

# BUSINESS ANALYTICS

Microsoft Dynamics NAV 4.0

## Business Analytics

White Paper

Business Analytics

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## *Using Business Intelligence to Gain an Advantage in Today's Business Climate*

The people in your organization have access to once-unimaginable volumes of information. Success or failure can hinge, to a large degree, on whether or not people can use that information to make wise decisions quickly. But without the ability to make sense of information, a knowledge gap exists, and the best anyone can do is make a guess or follow a hunch. Business intelligence helps you decipher and extract meaning from data so you can make informed decisions. Many companies today are turning to business intelligence to fill that information gap, promote growth, and increase the bottom line.

## *Business Intelligence for Mid-market SEGMENT and Growing Companies*

If your company and its operations accumulate customer information, transaction data, revenue and margin numbers, sales performance reports, and other business data—you are more than likely able to benefit from business intelligence. Business intelligence can help you manage smarter, by keeping track of your finances, your customers, and your business, and providing insights that make your business even more successful. It reveals trends and patterns in your customers' habits, and insight into the financial details of your operations. Business intelligence has long been available in conjunction with sophisticated data warehousing and enterprise systems. Mid-market segment and growing businesses, however, often find that the analytical capabilities in their existing software programs do not meet their information needs for any of the following reasons:

- Reports are "siloes"—that is, it's possible to view information on a single aspect of the business but not in relation to other aspects. The result is a narrow view rather than an overall, cross-company perspective.
- Reports are hard-coded or static. They provide pre-defined information but don't allow the flexibility to dig deeper and find causal relationships.
- Reports are difficult to access—obtaining them requires specialized skills, by an IT professional or business analyst.

The benefits of business intelligence—as with any new technology—must be weighed carefully against the cost to deploy, maintain, and use the new tools.

Business intelligence solutions for mid-market segment and growing businesses must:

- Give everyone in the organization access to the business intelligence they need, including the ability to gain an overall view of the company from any angle and the ability to explore data from various dimensions and criteria.
- Work with existing systems and processes. Ideally, a business intelligence solution will run in your current environment.

- Enhance productivity. Users need to be up and running on the business intelligence tools with minimal interruption in their daily routines. Ideal business intelligence applications integrate with your existing desktop environment, require minimal training, and are as intuitive and easy to use as your e-mail or word processing programs.
- Facilitate collaboration. Business intelligence tools should support collaboration, by allowing users to collaborate on analyses and to share their insights easily with peers.

You might have heard that business intelligence solutions of this caliber are expensive and take a lot of time to implement, delaying return on investment (ROI) and increasing total cost of ownership (TCO). However, Business Analytics for Microsoft Dynamics NAV (Business Analytics) makes the benefits of business intelligence available to mid-market segment and growing businesses.

## *Business Analytics for Microsoft Dynamics NAV*

Designed specifically for mid-market segment and growing companies, Business Analytics helps enable you and your employees to perform targeted analysis of detailed information generated by Microsoft Dynamics NAV. Business Analytics gives you the power and control you need over your business without extensive training or undue disruption. Business Analytics does not require a lengthy implementation period, and predefined queries and other built-in functionality mean you can start reaping the benefits of business intelligence sooner. Other advantages include the following.

**Information Access.** Business Analytics makes it possible to gain a 360-degree view of your business performance. Business Analytics not only generates a quick overview of your business data the way you want it presented; but also ensures that everyone in your organization is using the same up-to-date data for gaining business insights to make strategic and operational decisions.

**Integration.** Business Analytics integrates with your existing Microsoft Dynamics NAV system, thereby giving you the full benefit of access to your stored data, increasing ROI. Business Analytics works against the customer and other business data you currently collect and maintain, yet is still flexible enough to grow and change along with your business.

**Increased Productivity.** Business Analytics has a simple intuitive look based on Microsoft Outlook® messaging and collaboration client, which will be familiar to many users. As a result, many people may be comfortable using Business Analytics after only one day. By providing employees with anytime, anywhere online access to business intelligence through the Business Analytics Web Viewer, Business Analytics further enhances productivity. People can also view and analyze data using Microsoft Office Excel.

