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Virtual Strategy

A Platform to Help Companies Manage by Fact: Providing Real-Time Strategy, Analysis, and Decision Making across the Enterprise

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MANAGING BY FACT

In order to be successful in today's competitive environment, companies must manage by fact. As my colleague Manny Sodbinow recently noted in his Perspective, "Back to (Measurement) Basics" (April 26, 2001, http://www.psgroup.com/doc/products/2001/4/PSGP4-27-01CC/PSGP4-27-01CC.asp), companies need to be able both to track their performance in key areas and to detect and anticipate market changes and competitive challenges. Companies can improve their competitive advantage by capturing, reporting, and analyzing timely and relevant information—in short, by managing by fact.

Managing by fact is a holistic process that requires a commitment to improving performance, implementing strategy, and, above all, striving for excellence and accuracy in analyzing all facets of enterprise activity—particularly as it concerns the development of customer relationships and interactions. To manage by fact, companies need technology that enables them to collect relevant data and information, analyze those data to assess performance, and provide those data and analyses in a timely manner to all those who participate in or support corporate and local decision making.

Timeliness is *the* critical factor for success. Managing by fact is not an activity that occurs in retrospect (after the fact). To be competitive, companies need to understand what the facts are as they occur, in real time—in other words, *now.*

VIRTUAL STRATEGY PROVIDES REAL-TIME DATA MODELING

Virtual Strategy is a new company from Boston, which provides an enterprise-wide solution to help companies manage by fact. Virtual Strategy provides an analytic platform, which helps companies manage their strategies and operations, perform analysis, and assess performance in real time. Unlike other enterprise information systems and business intelligence solutions, which extract data from disparate sources and apply key performance indicators to the data to deliver performance assessments in near real time, Virtual Strategy provides the analytics and the data-modeling environment to deliver insight and analysis from complex enterprise data dynamically in real time. Moreover, it enables companies to provide this level of insight and analysis without having to build another data mart or data warehouse. This means that companies can understand what's occurring, when it happens, without having to overhaul their existing IT infrastructures.

Virtual Strategy, however, is more than just a real-time reporting tool. It is a strategy solution, which helps executives determine their strategic goals and objectives by allowing them to perform scenario-based what-if style analysis dynamically. This enables executives to analyze the costs and benefits of specific actions quickly, simulate potential ROI for any operational activity, and determine the strategic impact of specific decisions immediately.

Components

The Virtual Strategy platform consists of the following:

- *Strategy Portals.* A Strategy Portal is an Internet portal service for the management of strategy and operations.

- *Strategy Assistant.* A Strategy Assistant is a wizard, which supports collaborative definition of key performance indicators, strategic indicators, risks, and other key aspects.

- *Program Books.* A Program Book is a set of Balanced Scorecards.

- *The Idea Library.* The Idea Library is a repository for partially-developed Program Books and shelved projects that are unapproved, rejected, or have yet to be reviewed.

- *Strategy View.* A Strategy View is a scenario-based strategy design tool.

- *Interactive Dashboards.* Interactive Dashboards visually present the current state of a scenario open in Strategy View, based on the Program Books and their Balanced Scorecards.

- *Analysis Workbook.* An Analysis Workbook is an individual's personal Strategy Center, which includes additional powerful analysis and reporting capabilities.

- *microCube Server.* The microCube Server is the engine for managing organizational documents, structured and unstructured data, and initiatives. It is also the engine for performing scenario analysis. The Server uses microCube technology to build a model of the business rapidly, so that alternative scenarios can be modeled, root causes can be identified, and future potential impacts assessed.

TECHNOLOGY AND ARCHITECTURE

Virtual Strategy's solution is based on its proprietary microCube data modeling and processing technology and its Program Scorecard analytics, which are based on several well-known performance measurement systems including the Balanced Scorecard. It is provided as an intranet portal, which sits on top of an existing enterprise data warehouse model. The microCube Server is the engine for processing data and performing scenario analysis.

Hierarchical Hybrid OLAP

Virtual Strategy's enabling technology provides a platform for integrating, processing, and analyzing data from disparate data sources within seconds. In contrast, other business intelligence solutions, which often rely on multidimensional data modeling techniques and OLAP and OLTP-based query and reporting technologies to help extract, process, and model their data, can take hours or days. Pure OLAP, for the most part, does not provide the ability to process and model data dynamically in real time. It also has limits in its ability to take into account the dimensional complexity of data, thus imposing limits on its scalability for organizations with lots of data.

Virtual Strategy takes a different approach by employing Hierarchical Hybrid OLAP (H_2OLAP). Instead of building a large data repository based on the size and number of data dimensions or smaller static multidimensional cubes, Virtual Strategy takes data in its existing formats and builds microCube models, which reflect how users manage their business (see the illustration). When data relationships are required, their positions can be calculated, rather than searched, thus solving the speed problems that computers encounter when required to look through vast amounts of data. The microCube Server requires only an interface to the data sources for implementation. As a result, Virtual Strategy can immediately build an operational model of almost any facet of a business—from defining and evaluating the performance of finance and HR processes to delivering the customer intelligence necessary to build effective relationships.

