

White Paper

Establishing a Business Intelligence Competency Center (BICC)



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Introduction

While many companies receive benefit from their existing reporting and analysis capabilities, there may still be significant challenges in making a larger and more strategic impact. For example, specific functional departments, regions, or business units may establish tactical solutions to address immediate or common information needs. These efforts target specific areas of the business for return. At the enterprise-level, there may be a corporate team responsible for providing data or reports to the user community upon request. Each of these provides unique business benefits.

Even so, leadership recognizes broader challenges exist in their ability to execute the company's strategy using the current approach to Business Intelligence (BI), information management, and delivery. Challenges may include:

- Relatively high percentage of business time spent on data collection versus data analysis
- Silos of information resulting in conflicts in data accuracy
- The business struggles to gain access to the information it needs
- Difficulty assessing measurement of business performance
- BI investments that are not delivering expected impact
- High maintenance and licensing costs due to an overly broad tools footprint
- Existence of shadow BI groups within the business compensating for lack of capabilities
- High level of business analyst/staff headcount
- A majority of analysis performed reactively versus proactively
- A data/reporting environment difficult to navigate
- Frequent confusion around business metrics (definitions, alternate sources, conflicting measures, etc.)
- Businesses perceiving low value for a high spend

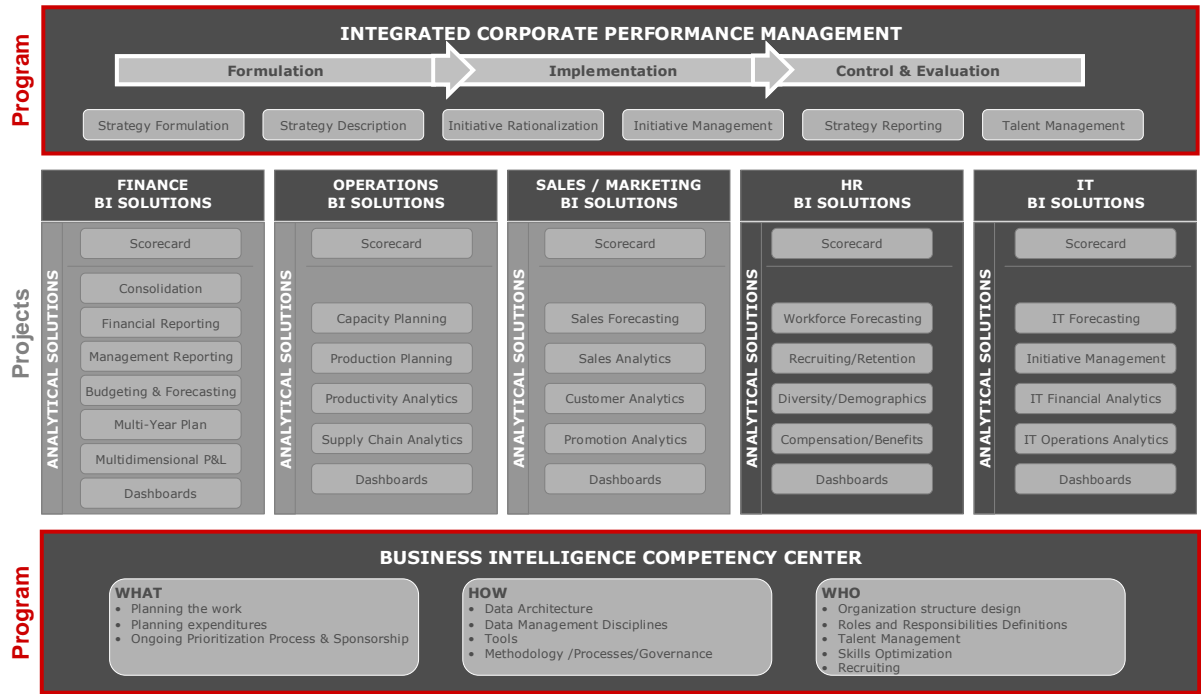
These are a few symptoms that might indicate the need to further diagnose and plan for how to build optimal Business Intelligence capabilities—i.e. access to timely, consistent, relevant and trusted information for effective decision making. So organizations might want to establish a Business Intelligence Competency Center (BICC) to address these challenges head on.

This document describes a phased approach for establishing a BICC within an organization. The goal is for increased leverage with more investment allocated to strategic objectives and less to tactical efforts and baseline operations.

