

REAL WORLD CASE 1

Allstate Insurance, Aviva Canada, and Others: Centralized Business Intelligence at Work

The most common approach to business intelligence is to assemble a team of developers to build a data warehouse or data mart for a specific project, buy a reporting tool to use with it, and disassemble the team upon the project's completion. However, some companies are taking a more strategic approach: standardizing on fewer business-intelligence tools and making them available throughout their organizations even before projects are planned. To execute these strategies, companies are creating dedicated groups, sometimes called competency centers or centers of excellence, to manage business-intelligence projects and provide technical and analytical expertise to other employees. Competency centers are usually staffed with people who have a variety of technical, business, and data-analysis expertise, and the centers become a repository of business-intelligence-related skills, best practices, and application standards.

About 10 percent of the 2,000 largest companies in the world have some form of business-intelligence competency center, Gartner Inc. analyst Howard Dresner says. Yet approaches vary. While most are centralized in one location, a few are virtual, with staff scattered throughout a company. Some are part of the IT department—or closely tied to it—while others are more independent, serving as a bridge between IT and business-unit managers and employees.

Allstate Insurance Co.'s Enterprise Business Intelligence Tools Team is responsible for setting business-intelligence technology strategy for the company's 40,000 employees and 12,900 independent agents, says Jim Young, the team's senior manager.

Based in Allstate's Northbrook, Illinois, headquarters, the center was created earlier this year by consolidating three groups built around separate business-intelligence products used in different parts of the company. The center serves as a central repository for business-intelligence expertise, providing services and training for Allstate employees, and is developing a set of standard best practices for building and using data warehouses and business-intelligence applications.

"That way, we can execute on a common strategy," Young says. The center maintains a common business-intelligence infrastructure and manages software vendors and service providers.

At Aviva Canada Inc., a property and casualty insurance company, the primary role of its Information Management Services department is to bridge the communications gap between business-intelligence-tool users and Aviva's IT department.

"Business intelligence isn't a technology issue. BI is a business issue," says Gerry Lee, information management services VP. Centralization is critical, because Aviva's goal is

to grow by 50 percent over the next five years, partly through additional acquisitions, Lee says. The center also impacts the company's numerous customer relationship-management initiatives. "We couldn't get into CRM until we had solid data-management and business-intelligence capabilities," he says.

Cost reduction is often the driving factor for companies to create competency centers and consolidate business-intelligence systems. Standard technology and implementation practices can reduce the cost of some business-intelligence projects by up to 95 percent, says Chris Amos, reporting solutions manager at British Telecom. BT established a center of excellence around Actuate's reporting software three years ago and is developing business-intelligence systems for the telecommunications company's wholesale, retail, and global services operations.

Despite the potential savings, funding can be an issue for creating and running business-intelligence centers of excellence. Start-up costs for a business-intelligence competency center can be \$1 million to \$2 million, depending on a company's size, Gartner's Dresner says.

Many believe the payoffs are worth it. General Electric Co.'s energy products business formed its Business Data-Modeling Center of Excellence last year to improve data-management and business-intelligence practices for GE Energy's 8,000 employees. That has helped the business move beyond simple reporting of financial and supplier data to more advanced forecasting and predictive analysis.

"The data's become more actionable. The visibility of this data to the business has brought millions in savings," says Rich Richardson, manager of business data modeling and delivery, who manages the center. That's a business-intelligence competency center that's more than paid for itself.

Case Study Questions

1. What is business intelligence? Why are business-intelligence systems such a popular business application of IT?
2. What is the business value of the various BI applications discussed in the case?
3. Is a business-intelligence system an MIS or a DSS?

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