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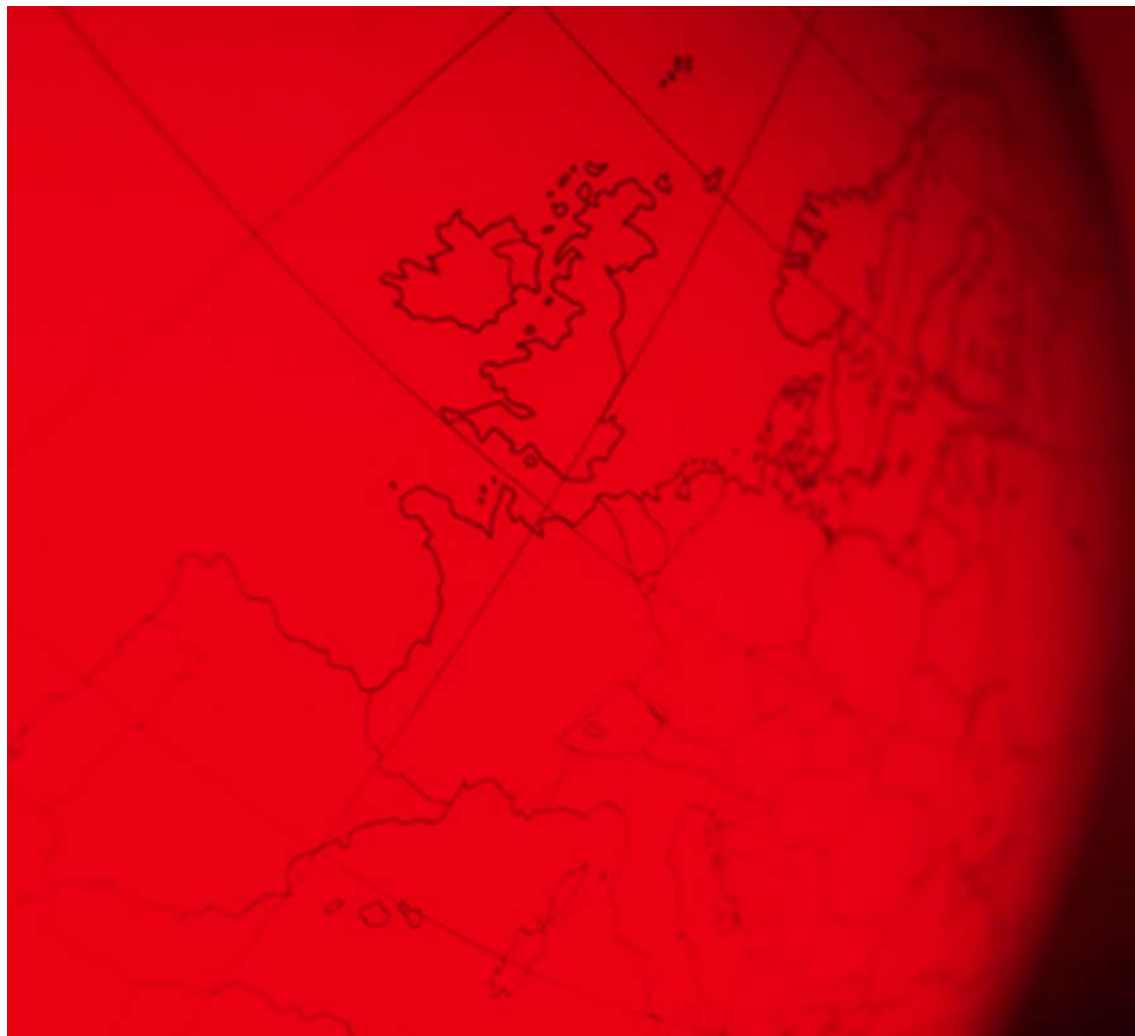
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# **REPORT**