BICC Defined

BICC can be defined as a team of dedicated Business and IT specialists accountable for defining, owning and managing the execution of the company's BI strategy and agenda. While many leaders, stakeholders, contributors, managers, analysts, developers and user communities participate in BI efforts in one way or another, a BICC serves as the catalyst and glue that creates, promotes, and holds together the overall BI operating model.

Figure 1: BICC as Enabling Program



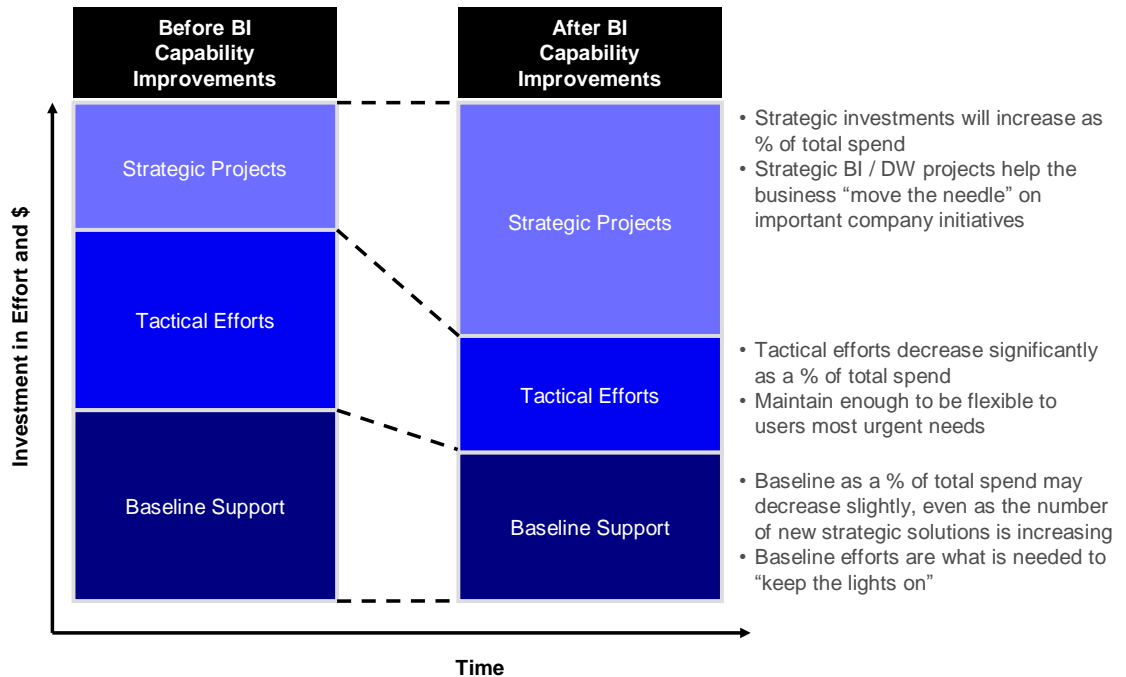
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The BI program is not simply the sum of the various projects and independent efforts, but instead reflects a comprehensive network of people, processes, and technology working as one integrated operating model supporting and enabling those projects and efforts.

Benefits of a BICC

The fundamental value of employing a BICC within a company is to gain leverage against strategic initiatives and reduce cost of labor-intensive, and often redundant, tactical and baseline support efforts. A company that can mobilize and execute a program with this goal of leverage in mind will find that the increased capacity to complete strategic projects will directly impact business value gained from its BI investments.

