

## Chapter 7.5

# What Role is “Business Intelligence” Playing in Developing Countries? A Picture of Brazilian Companies

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### ABSTRACT

Constant technological innovation and increasing competitiveness make the management of information a considerable challenge, requiring decision-making processes built on reliable and timely information from internal and external sources. Although available information increases, this does not mean that people automatically derive value from it. After years of significant investment to establish a technological platform that supports all business processes and strengthens the operational structure's efficiency, most organizations are supposed to have reached a point where the implementation of information technology (IT) solutions for strategic purposes becomes possible and nec-

essary. This explains the emergence of “business intelligence” (BI); a response to information needs for decision-making through intensive IT use. This chapter looks at BI projects in developing countries – specifically, in Brazil. If the management of IT is a challenge for companies in developed countries, what can be said about organizations struggling in unstable contexts such as those often prevailing in developing countries?

### INTRODUCTION

The final decades of the 20<sup>th</sup> century and the beginning of the 21<sup>st</sup> have been marked by a staggering proliferation of information and communication technologies throughout the industrialized world (Steinmueller, 2001). Not only do globalization

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trends bring a turbulent and most often unequal competitive environment, they also propagate waves of “managerial imperatives” – such as total quality; reengineering and integrated systems – that exert tremendous pressure on organizations wanting not only to survive, but to succeed. In addition to performance and effectiveness, global organizations are asked to display ethical, social and environmental responsibility. This entire context makes the task of managing information a formidable challenge.

Information management is seen as one of the biggest challenges characterizing today’s corporate context. A combination of constant technological innovation and increasing competitiveness makes the management of information a difficult task, one which requires decision-making processes that are built on reliable and timely information gathered from internal and external sources. Although the volume of information available is increasing, this does not automatically mean that people are able to derive value from it (Burn & Loch, 2001). In the IT field, after years of significant investments to create technological platforms that support all business processes (processes that are “reengineered” and “integrated”) and that strengthen the efficiency of the operational structure (after undergoing “quality” programs), organizations are supposed to have reached a point where the implementation of IT solutions for strategic decision-making processes becomes possible and necessary. This context explains the emergence of the area generally known as “business intelligence” (BI), seen as an answer to current needs in terms of information for strategic decision-making through intensive use of information technology (IT).

This perception of IT as a strategic resource is not exclusive to developed countries. IT is expected to play a key role in developing countries as well. Because IT offers significant potential benefits for socioeconomic development, the likely gains in efficiency of production and services are at least as relevant in developing countries

as in advanced economies (Avgerou, 2002). The possibility of technology transfer is seen as an opportunity for organizations in developing countries to bypass stages of growth in their programs for industrialization and advancement (Steinmueller, 2001). However, very often the resulting IT-based solutions these companies deploy have had little impact in terms of the goals they were intended to reach (Sahay & Avgerou, 2002). One can argue that this is partly due to the fact that IT solutions developed in certain contexts – the “developed” world, for instance – are not necessarily translated beneficially into other contexts, such as those of countries considered “in development.” Such considerations have motivated the authors to put forward a research project aiming to investigate the status and role, if any, of BI projects in the context of developing countries, more specifically, in Brazil.

The conventional definition of BI refers to the consolidation and analysis of internal data (e.g., transactional POS (point of sales system) data) and/or external data (e.g., purchased consumer demographics) for the purpose of effective decision-making. Several reasons for BI’s relevance are generally put forward. Historically (and continuing today in the vast majority of firms), companies have spent too much time closing their books and preparing data and financial reports, and too little time on analysis and review. This causes a gap between analysis and action (decision-making) (Rasmussen, Goldy & Solli, 2002). In addition, a BI initiative includes objectives like creating a vision for the organization, coaching the organization to set realistic goals, and supporting optimal decision-making. Although the current push, promoted by IT vendors arguing for the importance of BI applications, may be seen as simply one more IT-driven management fashion, it is difficult to deny the benefits of deep and meaningful insights that easy and rapid access to relevant and consolidated data can provide to all organizational members, particularly decision makers.

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