The 2016 Enterprise Analytics Study

Insights & Implications for Organizations Aspiring to be Analytically Driven

dun & bradstreet

FOREWORD

How analytically driven are you?

It's a question more and more organizations are asking themselves. In the past, the answer may have been as simple as recognizing you were collecting and using data to generate insights. But advances in technology and the complete digitization of business has created new opportunities for analytics professionals to completely transform business intelligence in ways previously unimaginable. Consequently, it's no longer so easy to answer the question posed above. That's why I was very excited to see the results of this study and better understand the state of analytics maturity across today's leading organizations.

As the research illustrates, organizations still have a long way to go before they simply say they are analytically driven versus those who clearly demonstrate they are driven by analytics. While it's encouraging to see companies embrace analytics in some shape or form, those who get it right will have a competitive advantage. I'm a firm believer that a truly analytically driven company must invest in people, data and technology, not to mention be on the same page as to what they want analytics to achieve. Whether you're using analytics for finance, marketing or supply, the entire enterprise must go all-in to win.

I hope you find the results of the study useful to better understand how your analytics function measures up.

Nipa Basu
Chief Analytics Officer
Dun & Bradstreet

INTRODUCTION

The adoption of analytics by organizations across the globe is accelerating, and with good reason. In today's complex business market, analytics can offer a competitive advantage by helping to identify growth opportunities, circumnavigate risk and improve customer relationships. And while businesses of all sizes understand the role analytics plays within the organization, most are unclear of the attributes that define an analytically driven enterprise.

Today's analytical practitioners—data scientists, mathematicians, modelers, etc.—are under immense pressure to drive meaningful business value from the vast amounts of data being collected everyday. But not all companies are setting them up for success. Everything—from priorities and resources to team structure and reporting—differs from organization to organization, and even from department to department.

In order for the analytics function to effectively deliver the types of insight that plays a critical role in the decision-making process, they must be able to share the information with the right people and make sure those in power recognize the value it holds for the enterprise as a whole. Ultimately, the analytically-driven enterprise is one where analytics is seamlessly woven into the fabric of the entire business.

To shed light on how companies perceive themselves to be analytically driven and better understand the challenges they are facing, Dun & Bradstreet surveyed a diverse cross-section of business professionals about their analytics strategy. What we uncovered is an analytics practice that shows tremendous promise but still needs time to evolve and mature to truly benefit the enterprise. A key finding was that, all too often, analytics lives in silos and is not being maximized for its full business potential.

We hope this insight into how your colleagues and peers are managing analytics provides a benchmark for you to measure where your organization stands on the path to being analytically driven. But most importantly, we want you to use this research to spark a dialogue with your teams about how you may improve the use of analytics across your enterprise.

73%
of analytic professionals claim to work for an analytically driven company

ONLY 42%
of companies have a strategy for using analytics across the enterprise

JUST 38%
of companies share results of their insights outside their department

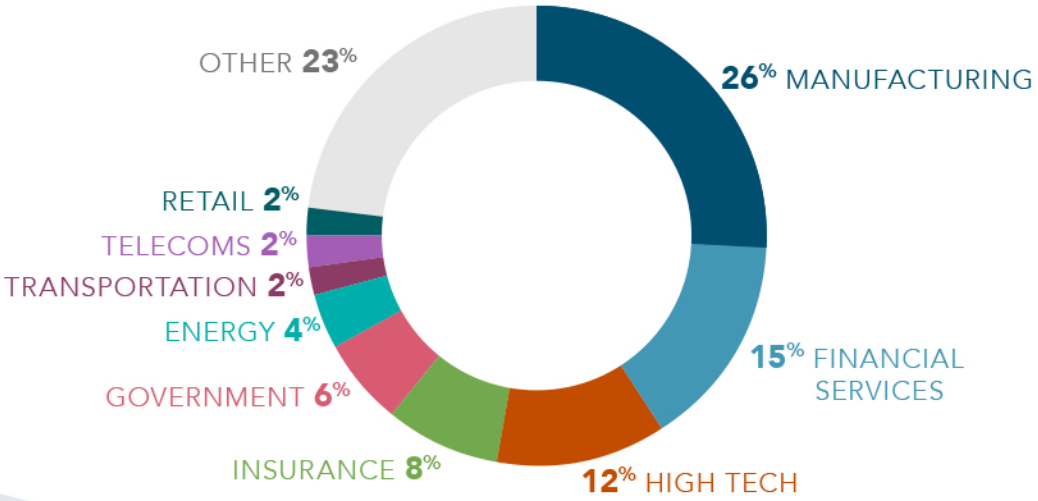
81%
of organizations rely on third parties for at least some portion of their analysis


Ultimately, the analytically driven
enterprise is one where analytics is
seamlessly woven into the fabric
of the entire business.

