A Mariner White Paper

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Using Pilot Projects for Analytic Solutions

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Abstract

Despite the immense changes in how information technology is used by businesses, selecting the right information technology partner remains fraught with unknowns, risks and unintended consequences.

Pilot projects have been part of the IT-business dialogue for years, and are making a strong comeback, especially when applied to more complex business applications.

This white paper reviews the benefits that pilot projects have traditionally generated and describes how these benefits apply specifically to analytic applications. The experience used to develop this white paper is largely based on developing pilot project and prototypes using Microsoft PowerPivot. PowerPivot is an end-user tool designed for fast, self-service reporting, while enabling analysts and developers to model larger, enterprise or departmental solutions.

Pilot Projects: Nothing New

The concept of pilot projects has been around for quite some time, especially as part of government procurements. Wikipedia cites common usage of the term as early as 1973. However, the value of pilot projects morphs as companies, technologies and marketplaces evolve.

Using Pilot Projects for Vendor Selection

In 1999, Eli M. Snir and Lorin M. Hitt of the Wharton School at the University of Pennsylvania wrote, "Vendor Screening in IT Contracting with a Pilot Project." They describe a pilot project this way:

> *[In] the "pilot" phase, the vendor builds a prototype of the desired software and the client analyzes the proposed solution. The performance of the pilot can be used to screen potential vendors and better assess their type. If the pilot is of sufficiently high quality, the client opts to complete the project with the chosen vendor; otherwise, the client cancels the project. (page 3)*

In other words, the pilot project becomes a gate through which the new vendor and customer go through together to mitigate risks, ensure that the correct problem is being addressed and determine if the partnership will be productive.

This becomes even more important when the stakes are higher and the solutions more complex because there are so many unknowns or even doubts regarding the feasibility of the solution.

Using Pilot Projects for Innovation

Pilot projects can be the engine of innovation. The energy sector is well-known for developing innovative prototypes to spark creativity, test new technology and push the envelope of energy conservation. The American Energy Innovation Council is currently

promoting an agenda (http://www.americanenergyinnovation.org/the-plan/) that calls for institutionalizing pilot projects to "test multiple technology pathways and move forward large-scale demonstrations of the most promising options."

Teams of engineers are given funds to put their ideas into practice, letting their minds drive innovation, creativity and the ability to:

- Validate hypotheses previously too time-consuming to test.
- Identify obstacles that prevent greater gains in energy efficiency.
- Gain practical experience solving a particular problem.
- Mitigate risk by identifying risks early and developing strategies to lessen their affect or eliminate risk.
- Using prototypes as the foundation for a longer-term solution.

The same can be said for analytic solutions.

Using Pilot Projects for Analytics

According to IDC, analytic projects "are growing at a compound annual rate of growth of 7% over 2009-2014, with even greater growth expected over the next 10 years," (IDC Finds Demand For Business Analytics Software/Solutions Growing). With the growing need and interest in analytics, pilot projects are especially beneficial because they remove several key obstacles that often prevent successful implementation. Specifically, analysts and business leaders are able to:

- Validate hypotheses previously too time-consuming to test, now possible thanks to tools like PowerPivot that accelerate access to, and sharing of, information.
- Identify obstacles (e.g., technological, cultural, political) that prevent deeper understanding of the organization.
- Provide new insights into a specific issue or problem area.
- Gain practical experience organizing data and maximizing the meaning of the information.
- Understand how analytics can be incorporated into daily operations.
- Mitigate risk by identifying risks early and developing strategies to lessen their affect or eliminate risk.
- Save money (lots of it) by reducing the refactoring cycles needed to develop an accurate solution.
- Use prototypes as the foundation for a longer-term solution.

Perhaps the most important benefit of pilot projects is the ability to get early feedback from users. To achieve success in the implementation of an analytics project, users need to understand and accept the delivery. The struggle is that they often don't know what they want until they see a prototype and have something they can begin to use, even if only on a

limited basis. Once this feedback is received, the process of refining the prototype model through rapid iterations dramatically improves user adoption and ultimate project success.