## MICROSOFT OFFICE PERFORMANCEPOINT SERVER 2007



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**TOPICS**Business Intelligence &  
Analytics**THE BOTTOM LINE**

**Companies use Microsoft Office PerformancePoint Server 2007 to deliver data to people in ways that enable them to identify and respond to changes in operating conditions, and ultimately to increase revenues or reduce costs. Typically, companies are also able to use the solution to improve productivity, accelerate deployments, and reduce software costs.**

**THE SITUATION**

For most companies, gathering and storing data is easy, because the required software and hardware are both relatively mature and easily deployed. But even though gathering and storing data may be easy, properly distributing information in a meaningful way to decision makers is both costly and difficult. Some of the barriers to cost-effective use of data include:

- **Data diversity.** For most companies, data is analyzed and financial performance is evaluated based on the exchange and compilation of spreadsheets. But when this approach is taken, there is usually no way to ensure that people build or interpret spreadsheets with uniformity. As a result, productivity is lost because people have to reconcile their individual approaches to data before they can begin collaborating or making decisions.
- **Report building.** Companies often localize report building with one or more groups of report builders. However, this can be costly and time consuming, since report builders need time to properly understand end user-needs, which may only be met after an iterative trial-and-error process.
- **Cost.** Companies often consider resolving their data and performance analysis issues by deploying business intelligence (BI) or performance management (PM). However, they frequently balk at the cost of the software, the complexity of the required integration, or the need for new end user training.
- **End user needs.** One roadblock to deploying report building tools, BI, or PM is the difficulty in identifying the needs of end users, who may not understand how these tools can improve their work flow. Even after a deployment of BI or PM, end users' preferences and requirements typically evolve rapidly as their knowledge of the applications increases.

Leaving data analysis unsupported by BI or PM can be costly, because it leaves people who want to analyze data reliant on labor-intensive and error-prone processes. Worse, managers and employees who can not analyze their data or financial performance are flying blind and may be unable to make the operational decisions necessary to perform better than their competition or identify and seize market opportunities.

**MICROSOFT OFFICE PERFORMANCEPOINT SERVER 2007**

Microsoft Office PerformancePoint Server 2007 provides both BI and PM functionality by providing a consistent view of data from a variety of sources in a way that enables end users to make decisions. The application is designed for ready integration with a variety of Microsoft products, including Office, SQL Server, Dynamics, SQL Server Reporting Services, and SQL Server Analysis Services. The application can also access data from non-Microsoft database tools.

PerformancePoint Server exposes data to end users in a number of ways, including reports, dashboards, scorecards, forecasts, and budgets.

To better understand the benefits of Microsoft PerformancePoint Server, Nucleus Research analyzed users who had not only achieved productivity improvements as a result of its deployment, but also enabled people to use company data to improve revenues or reduce costs.

### **BENEFITS OF MICROSOFT PERFORMANCEPOINT SERVER**

Nucleus found that by deploying PerformancePoint Server, companies were able to achieve improvements in a number of areas, including:

- Reduced data management, training, and personnel costs
- Streamlined financial reporting and budgeting
- Reduced data reconciliation costs
- Reduced report building costs
- Reduced software costs

#### **Reduced data management, training, and personnel costs**

Companies can save money on the costs of integration, training, and personnel when PerformancePoint Server is deployed in an environment where other Microsoft products are already used. This is because it leads to a reduction in data and application diversity, a primary driver of cost overruns and unpredictability for data-intensive projects such as BI and PM. Opportunities for cost reduction include the following:

- **Data management.** When PerformancePoint Server is deployed into an environment running applications such as Office, SQL Server, or SharePoint Server, there is less diversity of software languages and data formatting. As a result, developers spend less time on custom code and scripts for data integration, data migration, and data quality. One customer said, *"PerformancePoint was fairly easy to deploy. The development cycles were straightforward because our people already had the skill sets. We did it in .NET, used SQL Server, used Microsoft for ETL, and exposed it all through SQL's Reporting Services."*
- **Training.** When developers are relieved of data diversity challenges, they can also avoid training in non-Microsoft BI applications for tasks such as ETL, data migration, and data transfer. End users also need less training, since PerformancePoint Server can expose data and reporting through applications that end users already know how to use, such as Excel and SharePoint. One company said, *"We were comfortable that we wouldn't have user adoption or training issues because we are pretty much a Microsoft shop, and PerformancePoint was going to be integrated with SharePoint."*
- **Personnel.** When deployments are simpler because of data and application uniformity, it means that projects require less time, fine tuning, and bug fixing. As a result, project managers, developers, and testers all become more productive. One company said, *"Our project cycle times are about 30 percent shorter because there isn't much integration work. If we went with non-Microsoft applications, we would have been building custom code and scripts. This benefits all team members; project managers, architects, and developers."* Another customer said, *"Our deployment took nine months. If we*

*had to acquire the skill sets for non-Microsoft applications like Oracle, Informatica, or Cognos, this would have added at least six months."*

### **Streamlined financial reporting and budgeting**

Companies can improve the productivity of their finance staff by using PerformancePoint Server to standardize financial data and streamline the workflows that support forecasting, budgeting, and reporting. When these workflows are unsupported by automation, large numbers of spreadsheets must be manually populated, reconciled, and successively consolidated upward from the smallest business unit level to the ultimate parent entity. Without automation, this work is error prone, lengthy, and costly, since it must be completed by relatively senior employees.

PerformancePoint Server users readily identified the benefits of supporting this process with not only automation, but also the standardization that automation enables:

- *"There are 30 people who work on the monthly statements: two levels of senior managers, people at the clinical sites, operational managers, and the dean's office. They were losing two days a month to data diversity headaches. They've gotten those two days back because we pipe data out to them over PerformancePoint."*
- *"Thirty-six administrators no longer spend 70 percent of their time on data diversity problems with people's financial statements."*

### **Reduced data reconciliation costs**

When organizations deploy PerformancePoint Server and use it to standardize how people use information, they become more productive. Prior to a deployment of BI, employees typically analyze and collaborate on data using a variety of spreadsheets and reports that have little, if any, standardization. As a result, projects and workflows that rely on data-intensive collaboration are typically lengthened by the amount of time it takes people to sort out and translate their differing interpretations of data. For example, when a group of buyers at a retailer meet to collaborate on strategy, they will likely lose time to data reconciliation if each are using reports that calculate products' gross margins differently. However, when PerformancePoint Server is deployed, it enables a company to publish data in a standardized fashion and eliminate data diversity problems:

- *"Before the deployment, there were lots of data integrity and diversity issues. Everyone used their own database, so a lot of my staff's time was dedicated to answering these questions, which is unproductive time."*

Deploying BI and PM can improve productivity because it standardizes and streamlines how people use and interpret data.

- *"When we have performance meetings, we can get right into the trends and what's causing them, rather than starting from scratch talking about the data."*
- *"We use the PerformancePoint deployment to pipe to people the data they should be using. So we've forced data standardization. Everyone uses and analyzes the same data."*

### Reduced report building costs

PerformancePoint Server has functionality that enables end users to create their own reports, dashboards, and scorecards, which eliminates the cost of report builders — be they IT people, line of business people, or report-building staff — dedicated to this labor-intensive task.

Enabling end users to create and adapt their own views into data with BI, because once it is deployed and people are able to more effectively analyze data, they typically modify their BI tools in a fluid and iterative way. This functionality is also important because it's often not possible for the BI deployment team to anticipate how end users will utilize the data, and even if they do, it's likely to rapidly evolve. If end-user-driven functionality isn't there, then each of these experimental or iterative versions would have to be created by dedicated staff.

