

Create a Centralized and Decentralized Organizational Model for Business Intelligence

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Self-service business intelligence and analytics requires a centralized team working in collaboration with a finite number of decentralized teams. IT leaders should create a two-tier organizational model where the business intelligence competency center collaborates with decentralized teams.

Key Challenges

- Overly centralized business intelligence (BI) and analytics teams can't deliver the domain expertise and responsiveness most organizations require. While the centralized team does a good job in creating consistency and governance across certain key subject areas (such as sales and finance) it creates a bottleneck where most users are waiting too long to get their requirements met.
- Overly decentralized BI and analytics teams have the opposite problem. This model delivers plenty of domain expertise, agility and responsiveness, but struggles to deliver consistency across its information sources and analytic models. In addition, they struggle to share best practices.

Recommendations

- Create a two-tiered organizational model with a single centralized team working collaboratively with a collection of decentralized teams distributed throughout the enterprise.
- Create a finite list of the decentralized teams throughout your organization requiring some autonomy for how they integrate, analyze, and report data. These teams can be organized by horizontal function such as sales, HR, finance, line of business function or geographic region.
- BI and analytic leaders should strike the balance of power between centralized and decentralized teams that is suitably based on the top-down versus bottom-up culture of the organization.

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Introduction

IT leaders often work as part of a centralized BI and analytics unit that integrates, reports and analyzes data across the enterprise. However, this centralized team does not always represent the complete picture.

While there may be a strong centralized framework and architecture, decentralized analysis is also occurring throughout the company at various levels. Business units often have more specific and more in-depth needs for analytics and reporting. They use their own analytical tools, and if this is unsupported by the BI center of excellence, they do it themselves as part of a so-called "shadow IT" (or unofficial) process.

Successful companies have to navigate the complications that arise when data analysis is occurring both through a centralized function and within decentralized silos throughout the organization. The future of BI and analytics is about enabling both a centralized BI function as well as the decentralized analysis occurring within the company. Create a two-tier organizational model in which the business intelligence competency center (BICC) collaborates with decentralized teams. Allow for these two layers to form an agile equilibrium between bottom-up and top-down approaches.

Gartner's research over the last decade has promoted the concept of a competency center or center of excellence for BI and analytics. While this concept is still very much a recommended approach, we no longer believe it is sufficient. The BI/analytics center of excellence or competency center needs to collaborate with a network of decentralized BI and analytic teams.

Gartner recommends that the central tier of this two-tiered organizational model maps directly to the BICC or center of excellence. Gartner also provides three strategies — top down, divide and conquer, and bottom up — for organizations to use as the foundation of their BI and analytics strategies — which are not mutually exclusive. Most companies will need to blend all three approaches.