Figure 2: BICC Benefits



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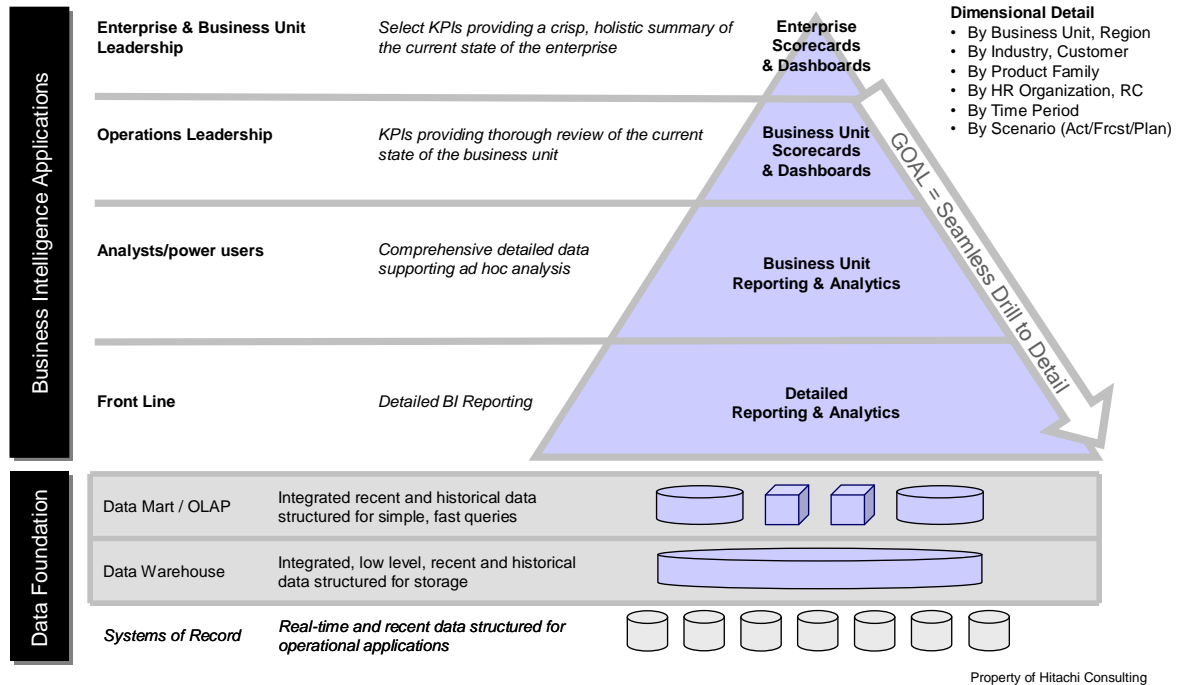
A company whose strategy takes a holistic approach to their BI program will have a better opportunity and capability to minimize risks and maximize value. A mature BICC set of capabilities (people, process, technologies) enables quick reaction to changing business needs, including:

- Better enterprise-wide decisions
- Fewer information disagreements
- Less effort to develop and maintain information over time
- Lower long-term technology costs with better scalability

Getting Started

Critical to developing a successful BICC is executive sponsorship that recognizes the significance that information has in a company's ability to effectively manage the performance of the business. Many times organizations attempt to elevate BI as a key driver to company performance from within a specific department such as Finance or IT. However, these efforts almost always struggle to create the desired impact without clear and meaningful senior executive support (COO, CFO, and CIO). A holistic enterprise Business Intelligence perspective provides context to a company's BI strategy and execution plan.

Figure 3: Enterprise Business Intelligence and Data Warehousing

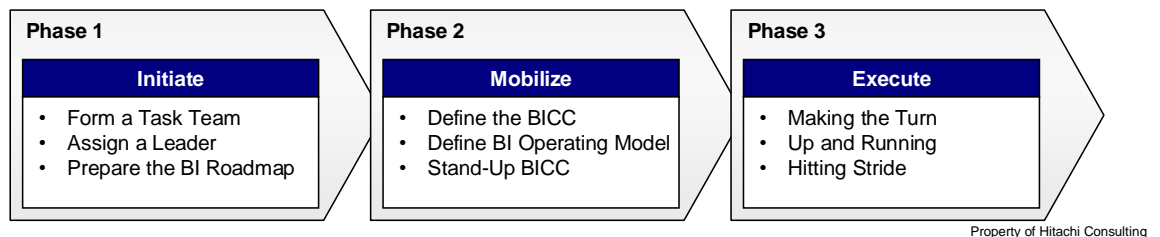


Ideally, a company in its early stages of BI maturity should have a stated business initiative that emphasizes enterprise BI. If an organization does not have this executive support or a business initiative targeted at enterprise BI, executing Phase 1 as mentioned below will accomplish this. If, however, at the conclusion of Phase 1 there is not clear direction that BI will be adequately funded and supported program going forward, Phase 2 and Phase 3 will not be effective.

Additionally, there should be commitment among leadership to having a culture of one team working together toward meeting common company goals. Again, each the core business functions and IT need to be aligned to the same corporate multi-year plan.

Phased Approach

Establishing a BICC that an organization will adopt and make effective in the organization will require a set of key activities outlined in three distinct phases:



Phase 1 – Initiate

Phase 1 is all about getting an overall BI plan in place and ensuring broad executive commitment. The sponsoring executive in the company needs to initiate the appropriate timing and organizational involvement required to spearhead this initiative.