Companies readily identified the benefits of relieving the workload of report builders, who are often part of a company's IT department:

- *"We are no longer in the business of creating ad-hoc reports from SQL Server. We've redeployed one person who now works on application support, application building, and infrastructure instead of report building."*
- *"Before the deployment, most reporting was in the form of ad-hoc Excel reports. Now it gets distributed through PerformancePoint, and all the groups look at the same data without coming to us for reports."*

Enabling end users to create their own reports can reduce BI-related personnel costs because it enables users to create and modify their own tools, which means deployment teams can spend less time identifying and addressing business requirements.

- *"PerformancePoint is integrated with Reporting Services, which lets non-technical people create and deploy their own reports."*
- *"By adopting PerformancePoint, we reduce the time to create the average report from 10 minutes to two. And the tool that PerformancePoint replaced couldn't handle our scale and crashed a lot."*

The most important benefit from self-service reporting is the ability to quickly gain insight into data to make decisions that increase revenues or reduce costs — which is often a challenge for managers today. For example, without BI, it can be extremely difficult to identify why overtime is increasing payroll costs, or the impact of a recently launched product on gross margin. However, when BI exposes these underlying factors, their determinants, and directions, managers are able to make operational changes that increase profits.

PerformancePoint Server delivers the most value when it is used to analyze and change the factors that drive a company's revenues and costs:

- *"As a result of the visibility from PerformancePoint, we realized that there was room to price more aggressively and not give customers free shipping. So our profit margins are increasing."*
- *"We use PerformancePoint, integrated with a SQL-based data warehouse, to capture data at the individual SKU and cashier level at every store and*

*restaurant. So we can reward the people who cross sell and up sell the most and we can buy merchandise based on what it does to our gross margin."*

### **Reduced software costs**

Because PerformancePoint Server is compatible with so many other Microsoft products that companies are already using, it typically enables companies to reduce or avoid additional software purchases. Deployments of BI or PM usually require new investments in supporting applications and infrastructure. Tools from vendors such as Informatica or Ascential are needed for the extraction, transfer, and integration of data. Exposing data from BI or PM typically requires investments in a portal or an integration platform such as WebSphere. However, PerformancePoint Server users often avoid these additional costs because they usually already operate applications such as SharePoint or SQL Server and its relating reporting packages:

- *"PerformancePoint and SharePoint both run on SQL Server. We've gotten lots of efficiencies by not turning to other applications like Essbase or Cognos."*
- *"If we had gone with a non-Microsoft vendor for BI, we would have had to buy another SharePoint license"*
- *"We are a mostly-Microsoft environment. We use SQL Server, Report Services, Analysis Services. We're able to achieve scale because we're buying less software, and the deployment will increase the adoption of SharePoint."*

Deploying PerformancePoint Server in a Microsoft-dominated operating environment can reduce BI-related software costs and extend the value of existing applications.

- *"We are extremely cost conscious. One reason we went with PerformancePoint is that there is so much Microsoft in our environment. We run BizTalk, SQL Server, and the front ends are all in .NET. So projects are less expensive."*
- *"We were already using Analysis Services, so this is the front end to PerformancePoint that gets information and reports out to power users, business analysts, and support-center personnel."*

### **CONCLUSION**

PerformancePoint Server enables decision makers to better analyze their financial budgets, forecasts, and other types of data, which means that employees can more rapidly identify opportunities, address challenges, and make other changes to increase revenues or reduce costs. When PerformancePoint Server is deployed in environments where other Microsoft applications such as SharePoint are also deployed, companies can avoid many of the software purchases required in typical BI or PM deployments. Because the application can be used to standardize how people interpret and use financial and operational data, companies can use it to improve the productivity of both end users and report builders.

*Nucleus Research is a global provider of investigative technology research and advisory services. Building on its unique ROI case study approach, for nearly a decade Nucleus Research has delivered insight and analysis on the true value of technology and strategies for maximizing current investments and exploiting new technology opportunities. For more information or a list of services, visit [NucleusResearch.com](http://NucleusResearch.com), call +1-617-720-2000, or e-mail [info@NucleusResearch.com](mailto:info@NucleusResearch.com).*