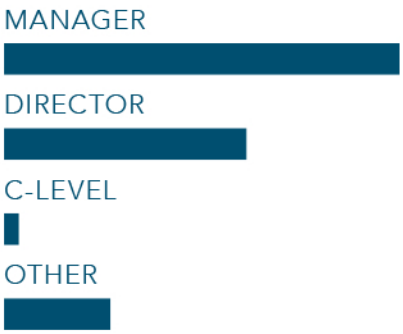
ABOUT THE SURVEY

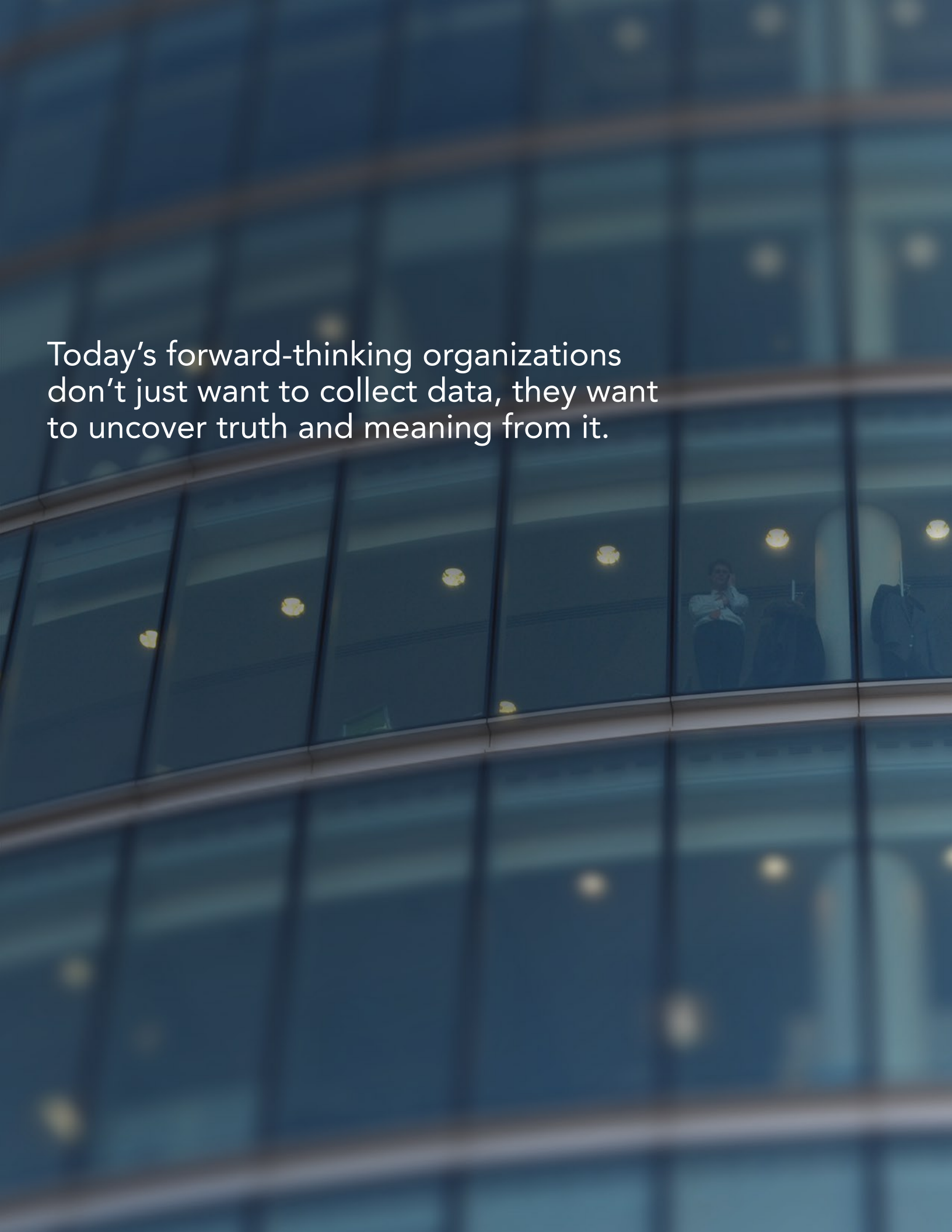
This report highlights the key findings from Dun & Bradstreet's survey of more than 100 business professionals who focus on analytics in their day-to-day job. As analytics influences every aspect of business, it was important for us to engage active stakeholders across a diverse cross-section of industries and verticals at all levels. Conducted via email over a three-week period in March 2016, the survey yielded responses from different departmental functions of varying sizes across several industries.

Industry Breakdown



Title Breakdown




Today’s forward-thinking organizations
don’t just want to collect data, they want
to uncover truth and meaning from it.

WHO'S IN?

Long before "big data" became a perennial buzzword within the corporate lexicon, a majority of business leaders recognized that data was the key to unlocking growth and driving revenue. Over the past decade or so, organizations have dedicated time and resources to collect as much data as possible. Today, the focus on data has begun to shift. The challenge is no longer about how to get more data, but how to make sense of what you have so it can be used as a competitive advantage to growing your business.

