What is Business Intelligence?

Strategic thinking is a cornerstone of successful business development. In today’s information-driven economy, you need reliable and actionable data to formulate winning business processes and plans for all of your company’s initiatives, from finance & accounts payable to procurement to marketing & sales.

Tapping into the power of business intelligence (BI) is the key to collecting, analysing, and leveraging all of the information you need for optimal predictive decision-making, identifying promising opportunities, and improving competitive advantage.

Defining Business Intelligence

Unless you’re living in a romantic comedy, making informed decisions is almost always preferable to flying blind. Business intelligence is a system of tech-driven business processes that make it possible to tame the sometimes overwhelming amount of information businesses generate and collect in the age of Big Data.

By combing through both internal data sources (e.g., financial, operations, marketing data, etc.) with external data sources (market trends, competitor performance, etc.), business intelligence can be used to inform everything from basic product and pricing decisions to internal business performance...
management to company-wide initiatives, new product development, and market diversification.

While often compared to, or even conflated with, competitive intelligence, business intelligence has a wider focus and provides strategic analysis that can be used for a variety of purposes. By way of comparison, competitive intelligence focuses almost exclusively on information about a company’s competitors and strategies for achieving competitive advantage.

Another term commonly treated as interchangeable with business intelligence, data analytics (aka predictive analytics) is actually a separate mechanism for data utilisation. Business intelligence connects and analyzes business information and, as a decision support system, gives humans insights required for strategic planning. Data analytics can be used to make predictions, but do not perform independent decision making. They may be regarded as a component of, rather than an equivalent to, business intelligence.

“Faster and more strategic decision-making is the core of effective business intelligence. BI systems function as decision support systems, using data integration and statistical analysis to identify and overcome challenges, smooth out procedural roadblocks, and take advantage of emerging opportunities in the marketplace.”

Tools of the BI Trade

Before it can be parsed and leveraged, information has to be collected. BI relies on a centralised data warehouse, often supported by an enterprise-wide software platform, to collect, sort, integrate, and store information. From this hub, raw data (also called unstructured data) can be refined using data mining and predictive analytics to establish relationships between disparate sources of potentially useful and relevant information.

Some organisations also use smaller data hubs, called data marts, instead of (or in tandem with) data warehousing. These units serve the same purpose as their larger kin, but facilitate data management by allowing specific and discrete data pools for different business processes, initiatives, and goals.

To harvest and leverage useful data from the infosphere, business intelligence uses software tools (often enhanced by cloud computing and artificial intelligence) to perform a number of data analytics functions on the information stored in the data warehouse, including:

- **Ad hoc data analysis**, used to answer a single, specific question or solve a single problem in detail.
- **Data visualisation**, which renders essential business data in readily-digestible formats such as infographics, reports, charts, graphs, and presentations.
• **Business reporting**, which often incorporates data visualisation to convey essential information to stakeholders and provide total transparency for decision-makers.
• **Performance analysis and benchmarking**, to measure and improve internal business operations and important key performance indicators (KPIs) such as vendor compliance and processing time for orders.
• **Data management** (also known as *knowledge management*), used to develop and improve training, compliance, and general information distribution through the creation of a searchable, regularly updated, centralised document library.

### Navigating the Business Intelligence Landscape

In order to move beyond basic information management and improve both data quality and overall efficiency provided by BI software, you need to establish the foundation on which it will operate, and the components needed to keep it running smoothly. In practice, the detailed components of any BI tools will vary based on industry and organisational goals, but all business intelligence systems are built on five pillars, supported by five foundational blocks.

#### The Five Pillars of Business Intelligence

This pentaverate of pillars provides a clear route for data as it travels through the BI system.