Form a Task Team

Identify a cross-functional/organizational task team to oversee and participate in defining a BI Roadmap. This team serves as the center of gravity during Phase 1 and Phase 2 and will coordinate all efforts prior to Phase 3. Upon start of Phase 3, this team will dissolve itself and transition responsibilities over to the BICC for execution of the program going forward.

Membership on the Task Team should include both business and IT representatives of major company organizational entities. They should have a vested interest in establishing a new approach toward BI both on the business and IT side. Typically, members are a mix of Finance, Sales & Marketing, HR, Operations, and IT leaders at the senior manager, director, or vice president (VP) level.

Assign a Leader to the Task Team

A director or VP should be assigned to facilitate the activities of the Task Team. This individual may not necessarily be assigned to a dedicated role going forward in the overall BI program, but will need to take point on Phase 1 and Phase 2 activities. This leader will be responsible for assembling the Task Team, maintaining dialogue with the executive sponsor(s), coordinating periodic update meetings among the executive, Task, and Roadmap teams.

Prepare a BI/DW Roadmap

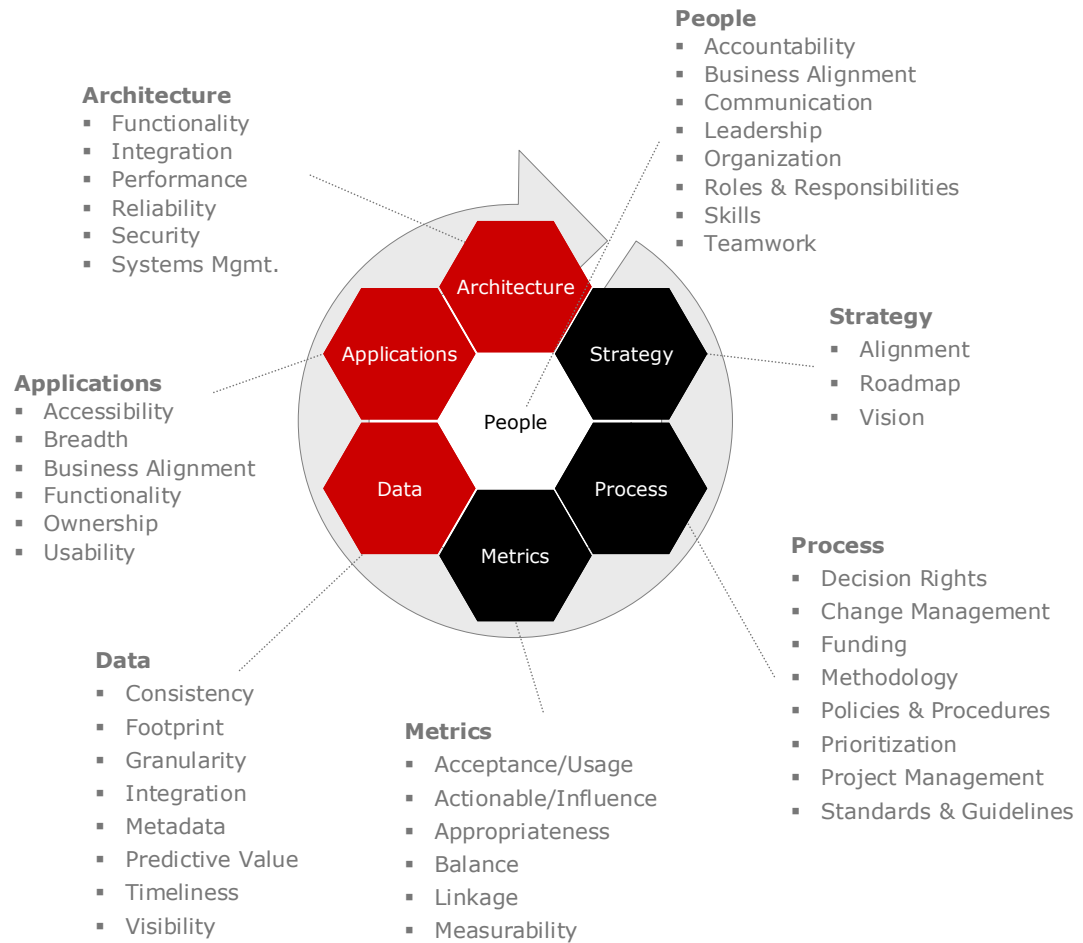
The purpose of the Business Intelligence/Data Warehouse Roadmap (BI/DW Roadmap) is to create a BI strategy for the company enabling further development and better leveraging of information and Business Intelligence infrastructure to improve visibility, accountability, and performance.