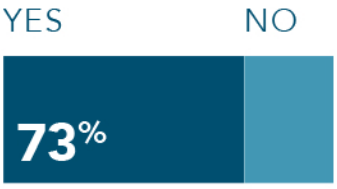
ENTER

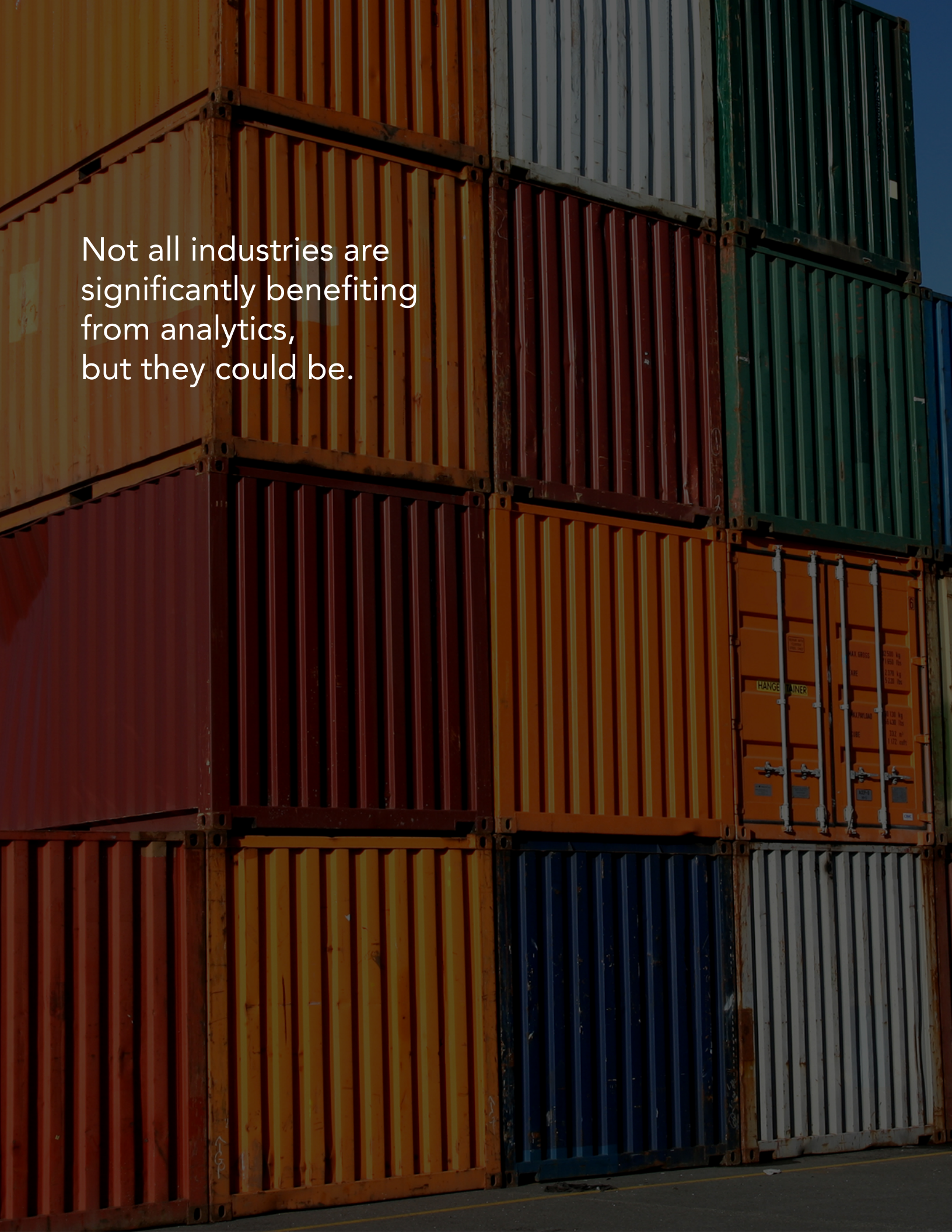
DATA ANALYTICS

Data analytics can help organizations extract meaningful insights and maximize the potential of data through a range of descriptive and predictive evidence. Therefore, today's forward-thinking organizations don't just want to collect data, they want to uncover truth and meaning from it. So we wondered, how many think of themselves this way?

Not surprisingly, almost two-thirds of responders consider themselves to be working for an analytically driven company, meaning they rely on data and insights to drive business decisions. We also wondered if the term analytically driven meant the same for one company as it did for another. The definitions we received all pointed to the same conclusion: data analytics is about creating actionable insights.

Do you consider yourself an analytically-driven organization?




Not all industries are
significantly benefiting
from analytics,
but they could be.

SO, WHO'S NOT IN?

Why are some companies not willing or ready to embrace analytics to drive business insights? When we look at the breakdown of those that answered no, we see the highest proportion (32%) comes from the manufacturing industry. This should come as no surprise when you look at external market trends.