**Enhanced Collaboration.** Business Analytics Web Viewer empowers employees to share insights with peers wherever they might be located.

In what follows, we further describe Business Analytics for Microsoft Dynamics NAV and illustrate its benefits.

## **Financial Performance**

You need to understand your customers and prospects. Business Analytics can help you identify opportunities, plan targeted marketing campaigns, and evaluate their results.

**Scenario:** A company didn't have a way to determine whether promotions were attracting new, potentially profitable customers or were appealing simply to one-off, low profitability customers. Following a particular promotion, the VP of sales used her newly implemented business intelligence application to compare new customer purchases at three months and six months. With this insight,

### Take Control

When you need to make sure that costly campaigns and marketing initiatives are actually producing to expectations, Business Analytics can show you what your marketing investment produces. Business Analytics can give you the information you need to plan and change your strategies in support of products and services you offer, and the marketing and sales channels you use.

### Inform Decisions Companywide

- Business Analytics benefits information workers at all levels of an organization.
- Executives and managers can make wide-ranging decisions, plan for the future, and manage and improve the productivity and efficiency of people and business processes.
- Workers throughout the organization can respond to issues of concern and make decisions with an increased level of insight, with easy-to-use software.

### Customer Relations

Customer-centric organizations soon find themselves flooded with customer data. Business Analytics can help you make the most of this data and maintain a full view of your customers' preferences and behaviors, whether it's simple contact and shipping information, outstanding balances, recent activity, or even lifetime value and loyalty.

**Scenario:** A company had two large customers that accounted for about 40 percent of its revenue. Both customers had negotiated significant conditions into their contracts, specifying customer service levels, customized billing, and other items that were outside the normal business practices of the company. Both customers were quite satisfied with the company. The company had served these clients for two years. At that point, a newly hired manager used the business intelligence system to correlate the costs of customer service directly to the revenues from those clients, and found that the company was losing money on both customers—and had been for two years! The other 60 percent of customers were all highly profitable. With this information, the company considered options to adjust pricing for the two customers, drive support requests to more efficient channels, and implement other changes to make those customer relationships profitable.

Business Analytics helps you understand customers' needs, improve sales effectiveness, provide superior customer service, and build profitable, sustainable customer relationships.

- Personalize customer relationships. Benefit from data-mining technology to create customer segmentations and profiles. Give your customer service and sales force the ability to identify and remedy weak spots.
- Pinpoint customer service needs quickly. Drill down into customer profiles for immediate access to customer contracts, warranty, and services information, and easily accommodate preferences for service technicians, service hours, billing options, and more.
- Improve sales effectiveness. The ability to view sales performance figures—such as sales figures per area, or per salesperson—helps you see your customer potential clearly.

## Organizational Productivity

Your employees are experts in their fields, so it makes sense that they should be able to interact with information that is critical to their roles, simply and quickly. Because employees can perform their own queries and analyses, you don't have to hire additional IT consultants, or business analysts to get the same benefit.