The BI/DW Roadmap provides:

- Outlines of decisions, tasks, sequences, priorities, and guiding principles for accomplishing objectives
- A broad perspective of the company's ability to deliver the information required by business decision-makers in an effective and efficient manner
- Quick identification of root-causes for delays, obstacles, waste

Organizations facing some of these listed challenges typically have internal biases that can be difficult to find and integrate into an overall plan. Including a third-party consulting firm specializing in this phase of a BI program can offer an outside perspective and assist a company with industry Best Practices to facilitate the development of a common plan among parties using a defined methodology and framework—e.g. Hitachi Consulting's BI Roadmap Framework.

Figure 4: Hitachi Consulting's BI Roadmap Framework



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A BI/DW Roadmap consists of three core activities:

1. *Analysis* – This provides insight into and baselines current-state BI and DW capabilities and the impact this current state has on the business
2. *Envisioning* – outlines future vision and implementable solutions related to people, process, and technology; drives consensus among the Task Team and the key stakeholders involved in its definition; identifies the BICC opportunity and its positioning in the overall future-state
3. *Planning* – outlines urgent needs (e.g. consistent management reporting, subject area performance analytics tied to a specific business objective, etc.), and defines gap closing roadmap (baseline, tactical, strategic foundational, strategic BI solutions) including sequencing, pace/timing, priorities, and resource requirements

These activities will result in several key deliverables essential to have prior to Phase 2. In addition to the overall multi-year BI/DW Roadmap documentation itself, an Executive Summary describing the business case and funding requirements serves as a tool for obtaining broad support across business functions and IT leadership.

While the general building blocks for the overall organizational structure and operating model to support Business Intelligence are captured in the BI/DW

Roadmap, the Task Team will want to more thoroughly define the specific roles and responsibilities and interaction model among the organizational entities—particularly the BICC.

Phase 2 – Mobilize

Phase 2 focuses on the Business Intelligence Competency Center itself and the touch point teams that together provide and support the company's BI capabilities.

Define the BICC

Define the BICC core charter, roles, and responsibilities during the Mobilization phase so that once staffed and implemented, the company can better recognize the interdependencies among this team, the core business teams, and supporting IT teams. The BICC needs to include several core functions that collectively will ensure efficient and effective evolution and execution of the BI/DW strategy and agenda. These functions include:

- BI Program Governance
- Business Analytics
- Data/Information Management and Delivery
- Data Governance

In small- to medium-sized organizations with less complex business organizational models, a more centralized BICC can be established in the initial stages of maturity. Larger companies with vastly different and independent lines of business (or large global organizations with fairly separate regional operations—e.g. US, EMEA and APAC) may wish to include focused teams with each line of business and a team of centralized resources to provide broader interconnectivity and leadership for company-wide BI initiatives.

Additionally, the number of resources required for the company to meet demand and fill the defined roles also needs to be determined—i.e. map the demand pipeline to the roles and responsibilities necessary to deliver the foundational and solution-specific outcomes.

Foundational activities would include:

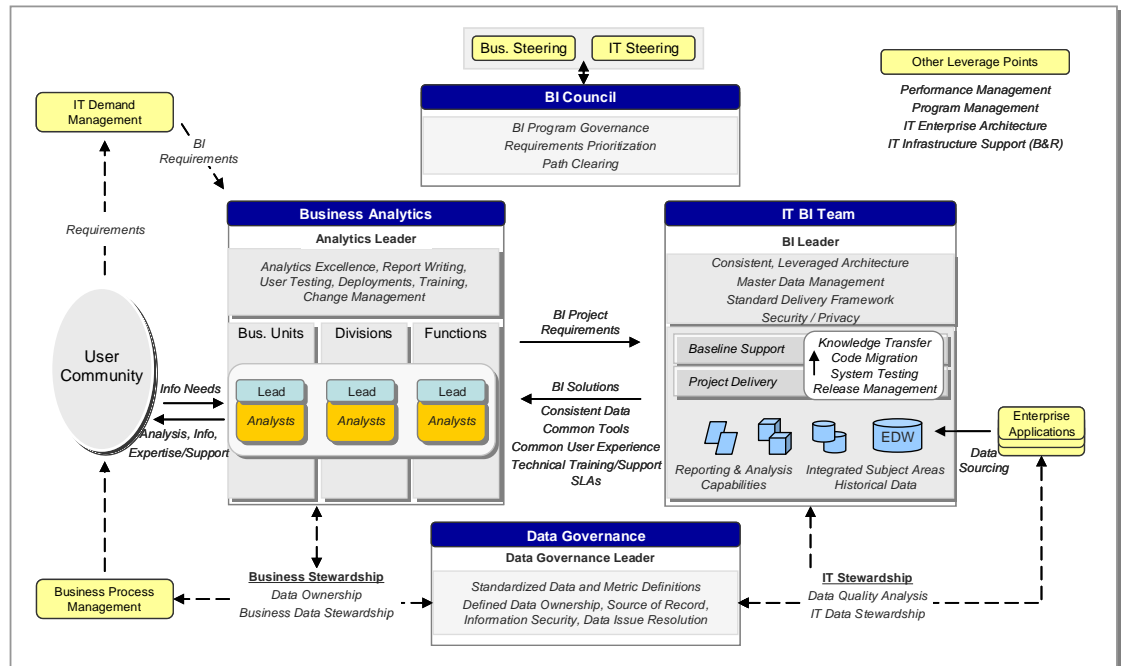
- BI Strategy/Planning
- Program Management
- Business Data/Metric Definitions
- Data Architecture
- Technical Architecture

