Whitepaper: The Real Cost Of Implementing a BI Solution

Mid-sized industrial distributors rely on competitive advantages and business intelligence (BI) to improve decision-making, cut costs and drive strategic growth objectives. That being said, there are many hidden costs to consider related to managing proprietary BI systems that threaten to erode the value that BI has to offer.

In this White Paper, we will review the total cost of ownership (TCO) of a traditional BI system (a proprietary, homegrown BI platform).

Total Cost of Ownership: Traditional BI Systems

In a 2017 survey conducted by Gartner, the total cost of ownership (TCO) contains all costs including licensing, implementation, ongoing development costs, and infrastructure costs. For mid-sized businesses the average annual cost of BI is a minimum of $427,000.

Steps to BI Deployment

Total cost of ownership of enterprise-wide BI system deployment is sometimes miscalculated using only the cost of licenses. This is a problem because throughout the deployment and life of a BI platform, other costs arise to maintain it. Successful deployment requires cost preparation across four main steps:

Step 1 Development: On average, development of enterprise software costs $80,000 - $1,000,000 based on the complexity of the solution.

Step 2 Implementation: Implementation with a test group requires investments in staffing, meetings, and consultation. Businesses should expect to invest time and money to foster necessary communication between development and operations. Research indicates implementation can cost companies $200,000 - $500,000 with variances depending on project specifications. Nucleus Research benchmarks these costs in a report highlighting the implementation of "best-in-class" Microsoft BI which cost the company over $480,000 in addition to a year of implementation.

Step 3 Deployment: At the deployment stage, executives must ensure a company-wide roll out. This means investing in the technology required for everyone to be able to access the platform in IT as well as training. According to Birst, most deployments take 360 - 1,120 man-hours to complete, which for most companies could conservatively range from $10,000 - $60,000 in cost allocations. Additional research by Deloitte indicates managed service systems can typically be implemented in less than 10-12 weeks and companies will start seeing returns on their investment in 90 days.

Step 4 Maintenance: More than half of the costs incurred are directly related to staffing needed to deploy and maintain a proprietary platform. With average IT salaries starting at $68,000, these annual, ongoing costs can add up quickly.

Conclusion

At the minimum of $427,000, mid-sized industrial distributors can start building a homegrown, traditional BI system to leverage data for insights. Although implementing a proprietary, home-grown platform can bring some benefits for businesses, the high cost, stiff learning curve, and long lead time associated with the development and maintenance can create a situation where managed services may be the better route to take.

That is why we built Intuilize, a Managed Analytics platform designed to help mid-size industrial distributors reduce the cost of development, implementation and maintenance that tradition BI system require. With Intuilize, you only need to focus on the deployment and optimization of your business and can avoid the disruption of a traditional analytics solution to your day-to-day operations.

If you would like to explore your options in greater detail or schedule a walkthrough of our solutions, then please contact us at www.intuilize.com.