This is all possible because we now have tools for rapid development and prototyping. In the past, prototyping was time consuming, very expensive and prone to error because so much of corporate business intelligence is driven from the top down through data czars, approved forms, established processes and hierarchies. However, innovation is usually driven from lower levels of the organization where a "sandbox" has been set up to test hypotheses – and herein is the value of pilot projects. Some tools, like PowerPivot, accelerate the transition from pilot project to prototype to implementation, resulting in the ability to introduce the prototype to a small set of the solution to users, gain their feedback quickly and move on to the complete implementation.

A well-executed pilot project delivers:

- An interactive prototype using real data.
- A confirmation that the right issue is being addressed and can be solved.
- An estimate of the resources required to generate the complete solution.
- A framework for building the complete solution.

Using a pilot project as the first step in developing an analytic solution reduces uncertainty while confirming "gut feelings" that the right problem is being solved – all before irrevocable investments are made. It's important to note that project investment decisions are not only made at the beginning of a project, but also at the beginning of each project *cycle*. For this reason, pilot projects can be embedded in ongoing projects and provide useful prototypes for the later stages of the implementation. Furthermore, prototypes generated from a pilot project can become the starting point for the full solution. For example, PowerPivot-based prototypes can convert into actual SQL Server solutions with a few clicks, minimizing even more the risk of the pilot investment.

In addition, analytic pilot projects can:

- Identify which business processes can benefit most from data-driven decision making.
- Explain how to incorporate analytics into daily operations.
- Calculate the net benefits of converting the pilot into a complete solution.

Perhaps just as important, pilot projects quickly uncover if you have selected the wrong the problem to solve without continuing to throw good money after bad.

Pilot Projects for Cloud-based Analytics Solutions

Introducing the cloud makes pilot projects even more attractive for business managers taking advantage of cloud-based analytics. According to an IDC study, the business analytics SaaS market is poised for rapid growth, as much as three times faster than conventional business analytic products or services. (TDWI, Steve Swoyer, February 3, 2010)

Pilot projects are an ideal way to validate that the cloud will work for your analytic applications by:

- Determining that a cloud-based application is appropriate for your organization.
- Validating security can be maintained at the needed levels.
- Eliminating the need to add staff or infrastructure.
- Test at very low variable costs.
- Hasten the pilot project process because the test environment already exists.

In addition, the cloud can be the environment in which the pilot is executed. In this case, the company is not interested in evaluating cloud solutions for them; it is only using the cloud to minimize the risk and expense of doing pilot projects. There's no need to pay for setting up the infrastructure necessary for the pilot project.

Establishing a Sound Partnership

The hallmark of pilot projects is the variety of stakeholders. In the analytics world, there are customer stakeholders eager to understand their business better, analysts looking to uncover greater insight and technologists eager to build the killer analytic app.

Our experience has proven that pilot projects not only work through technical issues, they set the foundation for a strong partnership by allowing everyone to invest early in the solution development process. We have seen how the shared pilot project experience allows stakeholders to inject their desires while gaining an understanding of others'. The result is a team willing to deal head-on with cultural changes and learning curves while building cohesiveness. IT managers gain an appreciation of the pressures and challenges of their business peers, while business managers get a front row view into the complexities of designing, implementing and rolling out a solution. Armed with new sensitivities, stakeholders are now ready to work together and tackle the more complex challenges of developing the complete analytical solution.

About the Authors

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Sally works with colleagues, customers and prospects to get Mariner's message out. Charged with developing and executing the company's go-to-market strategy, she strives to make complex technical concepts accessible and easy to understand by the rest of us. Her experience includes high-tech, government, international and social services sectors.

About Mariner

For more than a decade, Mariner has been helping clients leverage their data - from any data source to any device - through the use of business intelligence, analytics, data warehousing, business scorecards and performance management dashboards. Mariner serves clients in a variety of industries including utility, healthcare, education, media and manufacturing sectors. Singularly focused on providing analytic solutions, we help business people organize, use, analyze and share data to improve sales, customer service, logistics, productivity and financial insight. Mariner is a Microsoft Certified Gold Partner with competencies in Business Intelligence and Data Platform. Mariner-Insight to Achieve.
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