ANALYTICS DIFFERS FROM INDUSTRY TO INDUSTRY

BUT IT SHOULDN'T

The definition of analytics for manufacturing differs from the traditional approach industries like finance and marketing have taken to uncover new insights. For some—like the finance sector, which was the largest industry to consider themselves analytically driven—insights derived from analytics comes from looking at the past to predict the future. Simply asking a question like "What did customer X do before?" may yield pretty reliable assessments that can help determine risk, weigh outcomes and quantify costs. But for other industries, like manufacturing, analytics can be more complex than simply observing historical behavior and signals to infer evocative business decisions. That is not to say industries like financial services cannot benefit from deeper analysis as well, but all too often executives drive their analytic teams to grasp "low-hanging fruit" and deliver insights that are easy to come by. Unfortunately, too many companies have this narrow view of data and what they can ask analytics to accomplish. Analytics should not just tell you what you want to know, it should present answers to questions you've never even thought of asking.

So while analytics may be working great for one area of the business, it's often not being used to its true potential elsewhere: which is likely why some respondents feel they are not analytically driven.

According to a 2013 KPMG study, "Many manufacturing executives (49% globally; 54% U.S.) admit that their companies currently do not have visibility of their supply chain beyond Tier 1 suppliers. Moreover, only 9% say they have complete visibility of their supply chains." Could advanced analytics help address this? Definitely. But with limited transparency into these relationships, it's no wonder the manufacturing sector feels less able to deliver analytically driven insights to decision makers.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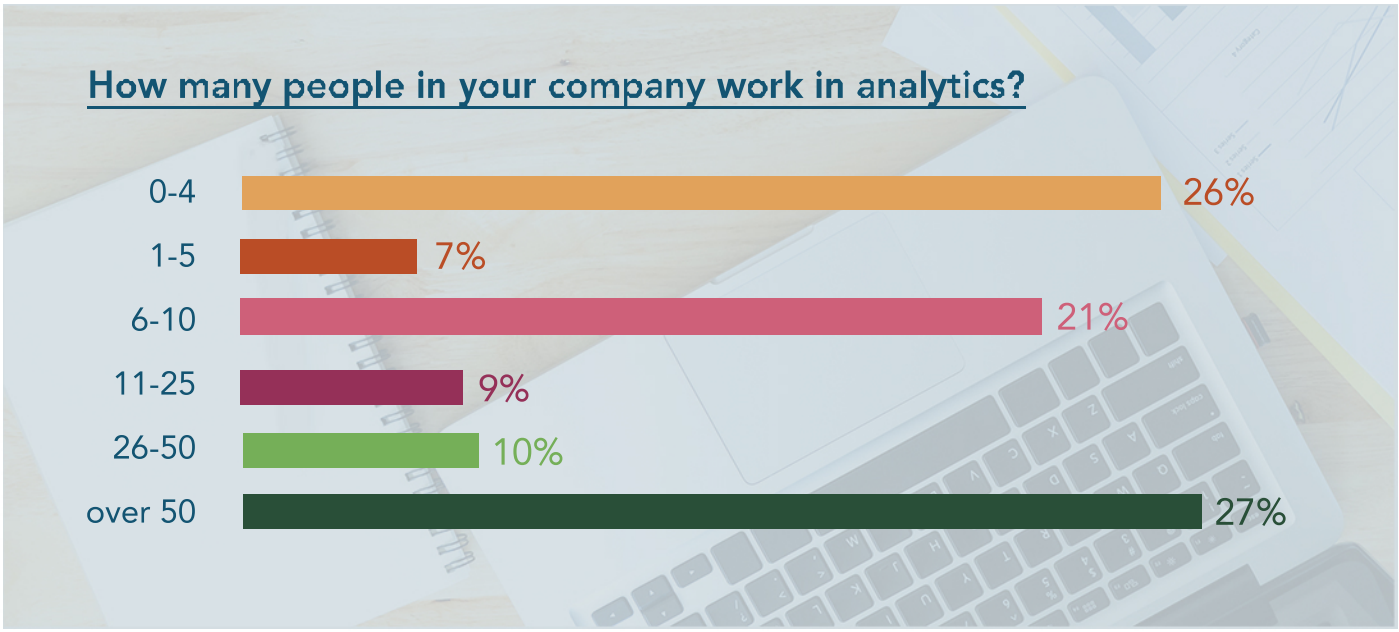
MODEL EMPLOYEES



Before any organization can reach analytics nirvana, they need to have access to a wide range of internal and external analytical resources. That means working with the right partners and employing a diverse team of quantitative professionals dedicated to driving analysis and formulating theories to help improve business performance across the enterprise.

In terms of resources devoted toward analytics, it seems to be an all-or-nothing approach with the majority of respondents claiming to either have only 0-4 individuals on their analytics team (26%), or claiming to be part of a team of more than 50 (27%).

