Data Analytics - Becoming an analytics-driven organization

Organizations are under constant pressure to increase their growth year on year, consequently challenging board level executives to find new ways to deliver. Digitization has led to an explosion of new data and this is becoming an invaluable tool for boosting growth as analytics-driven businesses are able to understand their customers better, improve products and services, and optimize the management of existing data. The vast benefits of integrating data analytics are now widely known, but how do organizations overcome the challenges of implementation to unlock/untap the potential of their data?

This was discussed in an exclusive “i-Lab” think tank session at the 2015 EY Strategic Growth Forum™ in Rome, Italy. Here, a select group of successful entrepreneurs, market leading CEOs and and government leaders shared details about the new advances that analytics is bringing to areas as diverse as airline safety and health care. They also looked at some of the problems involved in trying to get value from data, and at how businesses can make the most of the digital revolution. Here are some of their key insights:

Focus on the business problem, not the data
It can be difficult to see how to translate data into action. The answer is to focus your thinking on real life problems, not on the processing of data.
It is important to remember that businesses do not have big data problems. They have problems with their products, their pricing and their risk or compliance – problems with which big data can help.
Businesses must focus on finding out the issues on which analytics can provide more and better insight that will lead to a solution to the problem. This process should start with identifying what it is that currently “hurts” the business the most.

Ideally, get the analytics team to report to the CEO …
For most companies, the ideal situation would be for the analytics team to report directly to the CEO. Analytics is a whole-of-business issue, so it makes sense for it to be under the C-suite member with responsibility for the whole business.
Getting that whole-of-business perspective is crucial to making sure that the organization itself does not stand in the way of progress. At the moment, businesses are rejecting solutions to pressing problems because the solutions do not fit the organizational structure.

… but consider embedding analytics with the CFO or CMO first
However, it can be a good idea for analytics to initially report into the CFO. This does mean that there is likely to be more of a focus on efficiency projects than growth projects.
But the CFO is most often someone with the resources and authority to get projects approved and done. And success with efficiency projects can be a good way to get analytics embedded in the organization and prove the value of it.
And because much of analytics is about understanding the customer and serving them better, it can also be a good option to start with your analytics function reporting to the CMO.

Do not underestimate the downside of digital developments
While the possibilities offered by digital are limitles, they will only be secured by those who take the risks seriously.
The potential damage to corporate reputation – and to corporate finances – from cybercrime and from employees’ misuse of data and social media cannot be ignored.
For example, consider the new EU suggestion for legislation that threatens companies with fines of up to 5% of their global revenue for data misuse.
To counteract these threats, it is vital to increase awareness within your organization of the risks and of safe practice.

Understand that analytics is not only IT, and invest accordingly
When carrying out projects, IT is expected to achieve a high success rate. But your analytics team must be allowed to fail. If they are not failing enough, they are probably not pushing hard enough.
Analytics is not just IT. It is a wholly new discipline that needs people who understand data, and who understand what problems can be solved by using data and modelling. This is not expertise that can be developed overnight. So businesses must invest in training to ensure that they get the analytics capabilities they need, and change the way they recognize and solve problems.

The iLab C-level roundtable discussion was facilitated by Drazen Nikolic, EMEIA Advisory center lead Partner for Enterprise Intelligence, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Germany

EYG no. CY0911