



UK PROFITS TAKE £8 BILLION HIT WITH 'DEATH BY 1,000 CUTS'

...myriad of decision-making blindspots causes 86% of business mistakes...

Manchester, UK, May 4, 2006 - UK companies are losing at least £8 billion annually through business mistakes based on out-of-date information. This is causing the majority (77 per cent) of UK managers to make decisions blind, leading to numerous avoidable mistakes. Managers blamed the majority (86 per cent) of their bad decisions on the situation, putting the cost of their errors at millions each day.

Most managers blamed IT department elitism for the problem, identifying information bottlenecks as the root cause. Information flow was so poor that more than half of UK managers felt that other factors such as gut feel, experience, or a colleague's advice, were more helpful for making decisions than their company's own business intelligence. 85 per cent of managers admitted to ineffective decision-making as a result.

These were the key findings of the ICS Information Black Hole Survey 2006, carried out by business data specialists ICS, over the last month. The research revealed an enormous information gap hampering UK managers at all levels. The consequent poor business performance is costing UK companies £8,238,327,812 annually - more than £687 million per month.

"UK profits are suffering death by a thousand cuts," said Christian Smyth, managing director, ICS. "British managers are blinkered with out-of-date and inadequate information. They are forced to make daily decisions blind, with the resulting blunders costing millions each day. This is quite literally commercial suicide - the wounds are self-inflicted, and, more to the point, avoidable."

IT department elitism to blame

71 per cent complained they did not have access to the right information fast enough to support their decision-making. IT department elitism was blamed for the situation, with the majority of managers viewing the information bottleneck as due to a lack of adequate internal technical resources for information provision and reporting. Managers criticised the fact that vital information was concentrated with business analysts within the company rather than being immediately available to all those who need it on a daily basis.

Less than a quarter (23 per cent) felt they had all the information they needed to make decisions, with these typically being senior managers. Three quarters of senior managers were able to obtain and interact with information themselves, versus only two per cent of managers at other levels. All other managers had to rely on IT, finance or business analysts for detailed answers, with 76 per cent citing the high degree of IT support necessary for accurate and timely information as a problem.

Although almost half of managers questioned based their everyday decisions on business information, more than half of those questioned (55 per cent) complained that there was no specific timeframe for answering their information requests. Managers criticised the information provided as largely out-of-date (71 per cent), and static and impossible to interact with (85 per cent).

Managers blamed the majority (86 per cent) of their bad decisions on the situation, putting the cost of their errors to their enterprises at an average of £90,000 per month - over a million pounds per year.

Only eight per cent had the training, technical understanding and access to create their own reports, even though four fifths felt that the ability to do this would improve their decision-making and overall business performance.

“Worryingly, we found that IT elitism was the root cause of the problem, with information restricted to senior echelons of management. Business intelligence does not make intelligent businesses if it is not used intelligently. It is time to democratise the workplace by giving business information to the masses when they need it, rather than hoarding it at the top of organisations.” Smyth concluded.

Based on these findings, ICS has made a number of broad recommendations for companies to ensure fast access to information for managers:

- Never allow Business Intelligence (BI) to be driven by IT. The business must always be the driving force and the prime sponsor to ensure it gets what it needs.
- Don't treat BI projects as a huge monolithic entity. Work out what will benefit the business most and implement quickly in manageable chunks.
- Concentrate just as hard on the lower tiers of management and operational staff as the Board when putting BI solutions together. Most BI is required at the coalface for day-to-day decision support – and yet this is the area that is traditionally least well served by leading BI vendors.
- Don't forget to use what you already have. For instance, if you have Microsoft SQL Server, you may not be aware that you also have a full BI suite, provided as part of SQL Server's standard platform. BI solutions can often be built at a much lower Total Cost of Ownership (TCO) than the leading BI vendors will have you believe, simply by using existing technology within your organisation.
- Notwithstanding basic security and infrastructure restrictions, empower your business users as fully as possible to self-serve and interact with information to help them do their day-to-day work better. Trust business users to work with information to help themselves. Don't allow IT or Finance to withhold information for the business's "own good".
- Use agile methodologies, allowing iterative change to BI systems in line with changing business requirements. Waterfall methodologies, where everything is fully defined in fine detail up-front, are too cumbersome, too time-consuming, and require a level of understanding of technology and data management that business people do not normally have.

A copy of the ICS Information Black Hole 2006 management report with full details of the findings, issues raised and recommendations can be requested from <http://www.RSinteract.com>.

ICS surveyed 1,050 business managers of companies with more than 250 employees at mainland rail stations in London during March and April 2006. Of those questioned, 97 per cent had decision-making responsibilities, split between senior managers (15 per cent), middle managers (43 per cent) and junior managers (38 per cent). They came from a cross-section of the finance, public sector, professional services, retail, manufacturing, utilities and services sectors.

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About ICS

ICS - The Microsoft Business Intelligence Expert

As a leading Microsoft Business Intelligence consultancy ICS (www.icsltd-uk.com) is focussed on helping mid-market and enterprise organisations better exploit their investment in BI technology. ICS offers a unique blend of business and technical consultancy coupled with innovative software products to enable us to rapidly deliver effective Business Intelligence solutions. Customers include Heinz, DHL (Exel Logistics), Unisys, the Co-Operative Bank, the Ministry of Defence, and CMGL.

Microsoft now offers a comprehensive Business Intelligence stack that challenges the position of the established BI vendors such as Business Objects and Cognos. Using Microsoft technology, it is no longer necessary to pay for additional complex and expensive tools - Microsoft's stack provides everything needed to deliver BI to the entire organisation, as well as to business partners and customers.

To complement Microsoft's BI toolset ICS has developed RSinteract. The award winning RSinteract works with SQL Server 2000 and 2005 to complete an important part of the solution by delivering intuitive self service reporting to make delivery of Business Intelligence to the masses a reality. In June 2006, Boston USA, RSinteract was awarded the accolade, 'Best of Tech-Ed 2006' in the BI category. Sponsored by Windows IT Media, the award recognises RSinteract's pivotal position in bringing business intelligence to the masses For further information, see: www.RSinteract.com.

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