

# Business intelligence adoption: a case study in the retail chain

CECÍLIA OLEXOVÁ

Department of Management

University of Economics in Bratislava

Faculty of Business Economics in Košice, Tajovského 13, 041 30 Košice

SLOVAK REPUBLIC

cecilia.olexova@euke.sk <http://www.euke.sk>

*Abstract:* Business Intelligence (BI) tools are adopted by more and more companies in the current environment that requires companies to operate as efficiently as possible. The paper investigates a BI adoption in a retail chain. Based on qualitative research methods, it analyses the Business Intelligence life cycle; it evaluates factors impacting the adoption from the Diffusion of Innovations perspective. One of the findings is that requirements engineering is critical, and even small issues have a tendency to cause big problems. This links to the sentiment among managers, often worrying that IT projects will run over-budget and/or over-time. Finally, the presented research identifies benefits that are considered to be the most important by the retail chain managers. An important finding is that managers consider improved decision-making to be the most significant benefit.

*Key-Words:* Business intelligence, adoption, diffusion of innovations theory, system life cycle, benefits, retail chain, speed of adoption.

## 1 Introduction

The present need to increase the efficiency of management in retail chains on an ongoing basis and the growing pressure of cost efficiency in this field require the use of different approaches, methods and tools to meet these demands. One opportunity is the use of sophisticated business analytics, such as business intelligence (BI). BI is a wide term that is commonly used for technologies, applications, tools and processes to gather, store, access and analyse data for better decision-making. The literature review on BI has been published by, for example, Foley and Guillemette [1].

According to the Gartner Group surveys [2], BI is implemented in almost 80% of companies in the U.S.A. and in 50% of companies in Europe. Slovak companies have used these systems only in recent years. The next growth of BI is evident, as according to the Gartner group press release [3] from the Gartner Business Intelligence Summit, the BI, analytics and performance management software market was the second-fastest growing sector in the overall worldwide enterprise software market in 2011. As principal analyst at Gartner, Dan Sommer, reported, "The strong growth was driven by two major forces. The first is that IT continues to spend and earmark money to BI, despite constrained budgetary environments... and second, new buying centers are opening and expanding outside of IT, in

line-of-business initiatives, and taking an increasingly large stake of the spending pie. Key drivers for this are self-service data discovery tools, the race among vendors to provide business context through packaged analytics, and CFOs taking a renewed interest in BI and Performance Management."

BI can produce many benefits if it is implemented well. Some literature argues that IT projects, in general, are most often unsuccessful in being on-time, being on-budget and/or delivering the expected benefits [4, 5]. As the Johansson's and Sudzina's [6] research on actual versus planned ERP system implementation costs in European SMEs, including Slovakian companies, shows, although not all companies manage to stay on budget when it comes to ERP system implementation, the situation in the investigated European SMEs is not too critical, probably due to managing to stay on budget and having a prevalent fixed price policy for ERP implementation projects in Europe. It is assumed that this will also apply to BI implementation, and thus being on-time and meeting clients' requirements must be a consideration for successful BI adoption. Chuah and Wong [7] state that according to the EMC Corporation, many BI initiatives have failed not only because tools were not accessible to end users but also because the end users' needs were not met effectively.