1. **Data source(s)** provide both existing internal data and all of the unstructured data to be integrated and analysed. They include:
   - Operational and transactional data
   - Master and reference data sources
   - External data sources
   - Unstructured data
2. **Data integration services** provide the first level of collating and analysis for information collected from the data sources. These include:
   - Data Profiling
   - Data integrity management
   - Web-based collection and analysis services
   - Extract, transform, and Load (ETL) services, used to transform unstructured data into useful formats for analysis, viewing, and sharing
3. **Data management** centralises and stores all information in a single place for universal access, using:
   - Operational and Master data storage
   - Data warehouses
   - Data marts
4. **Reporting and business analytics** process the collected and integrated data, through:
   - Data mining

https://www.purchasecontrol.com/uk/blog/what-is-business-intelligence/
- Ad-hoc analysis
- Detailed operational analysis and reporting
- Predictive modelling
- Financial forecasting
- Online Analytical Processing (OLAP), a cloud computing-based set of tools used to create useful and detailed breakouts of information to aid in planning and decision making

5. **Information delivery** disseminates the information produced by analysis in real time, in readily and easily interpreted formats, using:
   - Self-service Web portals for business users (both internal (e.g., staff) and external (e.g., vendors))
   - Collaboration platforms
   - Digital dashboards and scorecards
   - Data extracts and abstracts
   - Publications (electronic and physical)
   - Data personalization, refinement, and granulation

### The Five Foundation Blocks of Business Intelligence

To function effectively, efficiently, and accurately, the five pillars require support from five foundation blocks.

1. **Information security.** Strong IT policies and procedures ensure data cannot be compromised by unauthorised users.
2. **Data quality.** Data is consistent, complete, stringently accurate, reliably accessible, and complies with both internal policies and compliance requirements.
3. **Metadata management.** Information is fully integrated within your BI system, well maintained, and easy to access, link, and share for all authorised users on multiple platforms. Data about your data is used to sort unstructured data effectively, integrating it with the data ecosystem.
4. **Data governance.** Information is treated as an asset, and its creation, collection, and usage is directed by consistent, shared definitions, well-defined practices and procedures, and clear roles for all accountable parties.
5. **People and culture.** Information doesn’t exist in a void. Your organisation, staff, and corporate culture have a vested interest in protecting the integrity and safety of your data, and using it to generate the best possible outcomes.

### Why Business Intelligence Matters

Faster and more strategic decision-making is the core of effective business intelligence. BI systems function as decision support systems, using data integration and statistical analysis to identify and overcome challenges, smooth out procedural roadblocks, and take advantage of emerging opportunities in the marketplace.

https://www.purchasecontrol.com/uk/blog/what-is-business-intelligence/
In addition to their strategic value, business intelligence tools strengthen collaboration, boost engagement and buy-in from staff and stakeholders alike, and provide a basis for intangible benefits such as improved morale through automation and risk reduction.

**A Smarter Way to Strategise**

We're all floating in a sea of information, and business intelligence can mean the difference between sink and swim for your company. Taking the time to build an effective and reliable BI system gives you the insight you need to make more profitable decisions, improve overall business performance, tap into opportunities you might have otherwise missed, and ensure your business is working smarter—not harder.

Plan For Your Company's Success with Business Intelligence and PurchaseControl

**Find Out How**

https://www.purchasecontrol.com/uk/blog/what-is-business-intelligence/
About PurchaseControl

PurchaseControl is cloud based procurement software for business spend management. We empower businesses by providing greater transparency and oversight into the purchasing process. With PurchaseControl, you have the flexibility to manage how spend actually happens instead of how you wish it would happen.

The entire PurchaseControl team has experience within a range of businesses, and as such, we bring a practical, holistic approach to purchasing. We understand what it takes to run a business and apply that knowledge to make PurchaseControl as effective as possible for all users.

Learn more at www.purchasecontrol.com

Contacts

EU Office Information
UK: +44 845 591 27 24
Ireland: +353 1 513 4623
enquiry@purchasecontrol.com

US Office Information
US: 800 737 5605
inquiry@purchasecontrol.com

Connect With Us
Facebook: https://www.facebook.com/PurchaseControl/
Twitter: https://twitter.com/purchasecontrol/
LinkedIn: https://www.linkedin.com/company/pocontrol.com/
https://www.purchasecontrol.com/uk/blog/what-is-business-intelligence/