

A Survey, Business Intelligence,  
and the Red Queen Effect:  
**Challenges Ahead for the  
Quebec Business Community**

Jean-François Ouellet, PhD  
Associate Professor, Marketing  
HEC Montréal

SAS commissioned a Survey to Léger Marketing regarding business intelligence practices in Québec

– Objectives

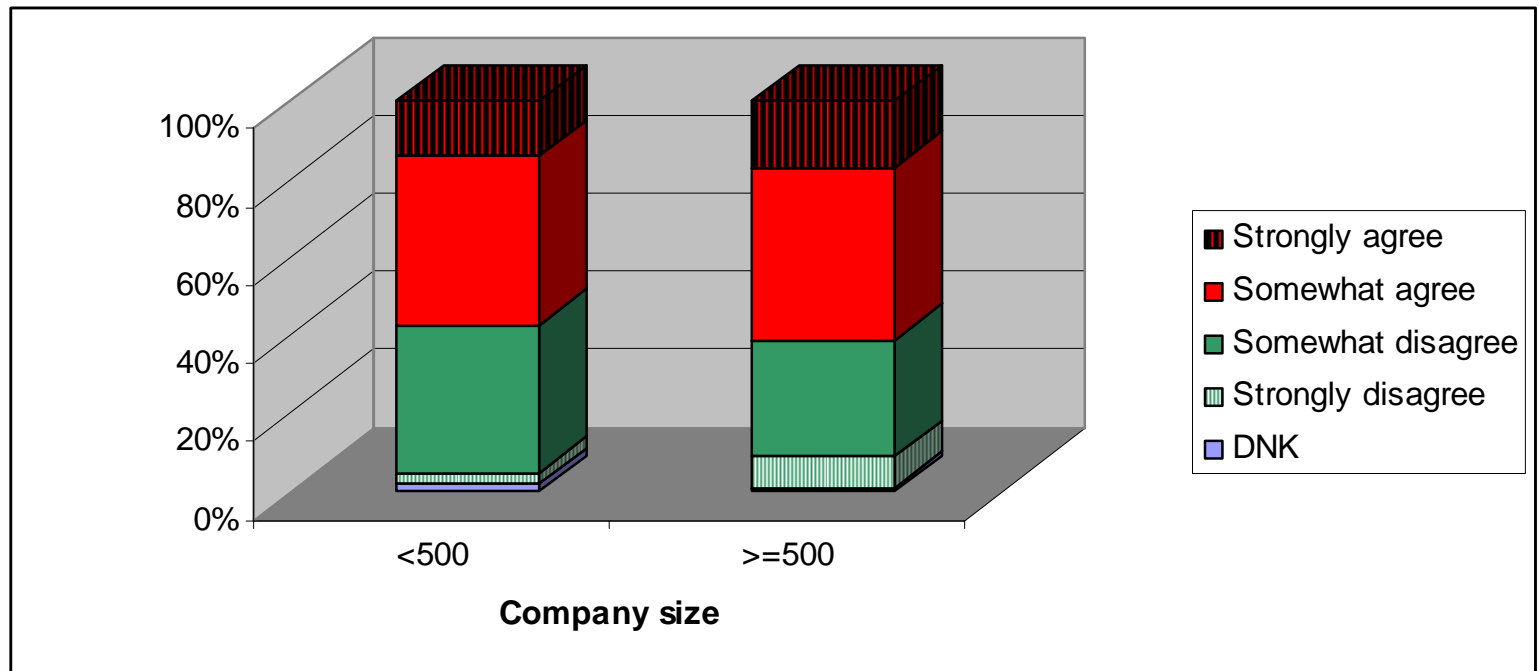
- The overall objective of this study is to highlight the business issues and challenges among medium (50 to <500 employees) to large (500+ employees) size businesses in Quebec

– Methodology

- A total of 374 Quebec business executives (senior management and higher) answered an online survey between May 23rd and June 2nd, 2008
- Results from a sample this size can be considered accurate to within +/- 5.0%, 19 times out of 20