In either case (large or small organization), dedication of resources to the BICC is almost always recommended. Splitting time and responsibilities of BICC leaders with other company efforts will prohibit obtaining the desired results.

Define BI Operating Model

Define the operating interaction model and touch points with other groups. Many variations may exist for how the HR reporting relationships are structured although having clear understanding and adoption of how the BICC operates internally and with each and every stakeholder group is critical. The following diagram illustrates a general interaction model among teams that can be used to determine a more specific model for the company.

Figure 5: BI Operating Model (Illustration)



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Stand-Up the BICC

Following agreement among the Task Team and other key BI stakeholders, initial staffing assignments can begin. Keep in mind creating an effective BICC in the early stages of the program may take advanced skills and change-leadership capabilities than in the transitional and ongoing evolution of the program.

Companies will want to consider staffing a mix of both internal and external resources to cover all bases at the beginning. External resources can bring Best Practice models that can be used for expediting start-up as well as fill in organizational white space until the company can hire or transfer from within. Additionally, external resources with specialized expertise can serve as mentors, change leaders, and interview staff when an open position needs to be filled.

Internal resources should offload responsibilities not aligned to BICC role/responsibilities. Again, dedicating resources to the BICC means complete focus on the company's BI/DW program.

The final step in standing up the BICC is to have all members level-set on the BI/DW Roadmap created from Phase 1. It will now be the BICC's responsibility to transition from plan to execution. Therefore, understanding the background, context, current state, future vision, and gap-closing activities agreed to by the company's executive sponsors, business leaders and IT leaders will ensure expectations can be managed.

Phase 3 – Execute

Initiating the BI program and Mobilizing a BICC to own and lead the program were the first two phases. Phase 3 describes execution of the BI/DW Roadmap. This phase is structured into three stages:

- Making the Turn
- Up and Running
- Hitting Stride

Figure 6: The BICC Journey

Change Leadership	Roadmap	Making the Turn	Up & Running	Hitting Stride
	Communication and Marketing			
	Current Reality Future Vision Gap Closing Roadmap	Defining and Deciding WHAT, HOW, WHO	Implementing, Exercising and Strengthening WHAT, HOW, WHO	Sustaining, Leveraging and Fine Tuning, WHAT, HOW, WHO
	Adaptable Best Practices			
Solution Development	Point Solutions Out of Context	Release 0 Stabilization and Air Cover	Strategic Initiatives (in multiple releases)	
			Tactical Projects	
Baseline Support	Old Applications Old Infrastructure		Old and New Applications Old and New Infrastructure	New Applications New Infrastructure
	Cost Visibility Minimum Customer Service Reactive		Cost Control Good Customer Service Reactive / Proactive	Cost Reduction Excellent Customer Service Proactive
Team Management	Current State	External and Internal Leadership Mix TBD	External and Internal Leadership Mix TBD	Internal Leadership Self Sufficiency

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Phased execution for building and sustaining a highly effective BICC requires patience as companies typically spend one to three years working their way toward maintaining self-sufficient and mature BI capabilities.