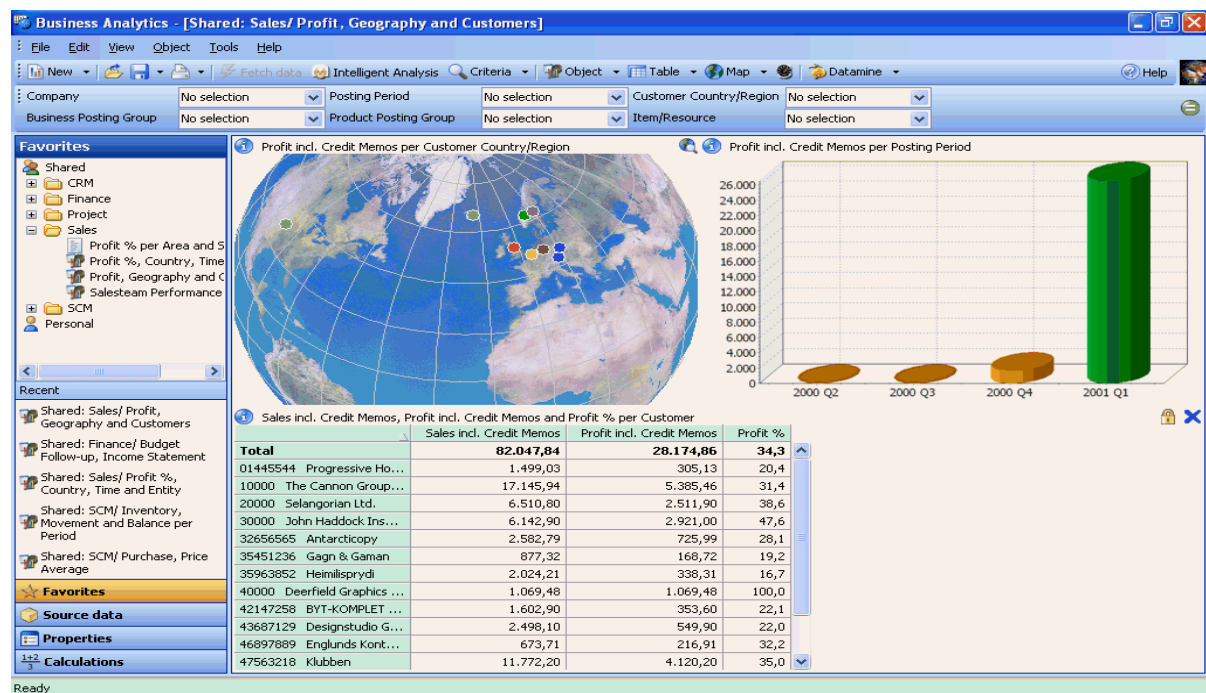
**Scenario:** To manage one of its reporting processes, a company with numerous facilities relied on spreadsheets. Headquarters staff then compiled these spreadsheets and rolled the numbers up into a companywide report. Inaccurate reports were common, and the manual processes led to the introduction of additional errors. The process was also inefficient, requiring several hours each week. The spreadsheets and the manual reporting process were replaced when the company implemented a business intelligence system. Automating this process and other reporting tasks companywide eliminated "busywork" and allowed staff to focus on analyzing and using the data to drive greater success.

Business Analytics helps you maximize productivity and respond effectively to market changes without disrupting operations, thereby giving everyone in your organization the freedom to focus on your business:

- **Information for everyone.** Business Analytics is a practical tool that allows you and your people to carry out report-writing tasks that were, until recently, the preserve of IT specialists or business analysts. Extending reporting capabilities to more people removes information bottlenecks, saves money, and gives key people the independence to get on with their jobs.
- **Access from anywhere.** Business Analytics turns your Microsoft Dynamics NAV business data into critical business information that you and your employees can access anytime, anywhere. The Business Analytics Web Viewer gives employees access to the accurate, up-to-date information they need to make good decisions, no matter where these people might be located.
- **Familiar look and feel.** Using a familiar Outlook-style interface, Business Analytics presents information to your desktop. There, easy-to-use analytical tools help you get the analysis views you want faster.

## Managing Operations

To reduce operational costs, you need a way to connect employees, suppliers, and customers to help manage functions such as manufacturing, distribution, inventory, and procurement.



A familiar Outlook-style look and feel flattens the learning curve and encourages broader usage, thereby increasing ROI.

Business Analytics can help you optimize the way you do business, integrating the avalanche of data and information into a coherent, manageable flow. Business Analytics can help you manage and plan for current and future capacity and infrastructure needs.

### **Sharpen your Competitive Edge**

Business Analytics can help you zero in on your customers' needs with a high degree of precision, and streamline the inventory flexibly to adjust to market fluctuations.

Using Business Analytics, managers can gather data from a multitude of sources to:

- Gain visibility to constantly changing customer demand patterns
- Manage shortening product life cycles
- Combine historical trends and patterns with forward-looking indicators
- Coordinate with supply chain planning and management
- Reduce planning cycle times.

