Chapter 11

Business Intelligence in Corporate Governance and Business Processes Management

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ABSTRACT

Today is the time of transnational corporations and large companies. They bring to their shareholders and owners the major profits, and they are the main sponsors of scientific and technological progress. However, the extensive way of its development is not possible for environmental, marketing, resource, and many other reasons. So, the main field of competition between companies becomes a fight for the client, the individualization of approach to him, and the maximum cost reduction. At the same time, a series of scandals that erupted in the early 2000s with such major corporations as Enron Corporation, WorldCom, Tyco International, Adelphia, and Peregrine Systems has shown that the system of corporate governance, on which depends the welfare of hundreds of thousands of people, requires serious improvements in terms of transparency and openness. In this regard, the U.S. adopted the Sarbanes-Oxley Act of 2002, under which management companies legally obliged to prove that his decisions are based on reliable, relevant, credible and accurate information (Devenport & Harris, 2010).

INTRODUCTION

Considerable attention of business owners, shareholders, investors and other interested persons is focused on a system of management of company, which by law must be transparent to them. This system includes not only the sys-

tem of corporate governance, but also a system of managing business processes. According to experts of IBM (Smarter Commerce, 2011), the customers "…expect to engage with companies when and how they want, in person, online and on the go. And they want these methods to tie together seamlessly". One way of implementing

the requirements of transparency and disclosure is the use of business intelligence tools in making decisions on corporate governance.

This section defines the place of business intelligence in corporate governance and discusses some issues of its use in the management of business processes in company. The main object of attention is the large companies, corporations, multi-product holdings (hereinafter - the companies), using business intelligence tools to increase their profits. Below, in Subsection 1, the concept of the corporation is introduced as the main profitable business unit, the place of business intelligence in corporate governance is considered, and the benefits of the using of the business intelligence are shown. In Subsection 2, the concept of business intelligence is defined, it is emphasized the specificity of using business intelligence in conformity with the corporate governance. Some aspects of the application of algorithms of business Intelligence for the best service and retain of customers, ensuring personalized interaction with them are considered in Subsections 3 and 4. In Subsection 3, we consider the application of business intelligence to analyze the external content of companies in implementing the business processes of marketing and sales, and in Subsection 4 - for the analysis of an internal content of the company for the purpose of adequate formation of assortment of retail network.

1. THE STRUCTURE OF CORPORATE GOVERNANCE SYSTEM IN TERMS OF BUSINESS INTELLIGENCE

Let's give some definitions.

Corporation is an association of individuals, created by law or under authority of law, having a continuous existence independent of the existence of its members, and powers and liabilities distinct from those of its members (Definition of a "corporation", 2011). For its activity the corporation

(the company) to borrow money. Accordingly, suppliers of funds want to make sure that they get returns on their investments. Economists Andrei Shleifer and Robert Vishny in their "A Survey of Corporate Governance" in 1997 defined: "Corporate governance deals with the ways in which suppliers of finance to corporations assure themselves of getting a return on their investment" (Shleifer A.& Vishny R., 1997). Cadberry Report in 1992 defined "Corporate governance as the system by which companies are directed and controlled" (Cadberry Report, 1992).

According to the International Finance Corporation (IFC), the corporate governance covers (Corporate Governance, 2011):

- Financial Stakeholders (Shareholders);
- Boards of Directors (Checks and Balances);
- Control Environment (Accounting, Controls, Internal and External Audit); and
- Transparency and Disclosure of information.

To understand the place of business intelligence in corporate governance, consider the structure and process of management and control of the company from a position of expert in complex systems.

From the point of view of the system approach, the company is a complex system, which (Yakovlev A.V. & Boitsov A.A., 2009):

1. Functioning within the constraints;
2. Characterized by its target function;
3. Achieve the goal, realizes the two groups of business processes: the key and the auxiliary ones;
4. Consists of two groups of interconnected units: the profit centers and services' departments;
5. Managed through the influences on their units;
6. Has a transmission environment.

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