# What is business intelligence?

Business

There are a number of different tools and techniques which can be used to analyze and, eventually, improve your business. However, before you can analyze anything, you need to have meaningful data from which you can draw valid conclusions. That's where Business Intelligence, sometimes referred to more shortly as BI, comes in! In this article, we'll be discussing what the concept of Business Intelligence is and how you can use it to aide your business analysis efforts.

What Is Business Intelligence?

While it's not too easy to pinpoint the exact meaning of this two-word phrase, one of the most appropriate definitions of " Business Intelligence" is the following:

Business intelligence (BI) is an umbrella term that includes the applications, infrastructure and tools, and best practices that enable access to and analysis of information to improve and optimize decisions and performance [in business]. (Source)

In this sense, not only is Business Intelligence the process of extracting valuable information from a set of data, but also the act of collecting and applying it, and the tools which are used to do so.

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What Is the Purpose of Business Intelligence?

Business Intelligence is designed to help you take the everyday data that you receive through your organization's operations and turn it into conclusions which can then be used to improve your business.

Making use of this otherwise ignored data to increase your business' performance is a win-win scenario for everyone involved.

What Are The Stages of Business Intelligence?

Depending on how you define BI, it can be broken up into several different stages. Take a look at the following scheme to see some of the core stages of Business Intelligence:

- Scope selection: This isn't a technical term, but ' scope selection' can be understood as the process of deciding what portions of the data which you receive should/could be analyzed to draw forth meaningful information.

- Data collection: After you've decided what data you are going to collect from your business' day-to-day operations, you need to begin collecting it. This process is known as, quite simply, ' data collection'.

- Data analysis: By definition, data isn't too useful on its own. That's why, after you're done collecting it, you need to begin processing and analyzing the data to obtain meaningful information from which you can draw worthwhile conclusions. In this step, you might visualize or transform the data which you collected previously in order to make it more relevant and/or understandable.

- Interpretation: At this point, you can begin to interpret the processed data and attempt to draw some conclusions. What does it tell you about your business or the market you are in? How can you improve on what you are doing?

Note that sometimes you might hear the term Extract, Transform, Load (ETL) in reference to stages 2 and 3.

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Key Terms in Business Intelligence

Business Intelligence has quite the set of jargon associated with it. To help you out with understanding some of the key terms which pertain to the processes and concepts involved, we've made a list of some of these phrases and their definitions:

- Source data: The raw, unmodified data which the business has access to regardless of any Business Intelligence efforts.

- Data warehouse: A single place (typically digital) where all of the source data is aggregated.

- Online Analytical Processing (OLAP): The processing of raw data through a single system which has access to many different perspectives (multidimensional analysis).

- Dashboards: The front-end interfaces which present the user with the most important processed data (in the form of various different visualizations).

Conclusion

Summing it up, Business Intelligence is a broad term which refers to everything related to collecting, processing and making use of the raw data that businesses receive every day. Utilizing this otherwise disregarded information to improve the way your business operates is what makes BI so powerful. There are several stages involved in Business Intelligence, which range from collecting unprocessed data to drawing useful conclusions. Finally, despite the fact that BI seems to have its own entire language, there are just a few key terms that you need to know to begin your own Business Intelligence journey.

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Conclusion