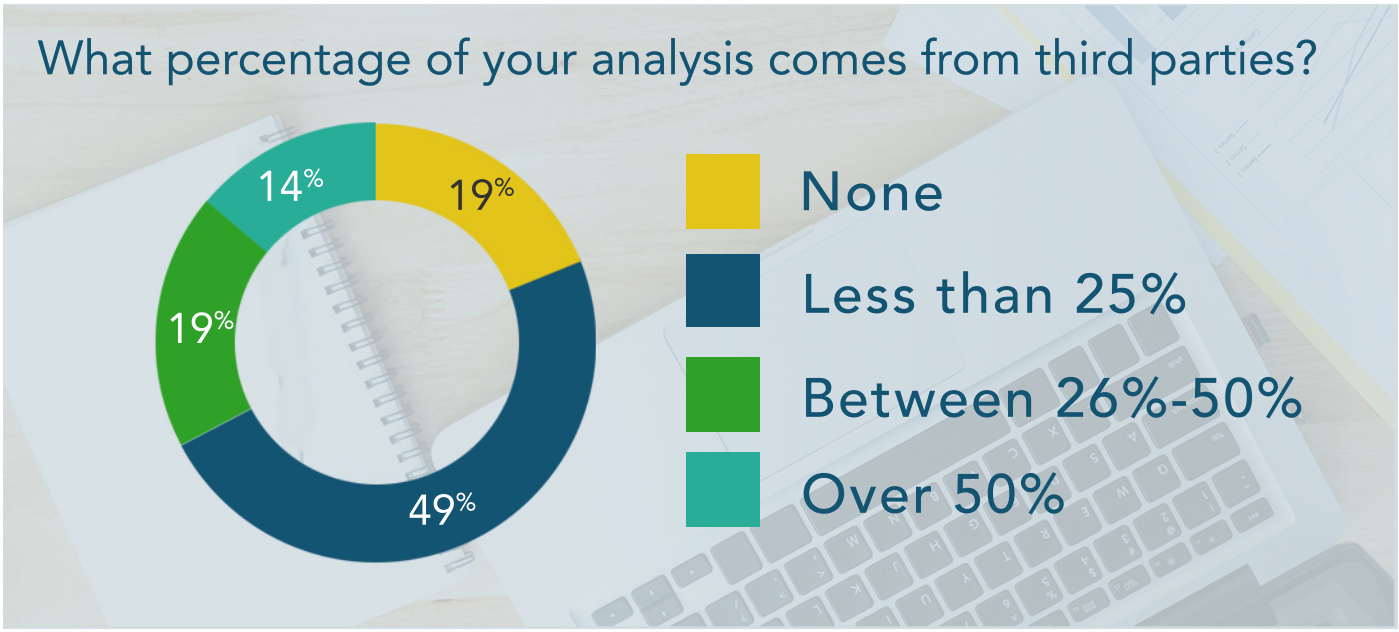
The large disparity between headcount is interesting as it clearly shows some organizations prioritize the analytics function more than others. Expectedly, financial services topped the list of those saying their teams numbered more than 50, (27%), while manufacturing was the dominant industry to say their teams had 0-4, (39%); no wonder they were the highest group claiming not to be analytically-driven.

For analytics, it seems that size does matter. Teams with less than four people were less likely to consider themselves analytically driven than those with greater headcount.

Despite the difference in size of the teams, half (50%) of those surveyed said their companies currently create and deploy statistical models, while 56% claimed to be primarily responsible for the creation or analysis of these models.

Today's analytically-driven organization needs to go "all in" with analytics professionals who can master the art and science of analytical modeling.

LOOKING OUTSIDE FOR INSIGHT



So what are the other half doing if not developing insights to help drive better outcomes? Analytical modeling is the key to predicting outcomes to business decisions and represents the lifeblood of any modern analytics function. Just giving reports with numbers doesn't help. But, with some external research indicating that 80-85% of business executives who claim to understand analytics actually don't, they might be satisfied employing a bunch of statisticians who can simply crunch numbers. But that only gets you so far. Today's analytically driven organization needs to be "all in" with analytics professionals who can master the art and science of analytical modeling.

In the meantime, organizations need to look elsewhere for some level of support to meet their desired goals. Whether it's getting more data to enrich what is already on hand, or looking for external analysis that can help steer them to better outcomes, we're seeing third parties play a role in their day-to-day operations.

Whether the team is small or large, there is at least some reliance on third parties for analysis, with 81% of responders claiming at least a portion of their analysis comes from third parties, though it is not much. Only 14% said more than half of their analysis was from third parties.

There's a need for help to get at greater problems that cannot be wholly addressed simply by looking at data through a narrow lens of what already exists and had been collected.

LOOKING OUTSIDE FOR INSIGHT

Because organizations have diverse goals and objectives, there are different levels of complexity each analytics function must tackle. In many cases it's not about the capability of the team, it's about the capacity of the team. No matter how sophisticated and large the team may be, they don't want to spend their time and resources solving the analytics problem, they want to solve their business problem. This is where many third party resources come in; to help them form insights from truly complex scenarios.

While not all organizations rely entirely on third parties for general analysis, there are some areas where third parties are seen as adding value that cannot be met internally including understanding supplier risk (30%), which happens to be the area that responders identified as being least mature, identifying new market opportunities (28%), defining potential customers (28%), and help processing unstructured data (26%). Machine learning (7%) was on the bottom of the list of areas where organizations would be interested in going outside for help.

Again, the recurring theme we are seeing is a need for help to get at greater problems that cannot be wholly addressed simply by looking at data through a narrow lens of what already exists and had been collected. There is a demand to gain a deeper understanding from data that is not always known or readily available, as well as a desire to seek help to form insights that the existing team may not necessarily be set up to generate.

