

COMPANIES NOT SPENDING ENOUGH ON BUSINESS INTELLIGENCE ACTIVITIES

Business Intelligence Decision-makers Give Mediocre Scores for Business Intelligence Performance within Their Company



Ipsos Reid

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Vancouver, BC – According to a national online study of over 500 business decision-makers¹ conducted by Ipsos Reid on behalf of the Marketing Research and Intelligence Association (MRIA) and EDS, business intelligence (BI) activities received mediocre scores in terms of companies' overall performance and involvement. The study shows that while overall awareness of various business intelligence components ranges from medium to high among BI decision-makers and business executives, existing BI activities are fairly limited in practice, and require more resources and attention in the future.

Less than Half of BI Decision-makers Say That Their Company Is Involved in Various BI Initiatives.

When asked which of the following areas their organization is involved in, about four-in-ten BI decision-makers surveyed report to be involved in either business intelligence/knowledge management (45%), data mining (42%), environmental scanning/secondary research (41%), or competitive intelligence (38%). Only about one-third of BI decision-makers surveyed indicate that their organization is involved in metrics/key performance (31%) indicators or primary market research (30%), while the level of participation in designing and implementing business intelligence programs (17%) and technical Support/Maintenance of BI software and applications (16%) is even lower.

¹ The criteria for participation in the study was that the individual had to be very or somewhat knowledgeable about at least one aspect of Business Intelligence activities (data mining, environmental scanning/secondary research, competitive intelligence or primary market research). Of our 674 willing participants, about 76% or 514 participants qualified for inclusion in this study.

Overall BI Performance Receives Mediocre Scores

When asked to rate their organization's overall performance on particular areas of BI, the mean score for BI is only 6.8 (on a 1-10 scale). The scores for certain areas of BI are also somewhat mediocre – environmental scanning/secondary market research scores 6.3, data mining 6.5, primary market research 7.0, and competitive intelligence rates a 7.1.

Sizable Minority Believes that Spending on BI Should Increase

When asked whether they think their organization should be spending more, less or about the same on BI in the future, the majority (about six-in-ten) of BI decision-makers say their organization should be spending the same amount. However, a sizable minority (about one-third) of the BI decision-makers say that their organization should be spending more in the following areas – business intelligence (36%), data mining (32%), market research (33%), competitive intelligence (34%), and environmental scanning/secondary market research information (27%). Very few (less than 9% in all cases) believe their company should be spending less in any of these areas.

BI decision-makers from larger organizations are more likely to state that their organization should be spending more on BI initiatives. In fact, the percentage who say their organization should be spending more on each of the five BI areas is 50% higher than those from smaller organizations.

“The need for business intelligence among Canadian organizations is higher than ever, yet business decision-makers in Canadian companies give failing grades to their performance in this space, says Steve Mossop, President of Ipsos Reid's Western Market Research practice. There is a compelling need for better intelligence, a greater organizational focus, and larger budgets in this space. “

"The ability for organizations to collect, store, analyze, manipulate and mine data is fundamental to business success now... and increasingly in the future. As the founder of the IT services industry, EDS has enjoyed helping clients leverage the full potential of their data resulting in immediately recognizable business benefits and improved

competitiveness. Power is in knowledge, and EDS has the expertise and experience to allow organizations to harness it," said James Toccacelli, Director of Marketing for EDS Canada.

"Business intelligence is a pivotal part of an organization's knowledge base, and a vital input to company strategy. As we become more globalized, and face increasing competition, the need for business intelligence becomes much more critical. The very fact that this is the first national survey on the topic suggests the low priority it occupies in corporate minds. I hope the results of this survey will be a call to action," says Gail Tibbo, Co-Chair, Business Intelligence Conference.

This was the first ever online business intelligence study of this nature conducted by Ipsos Reid. Sponsored by Ipsos Reid, EDS and MRIA, the goal of the study was to gather perspectives on BI and determine the current trends and challenges that exist in this area. For the purpose of this study, BI is defined as a process for professionally gathering, processing, analyzing and disseminating decision-making information relevant to an organization. It can also be referred to as knowledge management. BI involves the collecting, filtering, analyzing and prioritizing data from various sources including:

- Data mining (from customer records, databases and other internal sources);
- Primary market research (from survey-based research, focus groups, etc.);
- Competitive intelligence (organized collection of information about your competition); and,
- Environmental scanning or secondary market research information (market data such as industry information on trends, technology, sales, production levels, inventories, viewership, readership information).

The full results of the study will be presented by Steve Mossop, President, Market Research Canada West, Ipsos Reid, at the upcoming First National Business Intelligence Conference sponsored by MRIA on December 1 and 2, 2005 in Vancouver, BC. For more information on the conference, please refer to:

<http://www.mria-arim.ca/BICONFERENCE/default.asp/>

These are some of the findings from an online Ipsos Reid poll conducted on behalf of MRIA and EDS between November 7 and 15, 2005. The poll is based on a randomly selected sample of 514 adult Canadians from our Canadian Internet Panel who are responsible for business intelligence within their organization. With a sample of this size, the results are considered accurate to within ± 4.3 percentage points, 19 times out of 20.

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