**Scenario:** A consumer product goods company had its supply chain operating at better than 95 percent accuracy, based on plan. But the company was driven by a demand forecast that was less than 50 percent accurate. This disparity resulted in 30 percent obsolete inventory, and countless missed sales and promotional opportunities. After implementing a process and business intelligence solution, they could reduce the inventory of finished goods immediately by 20 percent.

Business Analytics can leverage a number of forecasting and tracking tools to help organizations manage and optimize the supply chain to ensure on-time deliveries and appropriate inventory levels. At the other end of the transactional chain, Business Analytics can help keep the distribution network at a satisfactory performance level, and enhance the speed and efficiency of fulfillment services.

### **Connect Information and Processes**

Business Analytics can reduce administrative costs and increase operational efficiency. Previously manual processes, such as compiling, collating, and cleansing data, can be automated, thus saving time, improving productivity, and freeing people to do more meaningful and important tasks, such as analyzing and acting on information.

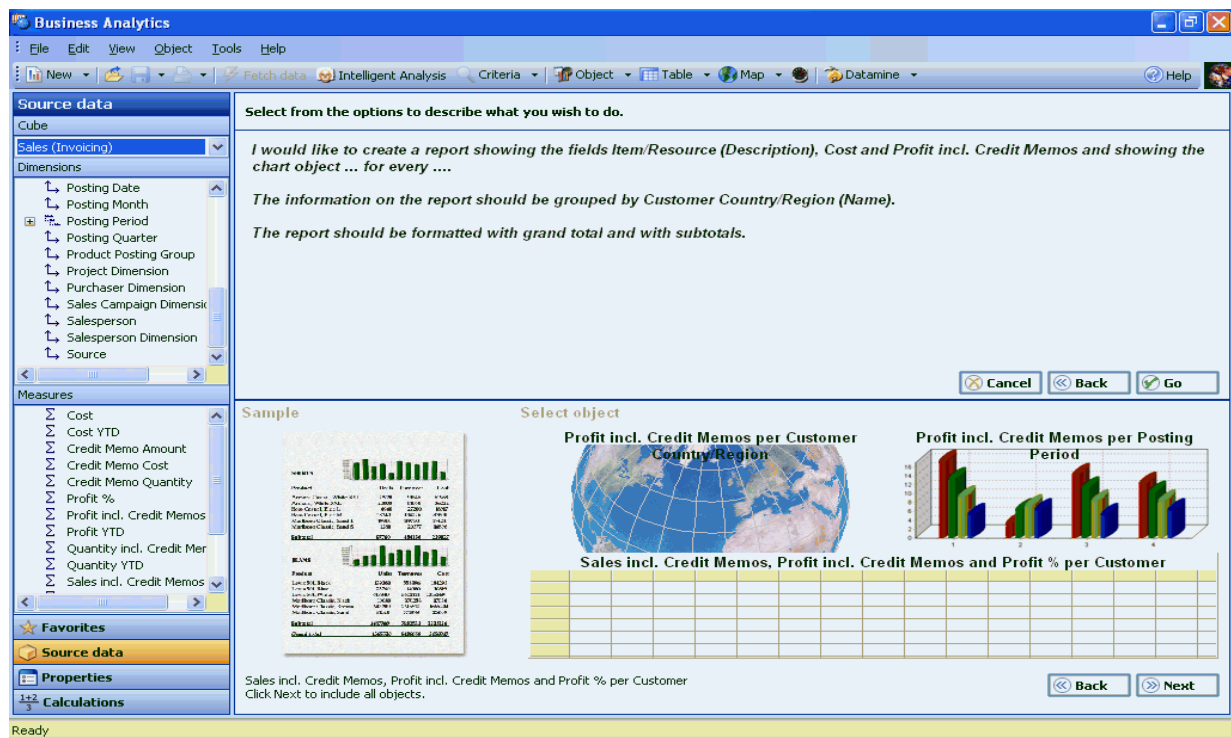
**Scenario:** The VP of business development used to dread the annual demand planning process, because it was incredibly difficult to get all the data she needed and put it together in a way that made sense. It seemed that she and her staff spent all their time gathering data and never really got to analyze it. With their new business intelligence solution, they have a way to gather all the data they need and can perform sophisticated statistical analyses on it to forecast and manage demand. It's now easy for all the various departments, including supply chain management, to participate and stay informed.