The acknowledgement that not everything can be met with internal resources alone, is a step in the right direction for an analytically driven organization.

Which of the following areas would you want to explore that cannot be met with your internal resources?

30%
Supplier risk

28%
Location analytics/new market opportunities

28%
Define sales territories & high value customers

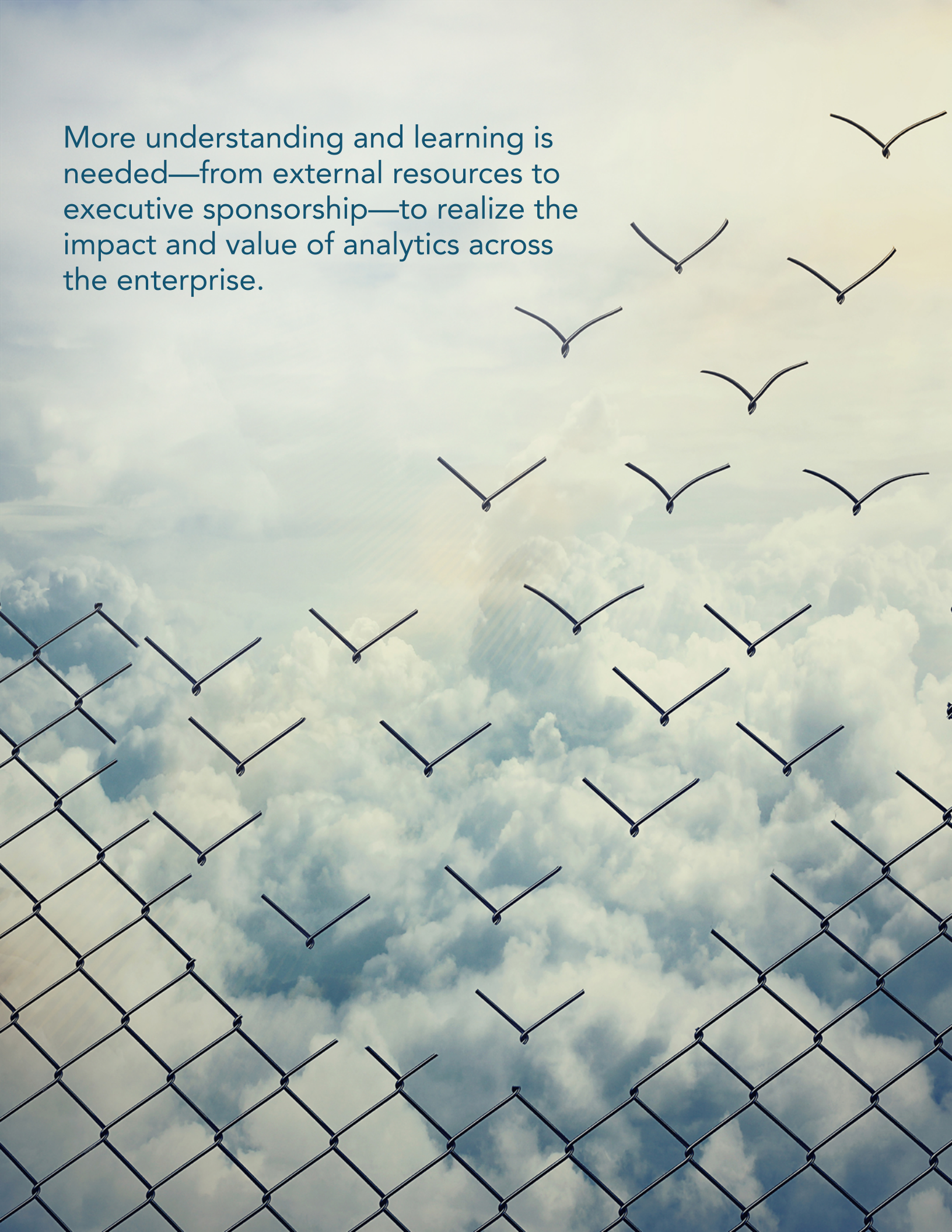
26%
Unstructured data insights

17%
New product opportunities

15%
Lead scoring & targeting

7%
Machine learning

More understanding and learning is needed—from external resources to executive sponsorship—to realize the impact and value of analytics across the enterprise.



STRENGTHS & WEAKNESSES

As we have seen so far, most organizations are investing in analytics in some form or another. But while the majority of companies believe analytics is an important part of their business, the level of analytic maturity ranges from high (analytics to manage financial risk, 72%) to low (analytics to determine supplier strategy, 13%).

Again, we see areas where analytics can possibly be derived through conventional descriptive and diagnostic analysis, such as the insights often gleaned to assess financial risk (who has not paid in the past, what behaviors were observed, etc.,) as well as the use of business intelligence tools (applications designed to retrieve, analyze and comprehend data) as being considered the most established analytical practices. These are examples of foundational types of analytics that every company should be familiar with when getting started, so it is no surprise they rank highest on the maturity scale.