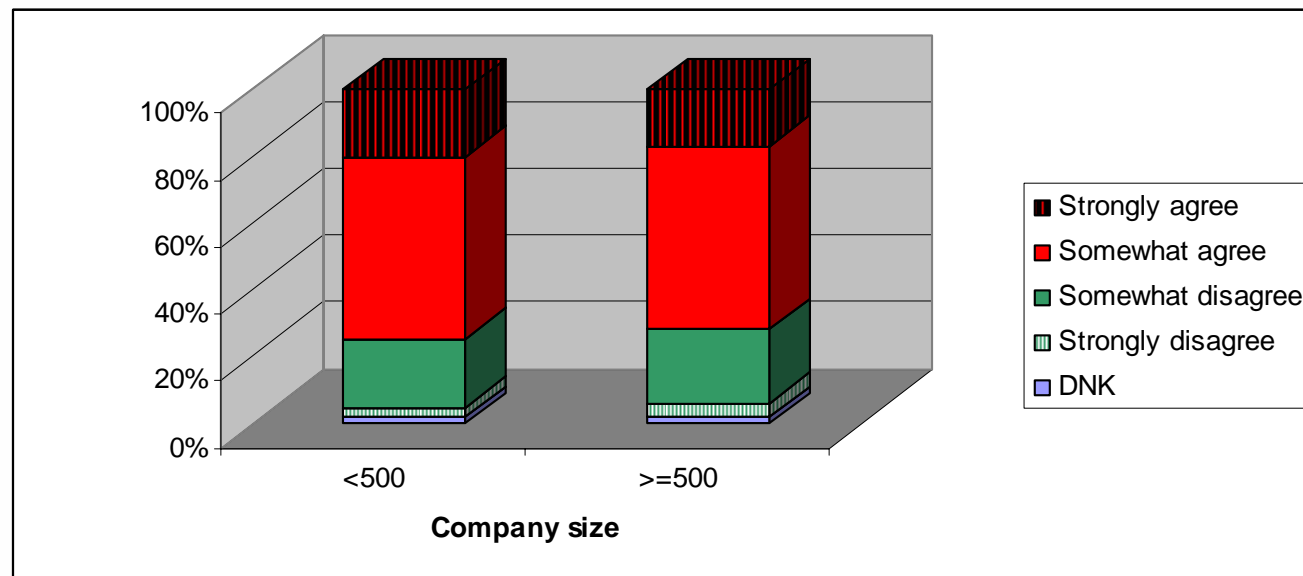
## Some Key Highlights

- The Majority (59%) of Québec Executives feel Overwhelmed by Information



## Some Key Highlights

- The Vast Majority (72%) say that they could make more informed business decisions if they had the right tools in place to analyze information more effectively



## Some Key (Paradoxical) Highlights

- **Importance** of information and data in decision making (94%)

Vs.

... **Accuracy and Timeliness** of such data and information (10%) and

...Actual **Usefulness** of the information they receive (25%)

## Some Key (Really Rocking) Highlights

- Only 49% of businesses use BI solutions (42% of SMEs)

# What is Business Intelligence?

## “Both a *Process* and a *Product*”

### – Process

- Methods to **develop useful information** (intelligence) that can help organizations survive and thrive in the global economy.

### – Product

- Information that allows organizations to **predict the behavior** of competitors, suppliers, customers, technologies, acquisitions, markets, products and services, and the general business environment with a **degree of certainty**.

Source: Vedder, Vanecek, Guynes, & Cappel, 1999

## Continental Airlines

- Increased Revenues and Reduced Costs leading to 1000% ROI

Source: Watson, Wixom, Hoffer, Anderson-Lehman, & Reynolds, 2006



## BI Users Vs. Non-Users

- ROI ↘
- Market Share ↘
- Customer Base ↘

Sources: Gessner & Volonino 2005; Morrison 2006; MacPherson 2000; Cappel et Boone 1995; O'Guin 1994; Jaworski & Wee 1993

