

12.5: Business Intelligence

Learning Objectives

- Explain Business Intelligence (BI) and its impact on business success.

Business intelligence (BI) is a technology-driven process for analyzing data and presenting useful information to help executives, managers and other end users make informed business decisions. The potential benefits of using BI tools include accelerating and improving decision-making, optimizing internal business processes, increasing operational efficiency, driving new revenues and gaining competitive advantage over business rivals. BI systems can also help companies identify market trends and spot business problems that need to be addressed. In short, BI technologies allow a business to view their operations, past, present and future.

BI technologies handle large amounts of data to help identify, develop and otherwise create new strategic business opportunities. Identifying new opportunities and implementing an effective strategy based on insights can provide businesses with competitive market advantage and long-term profitability.

The video below will provide you with an overview of how a company can use BI to improve its outcomes and attain its goals.



You can [view the transcript for “What is Business Intelligence \(BI\)?” \(opens in new window\).](#)

Practice Question

<https://assessments.lumenlearning.co...essments/11095>

BI is most effective when it combines data derived from the market in which a company operates (external data) with data from company sources internal to the business such as financial and operations data (internal data). When combined, external and internal data can provide a complete picture which, in effect, creates an “intelligence” that cannot be derived from any singular set of data. Business intelligence tools empower organizations to gain insight into new markets, to assess demand and suitability of products and services for different market segments and to gauge the impact of marketing efforts.

Other ways a business can use BI to improve performance include:

- **Business Process Management.** Performance metrics and benchmarking inform business leaders of progress towards business goals. BI tools can help a business boost internal productivity by focusing their efforts on what is important.
- **Decision Making.** BI analytics such as data mining and statistical analysis quantify processes for a business to make the best decisions. BI can help a business identify areas to cut costs or how to distribute budget allocations.
- **Business Planning.** Businesses can use BI data to develop both short term goals and long term strategy. Businesses can gain insight into their customers and market trends, allowing them to make decisions about current and future operations, products, goods or services.
- **Collaboration.** BI can facilitate collaboration both inside and outside the business by enabling data sharing and electronic data interchange. Many businesses use BI tools to communicate with suppliers, reducing lead times and inventory levels. By sharing data among partners, each business has up-to-the-minute information on everything from delivery times to price changes.

If BI is so powerful then why hasn't it always been used by businesses? It has been used widely by businesses for decades, but in the past, only the information technology experts within a business had access to a few, highly complex BI tools and applications. As technology has evolved; however, there now exists a broad range of BI tools that a company can employ. Additionally, this new generation of BI tools are typically fairly simple to use so now a broader range of users within the business are able to get involved in analyzing and using data to make decisions. The result is that rather than the historical approach of just a few highly specialized data people being the only ones with visibility into the data, now people such as managers, supervisors, sales associates, and marketing specialists can leverage the power of internal and external data to their benefit and to the benefit of the organization.

✓ Maidenform and BI^[1]

One example of how business intelligence systems have been maximized is at women's underwear manufacturer Maidenform. Their CIO Bob Russo said recently after implementing BI, "Providing targeted information at the right place and time is central to improving the decision-making process. This would allow us to gain a competitive advantage in the marketplace as well as increase retail customer, shopper and shareholder value. We want to make sure that we are able to deliver 'one version of the truth' and deliver information that is actionable. We do not want to just deliver data."

1. Thompson, Ed, CTO. "6 Real Life Examples of Successful Business Intelligence Systems." Matillion. March 13, 2018. Accessed June 25, 2019. <https://www.matillion.com/insights/6-real-life-examples-of-successful-business-intelligence-systems/>.
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