Meanwhile, more complex types of analysis, like being able to determine supplier strategy, often requires deeper layers of data and a very strong analytical acumen to form actionable insights.

Organizations without maturity across all areas of analytics will be slow to fully capitalize on the full potential of analytics. More understanding and learning is needed—from resources to executive sponsorship—to realize the impact and value of analytics across the enterprise. It is safe to say that most organizations still have a long way to go before being truly analytically driven. From internal structure and alignment to analytics maturity and proficiency, the analytics practice will continue to evolve and develop.

In which areas of analytics is your company mature?

72%
Analytics to manage financial risk

52%
Use of business intelligence tools

39%
Use of analytics to define target segments of marketing

34%
Analytics to regulate compliance

28%
Use of analytics to determine product offerings

26%
Use of data visualization tools

13%
Analytics to determine supplier strategy

The goal of any successful analytics function should be providing an enterprise-wide, 360-degree view of the data and its implications for the business.

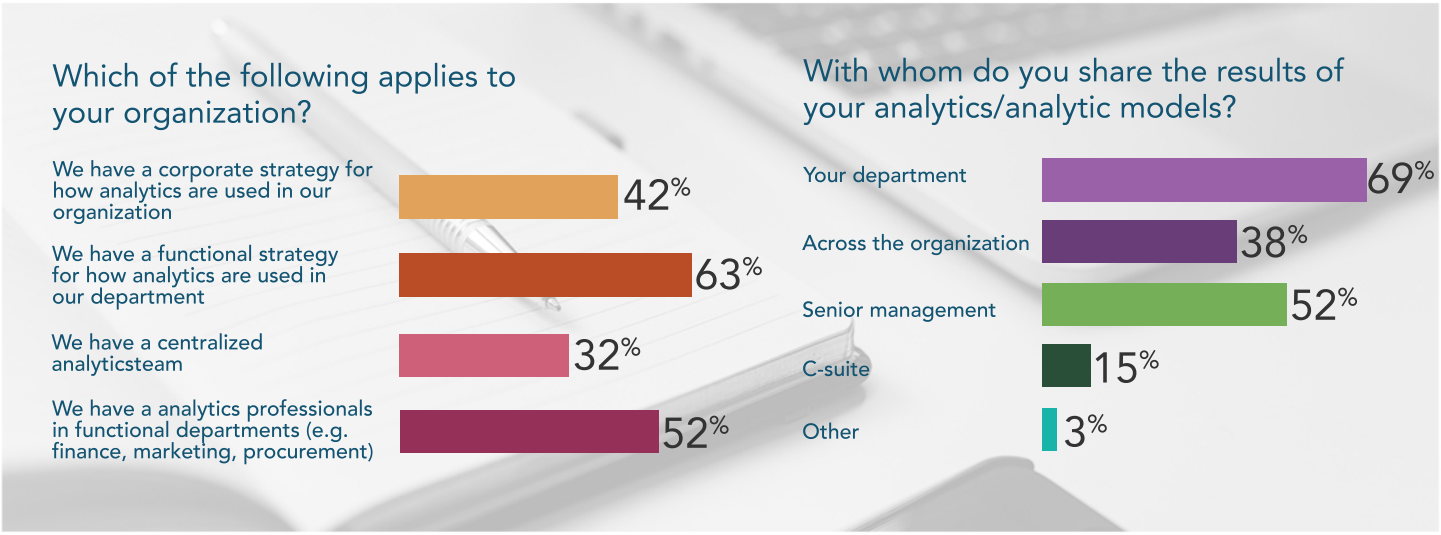
SILOED INSIGHTS

One of the biggest challenges we see facing today's analytics function is the ability to effectively use analytics to drive insights across the enterprise. A number of the responses to our questions indicate that companies who consider themselves analytically driven are, in fact, operating in silos.

