this "last mile" of configuring the solution for themselves, scarce IT skills can be focused on bigger and more far reaching problems – such as data quality and data integration.

As an additional benefit, involving analytics users in this way can help to increase engagement with, and adoption of, the solution. By involving users hands-on in the detailed customization required to meet their own unique requirements, a greater sense of ownership of the solution can be nurtured.

Fast Fact

Organizations using packaged analytic applications are able to make BI available to more of their employees than those that do not:

- ✓ **41%** of employees have access to BI, vs. **30%**
- ✓ Average total number of BI users, **6337** vs. **2825**

Key Takeaways

Packaged analytical applications may be regarded as a solution just for organizations that cannot build their own bespoke solution. While that may be one aspect of their appeal, the benefits are much more comprehensive than that:

- **35% lower per user costs.** On average, companies that use packaged analytics spent 35% less per BI user over the last 12 months. Overall, the per user cost of software licenses and subscriptions for packaged analytics are slightly higher than build-it yourself style solutions (\$212 vs. \$181). The gains come from lower hardware costs, lower costs on professional services and – most significantly – internal support costs.
- **Faster project completion and return on investment.** Organizations that take full advantage of packaged applications complete their projects 1/3 faster than those that just build their own BI solutions. Similarly, they also achieve a return on their investment 1/3 faster. These gains accrue largely because packaged applications provide a buyer with a product that needs no (or relatively little) work to turn into a complete solution.
- **A richer analytics environment.** For example, almost all organizations (94%) using packaged analytics include dashboards as part of their solution. Only 57% of organizations that build their own BI solutions have dashboards available. Just as importantly, these same firms are 58% more likely to have features such as drill-down as part of their solution. This type of capability can speed the path to action by quickly revealing cause-and-effect relationships.

Lower internal support costs are a significant part of the value proposition for pre-built analytic applications. This cost saving can accumulate, year over year. In this way, packaged analytics truly are the gift that keeps on giving.

For more information on this or other research topics, please visit www.aberdeen.com

Related Research

<p><u>The Grinning CFO: How to Get a Return on BI Projects in Less Than 4 Months;</u> October 2012</p> <p><u>Real-Time Data Integration: Driving Near Real-Time Analytics;</u> September 2012</p> <p><u>Pervasive Cloud BI: Analyst, Advocate, Problem-Solver - All in One;</u> September 2012</p> <p><u>Agile or Fragile? Your Analytics, Your Choice;</u> July 2012</p> <p><u>Managing the TCO of BI: The Path to ROI is Paved with Adoption;</u> May 2012</p>	<p><u>High Performance Organizations Empower Employees with Real-Time Mobile Analytics;</u> April 2012</p> <p><u>Picture this: Self-Service BI through Data Discovery & Visualization;</u> March 2012</p> <p><u>SaaS BI: The Compelling Economics of Cloud-based Analytics;</u> February 2012</p> <p><u>Operational Intelligence - Part 2: The Path to Best-in-Class Performance;</u> February 2012</p> <p><u>Operational Intelligence - Part 1: Driving Performance with Tactical Visibility;</u> February 2012</p>
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