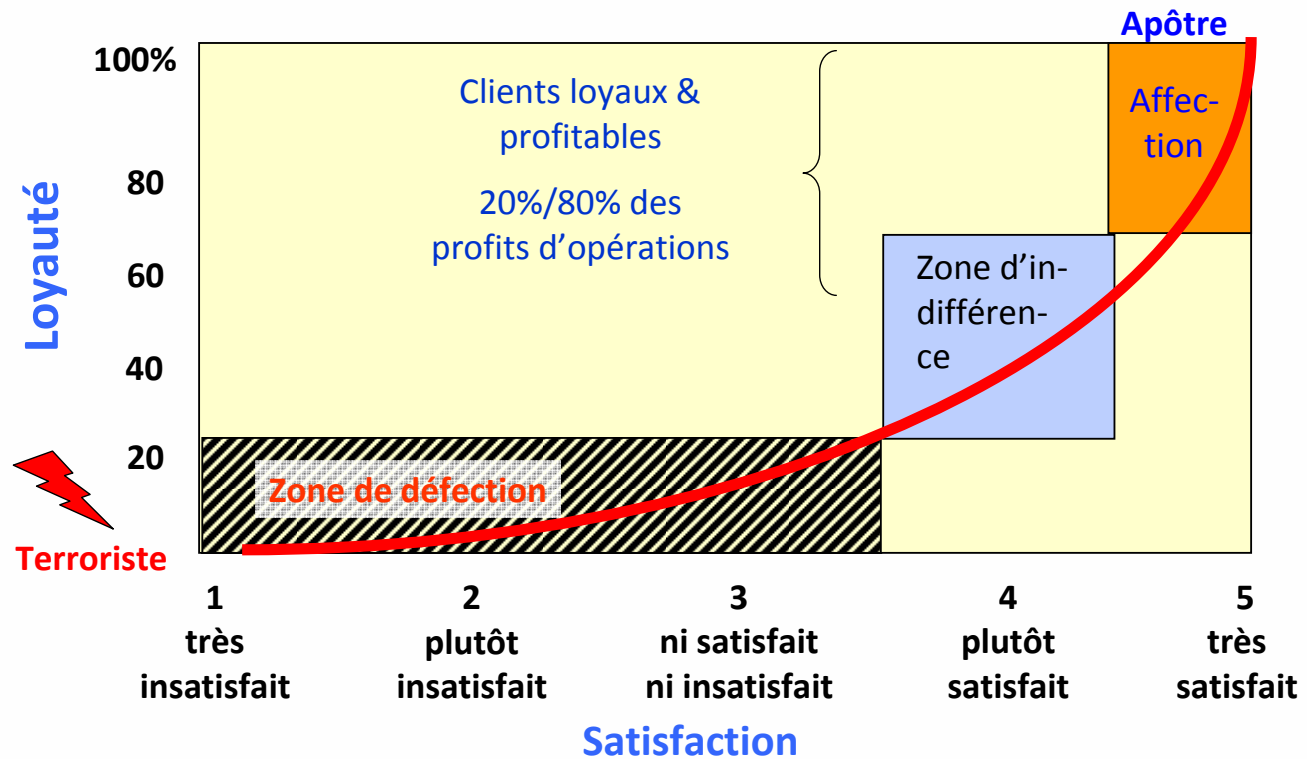
# Alice and the Red Queen

‘In our country,’ said Alice, still panting a little, ‘you’d generally get to somewhere else if you ran very fast for a long time, as we’ve been doing.’



‘A slow sort of country!’ said the Queen. ‘Now, here, you see, **it takes all the running you can do, to keep in the same place.** If you want to get somewhere else, you must run at least twice as fast as that!’

## Customer insight



*Customer insight*

## Competitor insight

### The CRM Market: Share and Share Alike

COMPANY	2007 REVENUE	2007 MARKET SHARE (%)	2006 REVENUE	2006 SHARE (%)	2006-2007 GROWTH (%)
SAP	2,050.8	25.4	1,681.7	25.6	22.0
Oracle	1,319.8	16.3	1,016.8	15.5	29.8
Salesforce.com	676.5	8.4	451.7	6.9	49.8
Amdocs	421.0	5.2	365.9	5.6	15.1
Microsoft	332.1	4.1	176.1	2.7	88.6
Others	3,289.1	40.6	2,881.6	43.7	14.1
Total	8,089.3	100.0	6,573.8	100.0	23.1