The following critical success factors will guide the BICC as it progresses through these stages:

- Executive sponsorship, funding, and patience
- Partnership
 - IT, BI, and Business
 - IT, BI, and IT Applications
 - IT, BI team, and IT Infrastructure
- Balanced, holistic approach
 - Business, People, Process, and Technical aspects
- Balanced solution delivery
 - Right amount of tactical solutions, but avoiding “tyranny of the urgent”
 - Right amount of the focus on the future vision, but avoiding “ivory tower”
- Business and IT courage to make the hard choices
 - Business initiative priorities
 - BI Application and Transaction Application priorities
 - Data definitions
 - Technologies
 - Organization

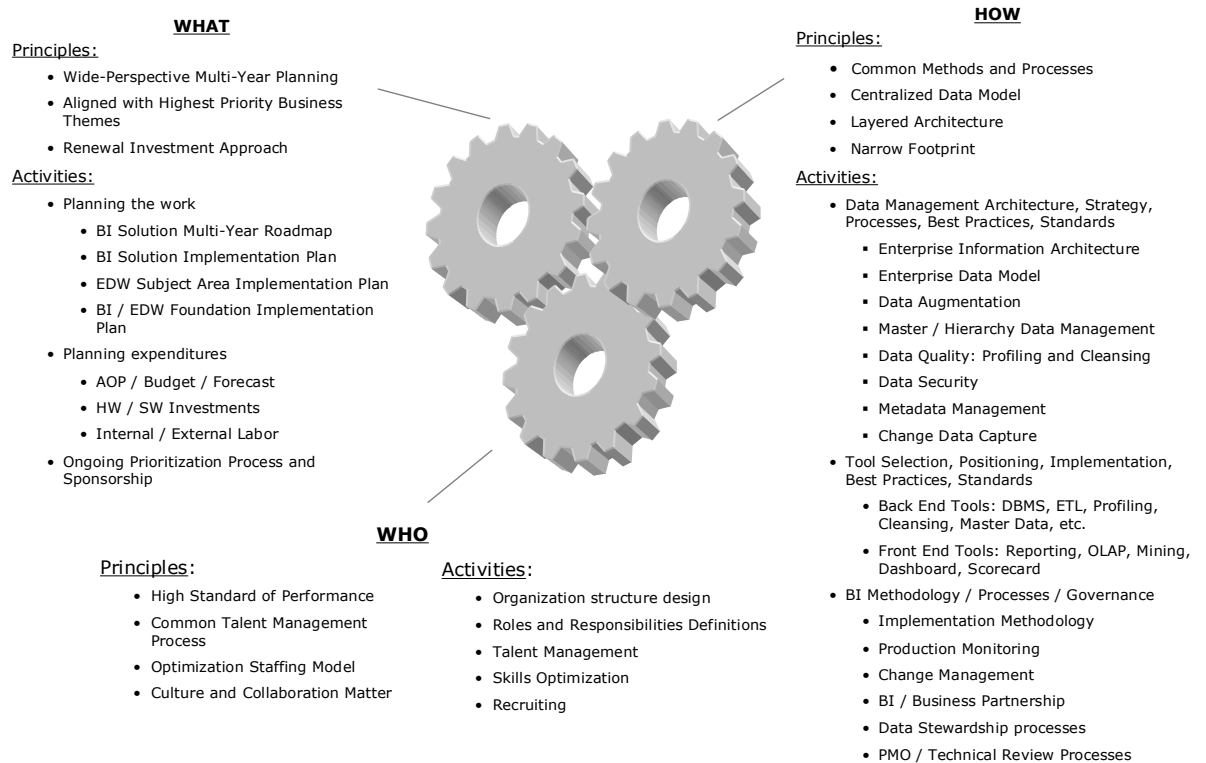
Making the Turn

During this stage, the foundation of how the BICC is going to perform its work is established based on Best Practices. Guiding principles are outlined and core activities continue on the dimensions of:

- WHAT – the work, the expenditures
- HOW – the data management architecture; the back-end and front-end tools; the business and IT processes, methodologies and governances; the best practices and standards
- WHO – the organization, the people, the skills

These dimensions make up the gears of the BICC delivery engine. Each work tightly coupled with the other throughout the program. Companies should recognize that not all the activities commence or continue on the same time schedule. The BI/DW Roadmap will have indicated what is more important early versus to be addressed later.

Figure 7: The BICC Gears



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It is during this stage, that the company can dismiss the original BI Task Team set up in Phase 1 to initiate the program. At this point, the BICC is accountable for owning and managing execution.

