

BUSINESS INTELLIGENCE AND COMPETITIVE INTELLIGENCE: THE EVOLUTION OF THE TERMS

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ABSTRACT:

AT THE PRESENT MOMENT, THE TERM OF BUSINESS INTELLIGENCE TAKES YOU TO THE IDEA OF THE SUIT OF SOFTWARE'S BY THE MEANS OF WITH YOU CAN ANALYZE COMPANY DATA AND COMPETITIVE INTELLIGENCE IN THE HOLE OF THE PRACTICES BY WITH YOU STUDY A BUSINESS, ITS COMPETITORS AND THE SECTOR. BUT THIS WAS NOT ALWAYS THE CASE.

THIS PAPER AIMS TO STUDY THE TRANSFORMATION OF THE TERM OVER TIME IN ORDER TO GIVE A BETTER AND CLEARER PERSPECTIVE ON THE MEANING OF THE TERM, SHOWING THE IMPACT THAT THE USER HAD OVER THE USE IN THE ACADEMIC LANGUAGE. WE WILL TRY TO SHOW THE EFFECT HAD BY INTELLECTUAL MIGRATION ON THESE TWO TERMS.

KEY WORDS: BUSINESS INTELLIGENCE, COMPETITIVE INTELLIGENCE, INTELLIGENCE, TERMINOLOGY

THE SECURITY STUDIES CONTEXT

Security Studies is a sub-field of International Relations². It has been developed since the era of the Cold War and took place at the same time as the privatization of Intelligence Processes.

During the Second World War it became clear that the military sector could not adjust and be flexible enough to serve all the information access needs of a state and because of this they started to have private collaborations in order to gain flexibility and speed.

In this paper we do not plan to present the history of Intelligence and Security Studies, but to see how Business and Competitive Intelligence developed.

Business and Competitive Intelligence are both terms from the area of Economics that address the analysis and information understanding. The two terms have developed through the years, having different meaning from their original ones.

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² Wæver, Ole (2004) "New 'Schools' in Security Theory and their Origins between Core and Periphery" Paper presented at the annual meeting of the International Studies Association, Le Centre Sheraton Hotel, Montreal, Quebec.

At the present moment Business Intelligence is a wide term that represents the applications, tools, methods and infrastructure that enable the improvement and optimization of the decision process of a company. Competitive Intelligence is the action of defining, analyzing and distributing intelligence reports about products, customers, competitors, business environment, etc.

THE EVOLUTION OF TERMS

The Business Intelligence was used a term for the first time in the *Cyclopeadia of Commercial and Business Anecdotes* in 1865 by Richard Miller Devens. The term was used to refer to Sir Henry Furnese, a banker, understanding of political issues, instabilities and market needs ahead of the rest of his competitors. Furnese was active in Holland, Flanders, France and Germany, always being a step ahead of everyone else. This didn't stop him becoming a corrupt financier, but I showed the world the idea of gathering information for business purposes. Idea that grew over the years...

My definition of Business Intelligence started with "... a wide term that represents the applications, tools, methods and infrastructure...", but this was not always so. Technology didn't find its way into Business Intelligence until in the second part of the 20th century. Until that point Business Intelligence was referred to the "reading" of the business elements in the best way possible so that you would have optimal decisions and Competitive intelligence was regarded as a specialized analysis made on the performance and developments of your competitors.

Hans Peter Luhn, an IBM computer scientist, wrote a paper named "A Business Intelligence System" in 1958 that brought Business Intelligence to another league. In a wake of the post-World war, taking in in the technical and conceptual developments, a system that would" analyze and disseminate information to various sectors of any industrial, scientific or governmental organization" was seen as a good thing. Let's not forget that we were in a moment of massive technological and scientific development, massive data creation and elements of panic caused by the Cold War.

Luhn essentially saw Business Intelligence a particularization of Intelligence, that gave the possibility understand quick and easy large amounts of data so the decision making process could be optimized. Looking back at it, this could be the shortest way to define Business Intelligence.

In my opinion, Luhn research paved the way for the development and research of analytical systems that helped the for the Business Intelligence environment that we know today.

Another development point of Business Intelligence was the late 1980's. There has been technical development until this moment, but the advancements brought on by this period helped boom the 1970's initiatives. This first initiative was oriented towards accessing and organizing data, but it was difficult to use. The 1988 Multiway Data Analysis consortium gathering that took place in Rome, can be considered the moment of conception of BI analysis as we know it today.

Gartner's Howard Dresner 1989 establishment of a term as DSS (Decision Support system) and EIS (Executive information Systems), that were aimed to establish data storage and data analysis protocols. These systems evolved setting the path for the establishment of technologies as online analytical processing, data mining, process mining, complex event processing, predictive analytics, benchmarking, etc.

Modern day Business Intelligence handles large volumes of data, having as a purpose the identification, development and strategic development of business opportunities. These opportunities want to provide competitive market advantages and stability to business.

Because of this we can observe that specially in the Anglo-Saxon terminology Business Intelligence and Business Analytics are synonymous. The two terms being representations for the technologies used in order to support decision makers.

We can see that since 1958 Business Intelligence gently took an approach of being an analytical process, compared with its 1865 definition. Because of this Business Intelligence distanced itself because of technology from its definition, and its original function was taken over by Competitive Intelligence.

Examples of current day Business Intelligence providers are: SAS, SAP IQ, Tableau Software, Oracle, IBM Cognos, Domo, Microsoft (SQL platform, Power BI, etc.) and many others. 2016 figures record that this market has a \$9 billion profit margin, but the potential is big.

