

RETURN ON INVESTMENT IN BUSINESS INTELLIGENCE

MENNICA METALE SZLACHETNE

Many companies face the dilemma of making the right investment decision regarding new Business Intelligence solutions. A common concern are the initial costs required for such implementations, instead of the benefits they offer. Experience shows that in many such cases the companies forget about the business needs, which were what caused the interest in analytical solutions in the first place.

During many meetings, companies focus on such details as data integration, database hardware types, or appearance of the reporting tool forms. Such factors frequently determine the choice of the given solution, which, at the later stages of the project, makes the customer aware of incorrect approach. As a consequence, after many months of carrying out the project, it is hard to actually assess the measurable financial benefits and the extent of reaching the intended business results.

Therefore, this document presents a measurable approach to implementation of Business Intelligence solutions as an investment which could bring measurable financial benefits in the future.

Assessment of planned results shall be carried out based on information obtained from key employees of the analytical department in the Mennica Metale Szlachetne S.A. company.

MENNICA METALE SZLACHETNE S.A.

Mennica Metale Szlachetne S.A is a leader in the trade of noble metals in Poland. It has over 10 years of experience in the Polish market in the scope of designing and production of goods from noble metals for industrial purposes, used in technological processes in plants with various production profiles.

Apart from making goods of noble metals, the company also provides comprehensive refining of scrap metal. It makes, for instance, catalysts for nitric industry (catalytic and absorption mesh), noble metal paints for ornamenting glass, porcelain and ceramic tiles, glass fibre moulding machines, as well as saline solutions containing noble metals.

The primary goal of the company is to achieve high quality of the products, guaranteeing customer satisfaction and allowing to achieve financial performance

which assures further development of the company – which is one of the areas supported by the Comarch Business Intelligence module.

Strategic goals of Mennica Metale Szlachetne S.A. supported by Comarch Business Intelligence are:

- technologic and analytical equalization with leading foreign companies,
- increase in competitiveness in the internal market and in the foreign markets, e.g. by extending the value chain,
- extending the range of products and services,
- optimization of production costs.

THE GOAL OF ROI CALCULATION

Deciding to invest in analytical tools, the companies are not certain whether it would be appropriate and profitable. The ROI (Return On Investment) analysis shows that proper recognition of the business needs and proper satisfaction thereof in the form of business knowledge and technology, such as analytical tools, translates into the expected results. In numerous investment projects, such as opening of a new branch or purchase of real estate, many companies analyse profitability of such enterprise. So why not do the same for the Business Intelligence solution?

Before launching the project of implementing a new analytical solution, it is worth to identify several key factors, which will be taken into account when calculating benefits, both those difficult to measure (descriptive), and those the value of which can be estimated.

As part of the projects, the following are specified:

- key areas in which implementation of an innovative analytical solutions will bring the greatest benefits,
- time and number parameters used to measure the results, e.g. shorter time of performing bookkeeping analyses,

- descriptive benefits of the planned post-implementation effect (improvement in the analysed analytical areas),
- measurable benefits – how much did the company gained from implementation, will the investment pay for itself and when.

Thanks to such information, the company management is able to make a rational decision to launch the project and extend it over those areas where it would be the most profitable.

BENEFITS FROM IMPLEMENTATION FOR MENNICA METALE SZLACHETNE S.A.

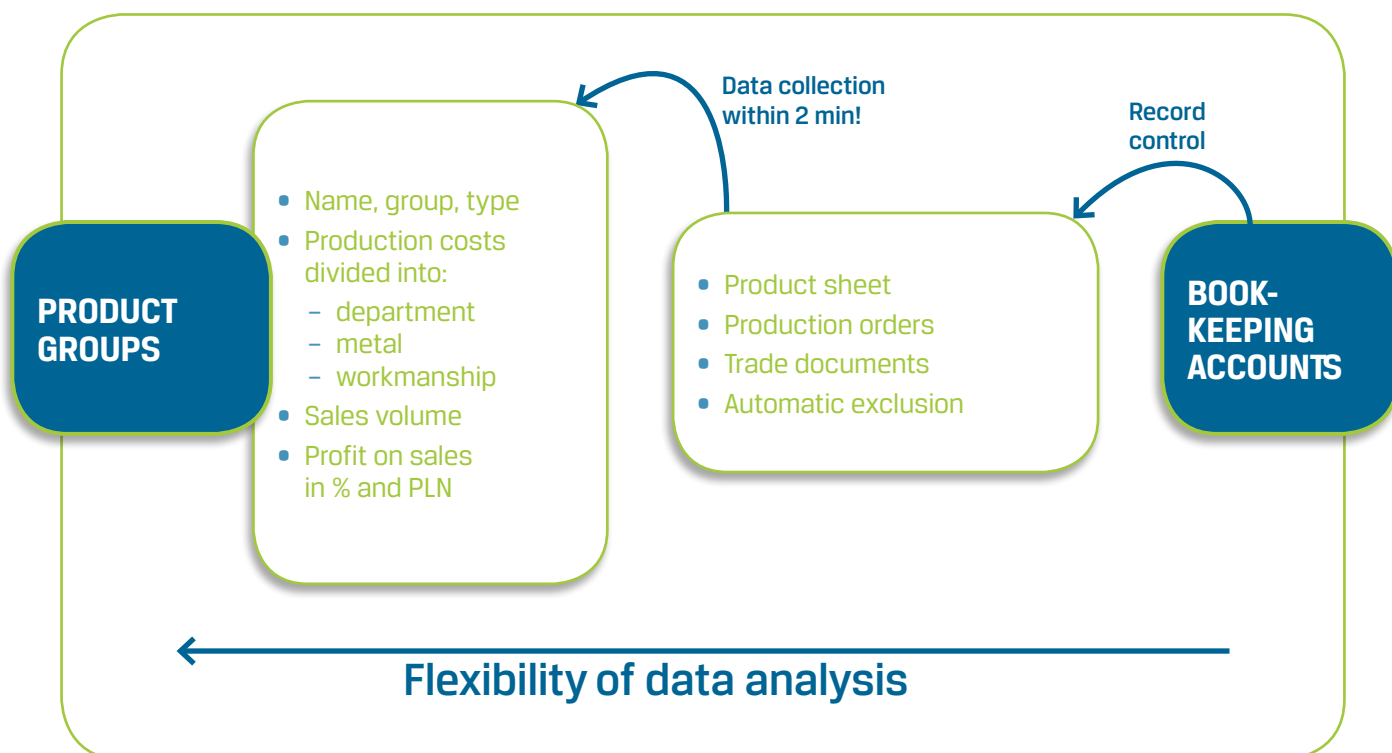
The major benefit resulting from Business Intelligence solutions is information – reliable and always up-to-date, a very valuable element of the decision-making process. The value of information can be different for everyone, which makes it difficult to measure.

