

Leading Decision Support Consultant Uses Analytica to Develop Models in Record Time, Customer Saves \$15 Million

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"Executives who are hesitant about using decision support systems should consider Analytica. Literally thousands of scenarios can be simulated and analyzed simultaneously. Analytica is like a multidimensional spread-sheet, only much friendlier."

-- Robert Brown, Decision Support Consultant

To stay competitive, today's executives must make critical decisions on the fly, often with little time to gather the supporting data that could help illuminate the best alternative.

"Lacking sufficient data, decisions may be based on personal objectives and inclinations," says Robert Brown, partner at [Decision Strategies, Inc.](#) of Cumming, GA. "You can go by your gut feeling on some issues, but for mission-critical decisions, there is no substitute for quantitative methods and supporting data."

Unfortunately, using decision-support software to evaluate data often conjures up the unpleasant task of spending long, exhausting hours entering data into an Excel spreadsheet. If even one critical variable is omitted, the spreadsheet is subject to extensive modification. On the other hand, if the final spreadsheet is jammed with endless rows of data and columns of numbers, co-decision makers may be intimidated by so much information that they disregard the utility of the entire effort.

Friendly Models, Clear Decisions

"That won't happen with Analytica®," says Brown. He routinely demonstrates to his clients that this powerful, easy-to-use modeling tool from Lumina Decision Systems can scale mountains of data in hours instead of days, or even weeks. Brown produces Analytica models that are easy to understand and navigate. To the user, these models appear as a type of interactive flow chart called an influence diagram.

"Influence diagrams will help you manage your decisions just like a flight simulator helps pilots learn to fly. With a GUI front-end, you can play "what if" games with the input fields to your heart's content and see the immediate results of your

decisions."

Brown recently put Analytica to the test for one of his clients, The Staubach Company, a prominent real estate development firm with an office in Atlanta, GA. The firm's customer was struggling with a lease versus buy decision and had to choose between a number of commercial properties. Price, location, zoning restrictions, return on investment and many other factors had to be considered. Analytica's easy-to-understand models helped the customer see the financial impact of the variables and make the most profitable decision.

In a similar situation, The Staubach Company spent several months putting together a large presentation of background data and spreadsheets that filled two huge binders. Unfortunately, this large amount of data would have overwhelmed the customer. The developer called Brown and in only 20 hours he produced an easy-to-understand Analytica model that showed the customer how he could save \$15 million by choosing one real estate financing option over another.

Even more dramatic are the results of a project Brown conducted for a northeastern telephony company that wanted to know the capital costs and return on investment of delivering cable TV service over its existing fiberoptic cable network. Using Analytica, Brown built a complex predevelopment model that included 3,000 total variables and demonstrated the effects of a five-year development roll out.

"It took me nine hours. When I demonstrated the Analytica model, jaws dropped. The telephony engineers were literally tearing out their hair because they said it took them 13 months to construct a similar model in Excel. After the model was completed they discovered that they had inadvertently forgotten to integrate a sensitivity analysis. After all that work, they still weren't sure their models would propagate relationships properly," Brown notes with a smile.

Flexible, Easier to Use

"Without a doubt I have found Analytica to be the best tool for modeling and statistical analysis. Excel is so rigid. Every variable has to have a header, function, a logic table, and more. If you need statistical analysis, you can use a plug-in like

Crystal Ball, but that makes Excel even more cumbersome," explains Brown. "In comparison, Analytica uses a natural approach. It enables any level of user to follow the logic of a decision. It's as easy as looking at a road map. Plus, all of the computational data is transparent to the user, so it's much less intimidating."

Brown advises, "Executives who are hesitant about using decision support systems should consider Analytica. Literally thousands of scenarios can be simulated and analyzed simultaneously. Analytica is like a multidimensional spreadsheet, only much friendlier."

Analytica models help Brown's clients analyze numerous scenarios simultaneously to determine the probability of success or failure, the possible range of expected outcomes, and the sensitivity of sustained profit to key decisions in all areas. Even decisions that use criteria that are not easily quantifiable, i.e., customer satisfaction and loyalty, can be incorporated in Analytica.

Cross-Industry Applications Abound

In addition to building complex models of business, policy and engineering systems, Brown is expanding his practice to use Analytica models to help legal firms manage the risk of various types of litigation and to enable the health care industry to better evaluate hospital staffing requirements.

"With Analytica 2.0 and the new Analytica Decision Engine (ADE) I can build what is akin to small, scalable, dynamic ERP systems for fractions of the time and cost of such systems as BAAN, SAP, Oracle, PeopleSoft, etc. These models can be served to multiple, independent and simultaneous users over the Web without compromising the security of the underlying logic," Brown says.

He observes that once clients see the effects of uncertainty on payback and profit illustrated graphically as Analytica models, they become much less intimidated by the data, and ultimately, more profitable decision makers.

"The proof is in the profits," concludes Brown. "Analytica does all the work and the decision makers take all the credit for their keen insight."

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Modified 04/15/99