Business Analytics minimizes administrative costs and efforts by automating tasks, such as document or report generation, and by simplifying information access and reporting.

### Increase Control

Using Business Analytics to gain a better handle on mission-critical events, potential shortfalls, production processes, and cash flow issues, you can proactively manage operations and expenses and:

- Improve order fulfillment. Use Business Analytics to target deficits in your supply chain and improve planning of resources, sales and expenses.
- Simplify information access and reporting. Wizards equip non-technical staff to create reports from scratch, while an open-development environment enables rapid, efficient customizations for reporting and analytics.



A report wizard puts you in control so you can access the information you need.

- Analyze the data you want, the way you want. Flexible data views, graphical key performance indicators, and rich drill-down capabilities make it easy to sort, filter, and analyze sales and profitability trends, inventory movement, orders and fulfillments, and more.

- Transform raw data into decision-driving intelligence. Without leaving a familiar Microsoft Office-like environment, users can work with intuitive tools to analyze in formats that target specific audience needs.
- Attribute characteristics to the information you record in your daily work. Gain insight into key areas of your business with a deep analysis of detailed characteristics.
- Set up dimension value hierarchies and defaults. Set up rules and defaults for dimension values to reflect your reporting and accounting needs, thereby ensuring that information is consistent and meaningful to your business.

## *Understanding Business Intelligence*

Business intelligence is the process of extracting data from a database and then analyzing that data for information that you can use to make informed business decisions and take appropriate actions. We should clarify a few critical, frequently used concepts in business intelligence.

### **The Components of a Business Intelligence Solution**

A typical business intelligence solution incorporates three essential components: the database, Online Analytical Processing, and desktop tools.

#### **Online Analytical Processing: The “Processing Unit”**

To make queries happen more quickly, business intelligence applications use a technology called Online Analytical Processing (OLAP). OLAP pre-processes the data in an information unit called a cube and makes it quicker and easier to find what you need. In Microsoft Dynamics NAV, OLAP is performed by Microsoft SQL Server™ Analysis Services, a capability that is part of SQL Server 2000.

Business Analytics provides pre-defined OLAP cubes for most of the queries anyone is likely to need. You can also create custom cubes to meet particular business and information needs.

#### **Reports and Desktop Tools: Interacting with Information and Using it to Inform Decisions**

Desktop tools in a business intelligence solution help enable you to compile, analyze, and access data. The desktop tools let you and everyone in your organization ask questions and get answers quickly, whether you need the convenience and simplicity of simple reporting, the power to do forecasting, or the ability to drill into the numbers for deeper insight.

Business intelligence applications can produce standard reports, and most of them include an assortment of prebuilt reports and reporting templates. Such reports might be used to inform a particular audience with regular, current information based on the latest data. For example, several times a day, your district sales managers might access and run a query containing sales figures by country, region, and city. This report could be made accessible in a place where it would best benefit district managers, in a Microsoft Excel spreadsheet, through your business intelligence solutions' user interface, or through a Web interface.

Business intelligence solutions also provide the flexibility to tailor reports, dig deeper into particular dimensions, or view analyses in different ways.

## *Conclusion*

Business Analytics gives you the insight you need to stay in control, sharpen your competitive edge, and focus on your business. Providing the tools to help you find the meaning behind customer, transactional, finance, sales performance, and other data, Business Analytics empowers you make confident decisions, gain business insight, and make faster, better-informed decisions.

To learn more about how Business Analytics can give you more freedom to focus on your business, visit the Microsoft Dynamics NAV Web site at <http://www.microsoft.com/dynamics/nav>.

Microsoft Dynamics is a line of integrated, adaptable business management solutions that enables you and your people to make business decisions with greater confidence. Microsoft Dynamics works like and with familiar Microsoft software, automating and streamlining financial, customer relationship and supply chain processes in a way that helps you drive business success.

U.S. and Canada Toll Free 1-888-477-7989

Worldwide +1-701-281-6500

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