Performance

System-wide performance can also be dramatically improved. Using a high-end PC, Virtual Strategy can load all daily operating data within minutes. The company claims that it can relate data to any other data inside or outside a company and publish the results to the relevant decision makers in less than an hour. Virtual Strategy's architecture can provide tremendous flexibility when changes are needed, without reprogramming or reloading the data. It also claims that, because the user does not have to recreate the model and reload data, making a change in the
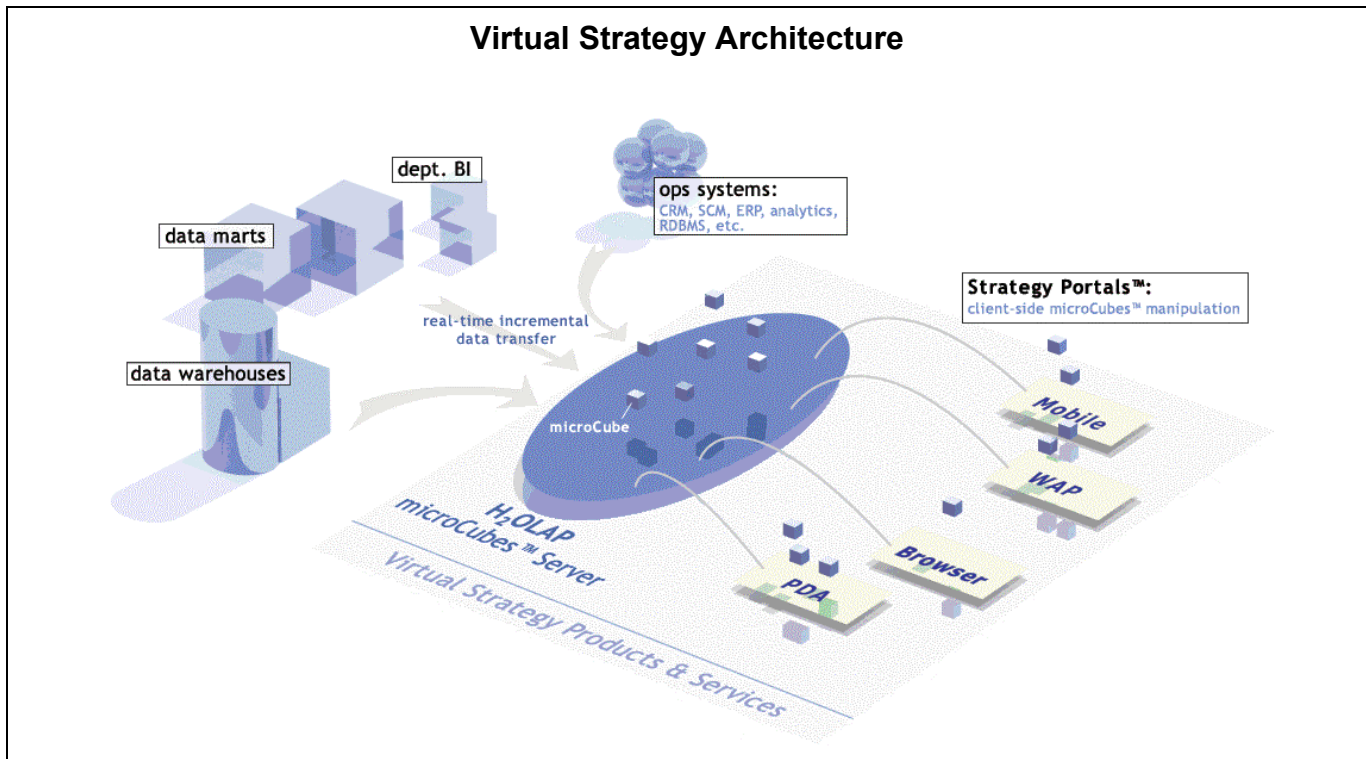
Virtual Strategy Architecture

Illustration. Virtual Strategy's microCube architecture provides dynamic data modeling in real time without the addition of a dedicated data mart or data warehouse.

microCube model using a drag-and-drop interface takes seconds rather than weeks.

Pricing and Availability

Virtual Strategy's solution is available as an enterprise solution, with pricing based on a component basis.

Competition

As a start-up entering the market, Virtual Strategy stands among giants. Virtual Strategy faces competition from many established business intelligence players, especially SAS, SPSS, and Informatica. In spite of this daunting competition, the company is continuing to forge ahead as it opts for another round of funding and begins to sell its solution to large enterprises in the financial services, manufacturing, and retailing vertical industries. Implementation is fast and simple, using wizards to integrate multiple data sources. Unlike virtually all other solutions, there is no need to understand business objectives or parameters ahead of time. H_2OLAP handles changes in data and analysis in real time.

THE BOTTOM LINE

For companies that want to be able to manage by fact without reinventing the wheel, Virtual Strategy provides a compelling solution, which companies should seriously consider.

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