Analysis

Create a Two-Tiered Organizational Model

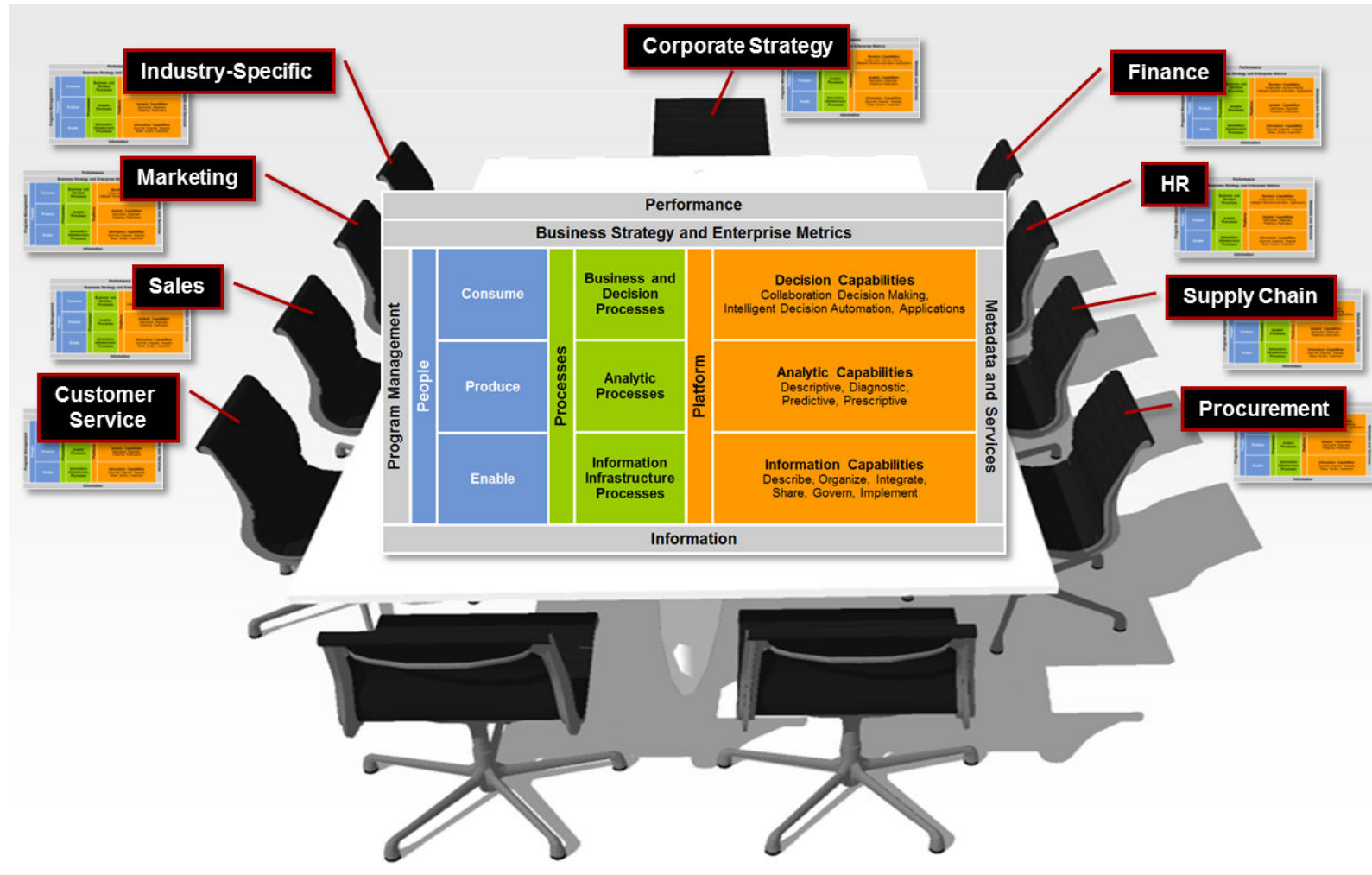
Many organizations have traditionally based their BI and analytics models around a centralized, IT-dominated BI team. These companies are emphasizing governance and consistency across the enterprise.

However, the reality is that in most organizations, data analysis is also occurring in various departments throughout the company at different levels, for example, analysis within horizontal units such as sales, services, marketing, HR, financial or other departments. Line-of-business units or geographies may also be engaged in their own analysis. This results in a lot of information being analyzed, integrated and applied to decisions within organizations that is not a part of a centralized BI and analytics team.

Create a single, centralized team working collaboratively with a collection of decentralized teams distributed throughout the enterprise. The first step is to understand this framework and recognizing how to craft a successful BI and analytics strategy; see "Gartner's Business Analytics Framework" for a detailed description.

For most organizations, the reality resembles Figure 1.

Figure 1. The Future of Analytics Is a Balanced Centralized and Decentralized Organizational Model for BI



Source: Gartner (November 2014)

Create a Finite List of the Decentralized Teams Throughout Your Organization in Need of Autonomy

Draw your company's analytics map to discover:

- Where analytics is occurring within your organization.
- How many decentralized analytics units are in operation, and what they look like.
- Whether individuals are undertaking a lot of work on their own with packaged analytical apps.
- Whether your decentralized teams have many skill sets, with the know-how to integrate and model data well.
- The number of data scientists working in your teams.
- The number of individuals actively involved in analytics.