Up & Running

Here, the processes, approaches and skills are implemented, and through repeated use, the team starts to burn them into the culture. An optimal solution delivery framework is implemented and used on each new investment. Existing solution efforts are divided among baseline support (for those items to be maintained only with smaller enhancements going forward) and solution delivery (for those items in new development cycles). The proper division of labor among new development and baseline support is key to making the shift from being reactive to information requests and proactively meeting the strategic needs of the business.

Team Leadership during this stage promotes strengthening existing skills, learning new ones, and consistently applying those in a repeatable manner to create leverage and lower delivery costs.

Hitting Stride

Once the BICC has the Best Practices routinely being used, the ownership of those practices is transitioned to client personnel. Solution delivery, baseline support and team leadership are maturing and continuous improvement efforts are maintained.

At this point, the company is leading execution of BICC in a self-sufficient state with mostly new operating models and delivery frameworks in place working efficiently and effectively.

The broader BI challenges seen by executives early in the program are beginning to fade and greater business value is attained with less effort and greater alignment to the strategic objectives of the company today and going forward.

Sustaining Momentum

All organizations wish to see their Business Intelligence program succeed not only out of the gate, but as the business changes and its need to become more market responsive increases.

Important areas for achieving success and sustaining momentum focus on:

Maintaining a Champion

If there is a universal truth in the world of BI, it is that a strong sponsor can make or break a program. These programs build incredible momentum because their sponsor (s) demands accountability, removes roadblocks, solidifies funding and helps sell the strategic value of a BI program. A great sponsor understands that BI is about an ongoing commitment to the creation of a strategic asset through disciplined application of business knowledge, process, and technical infrastructure. It is NOT an information technology play.

Unfortunately, the majority of BI programs see their contribution fall off dramatically when the champion is promoted or moves on to other challenges. In many of these cases, the BI team fails to recognize the value of this relationship and tries to sponsor themselves or gain sponsorship from an IT leader. In each case, the company tends to experience declining perception of the BI program's value.

Sustain a Great Team

Great teams should be comprised of a good mix of experience and enthusiasm. They should be characterized by the following traits:

- Strong leaders who understand how the business really works
- Architects who can build technical underpinnings that meet the needs of business users
- Developers who solve problems, ask good questions and are critical thinkers
- Analysts who are constantly looking for ways to drive the business with new insight
- A view that team success is more important than individual success

Companies are encouraged to patiently build the next level of leaders from within their ranks to sustain long runs of success.

Maintain BI as a Program

A great BI organization requires an ongoing investment that will continually generate high returns. True, the ROI can be amorphous at times, because it is hard to place a value on the ability to make intelligent, informed decisions. Common sense, however, should dictate the understanding and importance of this investment. The degree of investment should vary based on what the organization can afford and where they are on the BI maturity lifecycle. Typically, investment spikes early and trails off once the core process, infrastructure, and data architecture are in place.

The best organizations tend to set aside an annual investment budget for helping the business utilize the information captured by the BI organization. The investment budget is best served when stewarded by the sponsor and a group of business constituents. Organizations that struggle take a project-by-project view of funding, which violates two key rules of supporting a program:

- You can't fund shared infrastructure project-by-project
- Strategy, by nature, is created from a holistic point of view

About Hitachi Consulting Corporation

As Hitachi, Ltd.'s (NYSE: HIT) global consulting company, with operations in the United States, Europe and Asia, Hitachi Consulting is a recognized leader in delivering proven business and IT strategies and solutions to Global 2000 companies across many industries. With a balanced view of strategy, people, process and technology, we work with companies to understand their unique business needs, and to develop and implement practical business strategies and technology solutions. From business strategy development through application deployment, our consultants are committed to helping clients quickly realize measurable business value and achieve sustainable ROI.

Hitachi Consulting's client base includes 25 percent of the Global 100 as well as many leading mid-market companies. We offer a client-focused, collaborative approach and transfer knowledge throughout each engagement. For more information, call 1.877.664.0010 or visit www.hitachiconsulting.com.

About Hitachi, Ltd.

Hitachi, Ltd., (NYSE: HIT / TSE: 6501), headquartered in Tokyo, Japan, is a leading global electronics company with approximately 400,000 employees worldwide. Fiscal 2008 (ended March 31, 2009) consolidated revenues totaled 10,000 billion yen (\$102.0 billion). The company offers a wide range of systems, products and services in market sectors including information systems, electronic devices, power and industrial systems, consumer products, materials, logistics and financial services. For more information on Hitachi, please visit the company's website at <http://www.hitachi.com>.

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