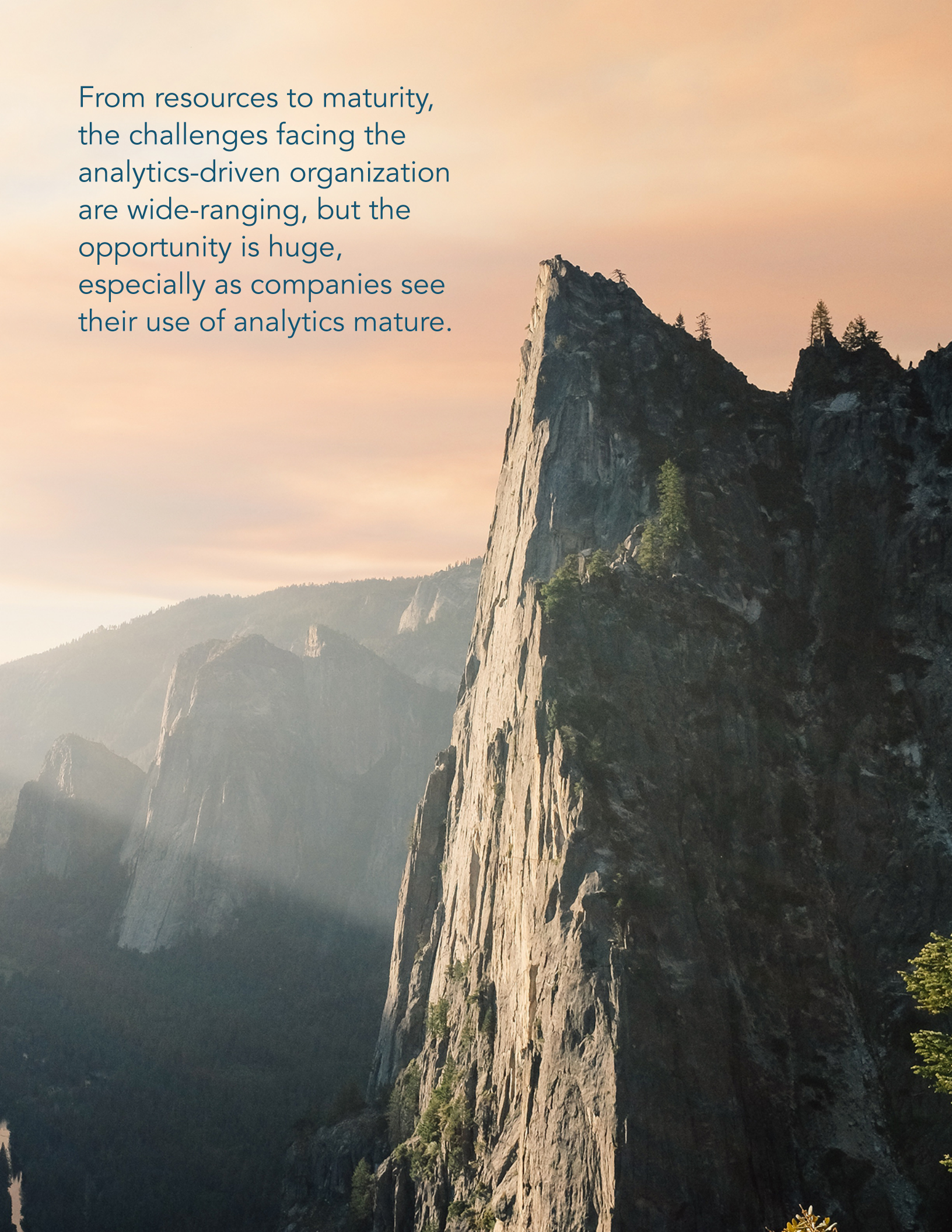
Less than half of companies (42%) have a corporate strategy for how analytics is used throughout the organization. And while a decent amount of these teams are at least arranged to support their respective department, what good does it do if other departments are not looped in to these insights? The goal of any successful analytics function should be providing an enterprise-wide, 360-degree view of the data and its implications for the business.

Regrettably, there is a lot of room for improvement in this area. Not only are teams not structured for seamless insight distribution, a majority (69%) of responders said they share the results of their analytics within their department versus across the organization (38%).

Like the challenge often seen with data, silos are the biggest obstacle to analytics success. Therefore, it is critical to partner with cross-functional departments. Whether it's sales, marketing, finance, etc., tying the business value that analytics can drive to their specific goals will help foster a better working relationship. These teams need to feel they are being included in the analytics story. At the end of the day, analytics is only as good as the data you have and how you implement it to address your business goals; analytics must be leveraged across the enteprise.



From resources to maturity, the challenges facing the analytics-driven organization are wide-ranging, but the opportunity is huge, especially as companies see their use of analytics mature.



CONCLUSION

Data analytics has clearly reached a tipping point. As the results of this study illustrate, a majority of organizations claim to be analytically driven, though there is still ambiguity in how analytics is leveraged and disseminated across the enterprise. In defining the term, it is apparent everyone agrees that analytics is key to guiding the organization in the right direction in terms of maximizing revenue—whether it is identifying new opportunities or pointing to costly risk. But it seems many companies have only scratched the surface of what analytics is capable of delivering.

From resources to maturity, the challenges facing the analytics-driven organization are wide-ranging, but the opportunity is huge, especially as companies see their use of analytics mature.

THE ANALYTICALLY DRIVEN ENTERPRISE CHECKLIST

How Does Your Organization Compare?

Throughout the survey we've seen common challenges and obstacles that are prohibiting analytics to flourish across the enterprise. Take a look at some of these common inhibitors and see if these are areas stopping you from becoming analytically driven.

Talk to your colleagues and see if you are able to cross off the following challenges on your journey to becoming analytically-driven. Give yourself 20 points for each obstacle overcome.

- [ ] Do you have the right team and resources to succeed?
- [ ] Do you have access to tools to derive impactful business decisions?
- [ ] Can you utilize data to predict what will happen and not what did happen?
- [ ] Are you structured to swiftly share insights across the enterprise?
- [ ] Do you have the right data to answer all of your questions?

20 Points = Code Red
40 Points = Life Support
60 Points = Functional
80 Points = Thriving
100 Points = Exceptional

Contact us to learn how we can help you on your path to becoming an analytically driven organization.

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