The following section discusses descriptive approach to benefits which are difficult to measure.

Based on the solution functioning at Mennica Metale Szlachetne S.A., we can distinguish the following problems solved:

- reliability of reporting data,
- reliability of reporting data,
- easy access to information,
- distinct reduction in the duration of analyses,
- streamlined decision making by the board,
- analysed data are up-to-date,
- integration of data in a single repository,
- effective exchange of information between departments

After collecting all the analytical information in a single repository, appropriate reports, analyses and statistics



required for management at the level of the entire company, are prepared. Using the analytical tool Comarch Business intelligence, the necessary lists are generated much faster, thus improving effectiveness of the analytical department.

It is worth to mention that thanks the solution implemented by Comarch, not only preparation of individual lists will be less labour-intensive, but, more importantly, access to information is easier, streamlining the decision-making process.

Full control and unique flexibility of information analysis are the main factors emphasized by Mennica Metale Szlachetne S.A.

Ability to monitor data at each stage thereof, together with merging of analytical areas (e.g. production and sales, etc.) enables full insight into the company's situation. Examining the situation from the bookkeeping module which collects all bookkeeping operations, to the sales and production module, to detailed data on the products

made, sales volume for products groups, etc.,

one can notice that not all these parameters are measurable, and the actual amount of savings, returned after a while, could be higher. Yet, measurement of these parameters could be possible only after implementation of an analytical solution.

Below we present several examples of benefits indicated, for instance, by Mennica Metale Szlachetne S.A. after the implementation stage:

- ➔ possibility of browsing data at all levels of detail,
- ➔ easy generation of reports using the drag & drop method,
- ➔ fully intuitive and flexible reporting tools,
- ➔ strong integration with the Microsoft Office suite,
- ➔ possibility of combining several analytical areas, including production, sales, etc.,
- ➔ increased comfort of work for analytical and controlling departments, more time can be devoted to analyses than to collecting data thereto.

ROI – RETURN OF INVESTMENT

Below are several selected parameters of implementation success and estimated benefits resulting from their improvement. All indexes are calculated relative to one calendar year.

The estimated result is about 24% saving of time for a single employee of the analytical department within one calendar year – assuming that both the functionality of the external reporting area (Central Office of Statistics (GUS), controlling bodies, etc.) and internal analyses (reporting needs of the board, controlling departments etc.) have been improved.

Below is a list of improvements in time consumption resulting from implementation of the Comarch Business Intelligence analytical solution:

Regular reports	Before	After	Difference
External reports	60 days	12 days	48 days
Internal reports	48 days	12 days	36 days
Total			84 days

Table 1. Values of saved work time (information confirmed by Mennica Metale Szlachetne S.A.)

SUMMARY

Calculation of return on investment in a Business Intelligence project is one of the methods of calculating the benefits for the company.

The most important element of convincing the board to implement a BI project is to present a solid analysis of benefits from such investment and to ensure that it would pay for itself in the future.

It should be emphasized that the attached case study describes only the benefits resulting directly from streamlined process of reporting, whereas the impact of optimized reporting process on the company operation was omitted.

Having a bargaining card in the form of ROI analysis, you have grounds and justification for the Business Intelligence project for the supervisory board or persons directly deciding on its implementation. Calculation of ROI for a project makes sense only in the case of support and involvement of the users in order to specify own analytical needs and conclusion of its measurable benefits.

It should be remembered that delaying a decision to implement a Business Intelligence analytical project involves the cost of losing the opportunities presented herein. Therefore, it is worth to consider, as soon as possible, what benefits can be gained thanks to the implementation, and, consequently, to make a rational decision on development of analytical technologies in the company. An excellent example is the presented company Mennica Metale Szlachetne S.A., which made use of such an opportunity.

More about Comarch Business Intelligence

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