Cloud-based applications such as Workday for HR or Omniture for clickstream analysis, offer easy-to-consume analytical capabilities directly to decentralized teams. This work is often carried out exclusively in Excel, but in reality, individuals in decentralized teams have created effective, mission-critical applications that fulfill the equivalent function of many more officially defined IT roles, such as data integration and modeling.

To be clear, Gartner is not suggesting that the numerous Excel-based applications in your company are eliminated, rather, that an inventory is created to acknowledge that decentralized BI and analytics teams participate as part of your company's overall BI and analytic efforts. The key point is to foster collaboration between the centralized and decentralized teams that previously worked as independent silos. IT leaders need to move from "gatekeepers" to "air-traffic controllers."

BI and Analytic Leaders Should Strike the Balance of Power Between Centralized and Decentralized Teams

Each organization should develop a BI and analytics strategy that strikes a balance between a centralized and decentralized model, as there is no "one size fits all" model. There is virtually no limit to the different permutations for this model, and companies should craft a strategy specific to their organizational structure and culture. We suggest a blend of three strategies: top-down, divide and conquer, and bottom-up. The focus may be slightly different for each strategy, but all three represent a blend of centralization and decentralization — and are not mutually exclusive. Organizations should blend all three ideas into their strategies.

Top Down

This approach is more toward the centralized end of the spectrum. The centralized BI and analytics team decides how to report, integrate and analyze data across the entire enterprise. The data is integrated and modeling occurs centrally, but individuals are embedded locally throughout the organization to bring report writing, training, support, Q&A, and other capabilities closer to the decentralized workgroups. This approach is architected from the top down.

One variant of this top-down approach is to use a franchise model, which is a globally consistent way to bring a brand to a local market. For example, the centralized team could set up analytic franchises in various departments, the equivalent of "local markets."

The central BI team creates a global process to integrate, report and analyze data, implementing it consistently at a local level (in a similar way to a restaurant or retail franchise), with variations for different regional locations. For example, one department or geography might calculate a local measure slightly differently to the global measure. BI and analytic leaders need to find just the right permutation of these ideas for a top-down franchise and apply it to the company.

Divide and Conquer

In the divide-and-conquer approach, the organization identifies which subject areas need to be globally consistent across the enterprise. A centralized team usually assumes responsibility for these areas. Information may come from ERP, CRM or payroll systems. Regardless of the source of the information, the centralized team ensures global consistency.

However, outside of the domain of the centralized team, other subject areas exist that are the responsibility of the decentralized teams. Think of a government model when envisioning how a divide-and-conquer approach may work for your organization. Decide the specific work of the global and local teams. This strategy provides decentralized teams with autonomy over the choice of tools purchased and how solutions are architected within their domains.

Ultimately, the global team retains authority when it has identified a particular subject area as important for the whole enterprise. Jurisdiction is the key to this divide and conquer idea. The organizational model needs to contain clear guidance on which groups (centralized or decentralized) have the authority to define measures.

Bottom Up

In the bottom-up approach, everything starts locally. In every local department or workgroup, there is the empowerment to buy whatever tools are necessary, architect solutions to fit local needs, and the authority for data modeling, reporting and analysis.

There is still a centralized team in overall charge that finds and then promotes interesting analysis across the entire organization. Data discovery is about empowering individuals and small workgroups to integrate, store and present data in a single proprietary tool.

The market continues to head in the direction of the bottom-up model. Local teams are being empowered to create and innovate. The centralized team identifies the most successful work being done at a local level, and provides a platform to share and promote this work globally. Not only will decentralized teams following the bottom-up model have more autonomy to pick their own tools, but they will also employ more data integration and modeling skills.

Gartner Recommended Reading

Some documents may not be available as part of your current Gartner subscription.

"Gartner's Business Analytics Framework"

"How to Deliver Self-Service Business Intelligence"

"Deliver Business Intelligence With a 'Think Global Act Local' Organizational Model"

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