COMPETITIVE ANALYSIS

Competitive intelligence is a newer term in academic journal, being found for the first time in the 1970s. Which is interesting as the literature in the field of competitive analysis and Business Intelligence appeared decades before.

Competitive Intelligence can be seen as being the meeting point of Organizational Intelligence and Business Intelligence, at about the time Business Intelligence became more about Analysis protocols and methods and less about Business decisions.

Because of time line and protocol forming, Competitive Intelligence stands for the ability and science of learning the environment outside the organization in order for it to become more...if you didn't figure this out yet... competitive. This means understanding an industry and identifying relevant competitors quick.

Because of this the information sources used are various and limitless. Competitive Intelligence nowadays uses most of the results of Business Intelligence and other Economic-connected Intelligences (as Commercial Intelligence, Trend Analysis, Market Intelligence, etc.). But, with all this connections and collaborations with tactical and Intelligence fields, we have to keep some aspects clear:

- a. Competitive Intelligence is a legal business practice (it's not business espionage)³
- b. It is focused on what happens outside the business (inside the business you have Business Intelligence)⁴
- c. In order to be Competitive Intelligence there is a protocol of gathering information, converting and make it usable in decision making.⁵

All of the elements mentioned above, show us that Competitive Intelligence behaves different from Business Intelligence as it takes a macro-view of the business environment. Because of this it uses different tools, it does not used data bases, data mining or data warehouses...but it uses tools as the SWOT analysis, the Five forces model, PEST/PESTLE analysis, Scorecards or growth-share matrix.

The tools used by Competitive Intelligence or oriented better in showcasing risks and opportunities in the market, as these tools are early identifiers. Competitive Intelligence use

³ SCIP Code of Ethics.

⁴ Haag, Stephen. Management Information Systems for the Information Age. Third Edition.(McGraw-Hill Ryerson, 2006).

⁵ McGonagle, John J. , Carolyn M. Vella. The Manager's Guide to Competitive Intelligence. (Westport CT: Greenwood Publishing Group, 2003).

elements of market statistics, financial reports, industry reports, regional reports or press releases to see elements otherwise not seen about the other competitors.

NOWADAYS TERMINOLOGY AND MEANING

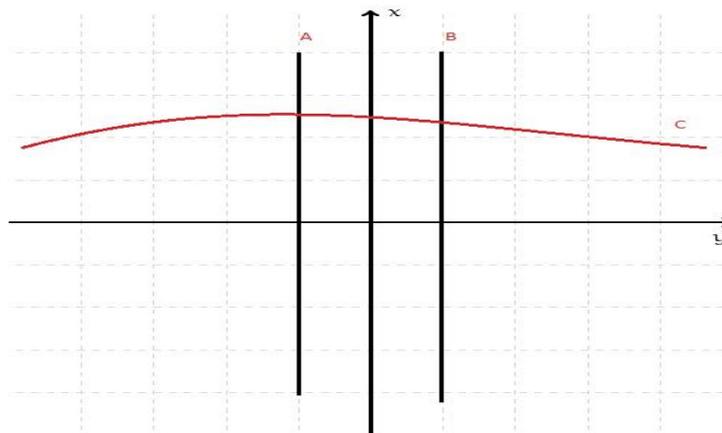
If we take as a reference point the 1970s we can observe that at this moment the original meaning and form of the two terms changed. If in the beginning Business Intelligence was about integrating your company's strategy the best you could in the market and Competitive Intelligence was understanding your competitors... after this moment things changes.

Business Intelligence started to get developed as a sum of analysis protocols, while Competitive Intelligence became a mix of competitive and business oriented practices.

If in the beginning Business and Competitive Intelligence could be identified as a two axis based model. Business Intelligence would be the vertical axis, the X, while Competitive Intelligence would be the Y. The vertical looking at the organization in its hole and how it integrates in the market and industry, while the horizontal would be the industry and the directions it develops its self. So the horizontal is the place from which you can see how the companies Innovations are representative, helpful, profitable.

In figure 1 you will find a visual representation of the use of the two axis. If your organization is situated between the A and B vertical limits as Business Intelligence, on the red C line of the Competitive Intelligence parameters, it means that its decisions are adjusted to the market in specs of Innovation and developments perspectives. If this analysis puts you on a downward stretch of the horizontal red line, this means that you need to make improvements to your competitiveness factors.

Figure 1. Two axis Business and Competitive Intelligence representation



Source: The author's perspective

CONCLUSION OF THE TERMINOLOGY DISCUSSION

In my opinion the understanding of Business and Competitive Intelligence change through the years, but I can not say if it helped to have a better understanding of the terms.

Many of today's academics and students know Business Intelligence as the sum of methods and protocols of analysis and they aren't that much concerned with the origin and direction of the

data. Meanwhile, Competitive Intelligence has become a cumulus of everything connected with strategic and organizational decisions justified by economic facts. This is why we have a series of newly developed economic related Intelligence fields as Accounting Intelligence, Commercial Intelligence, Market Intelligence, Economic Security, Public and Business Diplomacy, and others. Competitive Intelligence covering at this moment in time the original understanding of Business Intelligence and its own definition.

Having the term Business Intelligence not covering any business aspects, in my opinion is not correct, but the technical developments that took place cannot be changed that easily.

Competitive Intelligence will always address more the aspects of actions competitor actions and less the methods by which they the business aligns to the industry.

It is important to keep in mind that Business Intelligence represents data analysis protocols for a company and Competitive Intelligence represents the market positioning and strategic aspects.

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