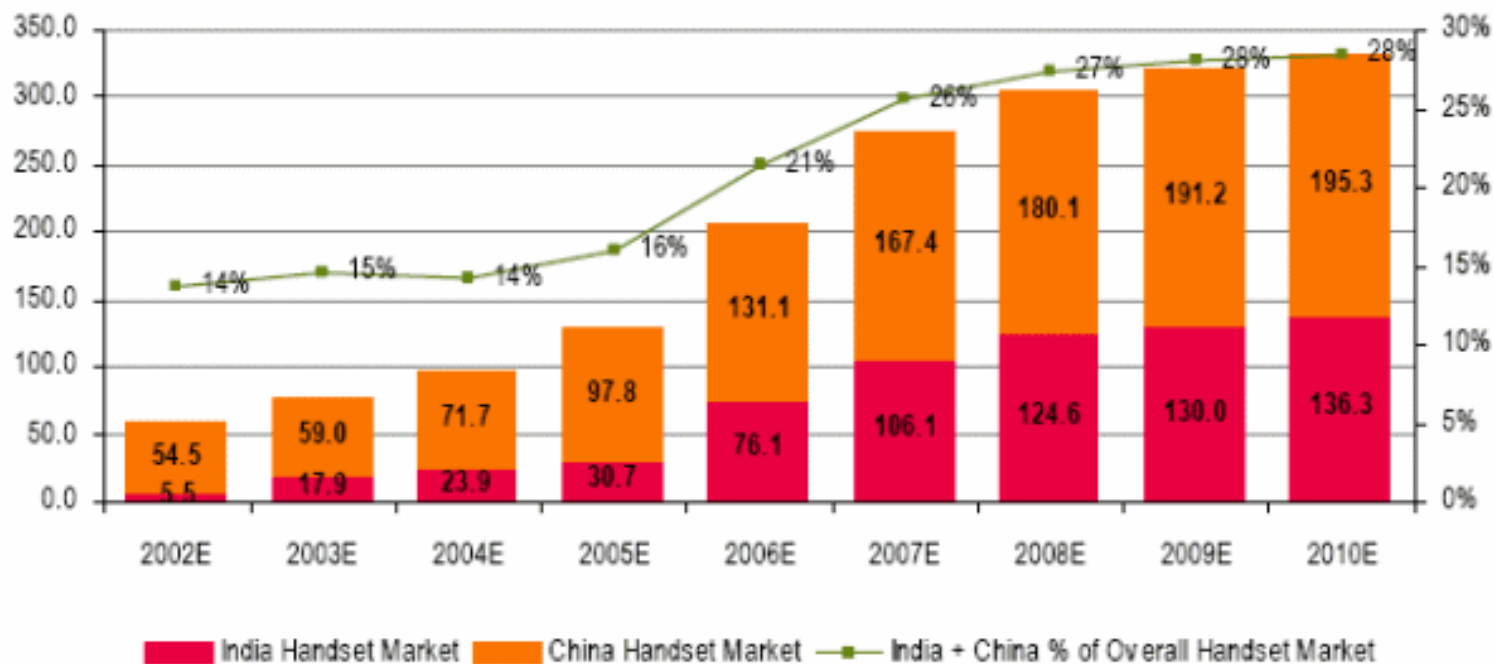
*Source: Gartner; dollar figures in millions*

Customer insight

Competitor insight

## Overall market insight

**India + China will be 28% of overall handset market by 2010**



# Québec Businesses and the Red Queen

## *Some Key (Really Rocking) Highlights*

- Only **49%** of businesses use BI solutions (42% of SMEs)

## Elsewhere...

- Fragmented and not necessarily comparable data, but...
    - In large companies (>250 empl.), 65% to 90% usage in U.S.A. and Europe reported
    - In Health-related industries: 12.4% growth
    - In Asia-Pacific: 16%~25% growth
    - In digital economy-related businesses: 74%
- (InfoTech Trends 2006)

# Québec Businesses and the Red Queen

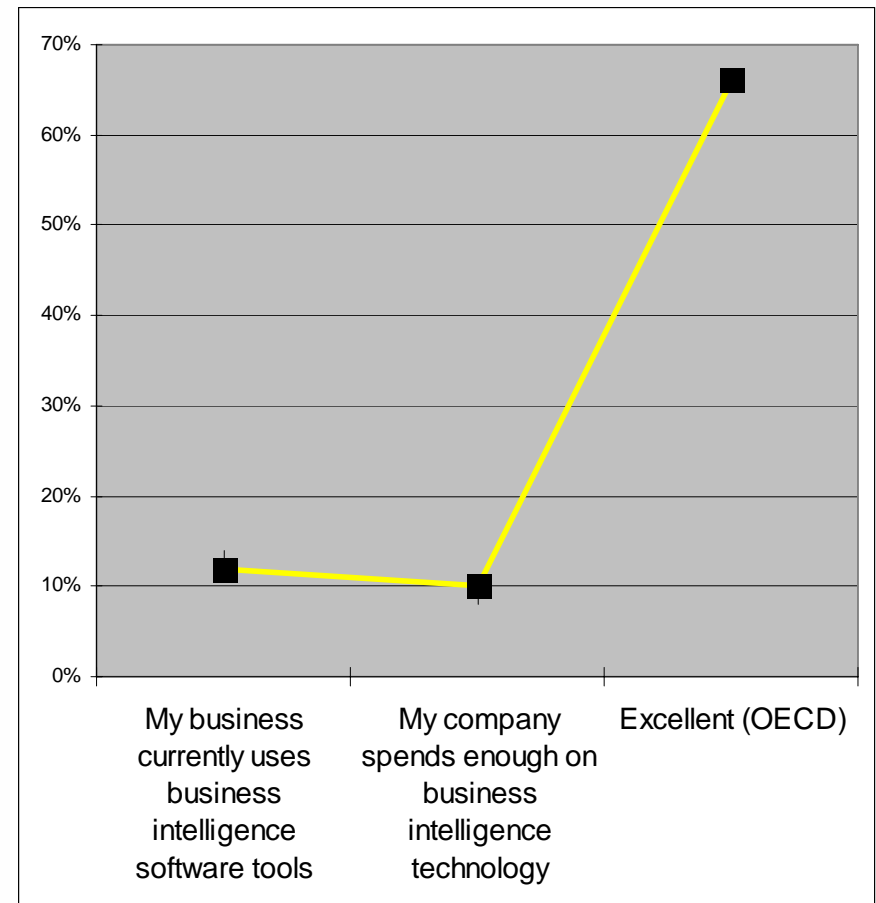
## Some Key (Really Rocking) Highlights

- Only **49%** of businesses use BI solutions (42% of SMEs)

## Elsewhere (cont'd)...

- Léger Survey: 10%~12% complete satisfaction with current BI solutions in use
- Comparable to... 66% in leaders in 1,072 companies from 22 countries (“excellent use”)

Source: IDC/TeraData Survey, in Data Strategy, Dec2007, 3(12), p.7



# ...and the Red Queen is Running Faster and Faster!

## Datamonitor

- Global business intelligence market worth just under \$4 billion in license revenue in 2006
- Double in value by the end of 2012
  - ...most of the growth coming from SMEs and Asia/Pacific.

# Somewhat Alarming Conclusions

- 1) In today's digital age, it is timely information, not time, that is money.

# Somewhat Alarming Conclusions

- 2) Quebec executives are not only dealing with a skills gap, they are also dealing with an information gap. Without the right people and the right information they'll never overcome the issues they are grappling with.
- The majority (59%) of Quebec executives believe the biggest threat to the future of business in Quebec is finding qualified staff, followed by labour & manufacturing costs (29%), and government regulations & taxes (29%).
  - 94% of Quebec executives believe it is important to have access to information and data to make better informed business decisions.
  - Only one in 10 say the information they currently have is always accurate and timely.

# Somewhat Alarming Conclusions

- 3) Quebec executives that turn a blind eye to business analytics will be left sightless and competing in the dark – it's no longer a simple matter of competitive advantage for Quebec companies; it's a matter of survival.

« Acknowledging the problem is half the cure. »

- Understand that the amount of information you have is growing everyday and will only get worse with time.

## Your Information Gold Mine

- Look for ways to turn the data you have into actionable, useful information.

## Embrace the Challenge

- Ensure you have the ability to leverage data within your organization to gain a competitive advantage.