

IBM Institute for Business Value

Analytics: The speed advantage

Why data-driven organizations are winning the race in today's marketplace



Overview

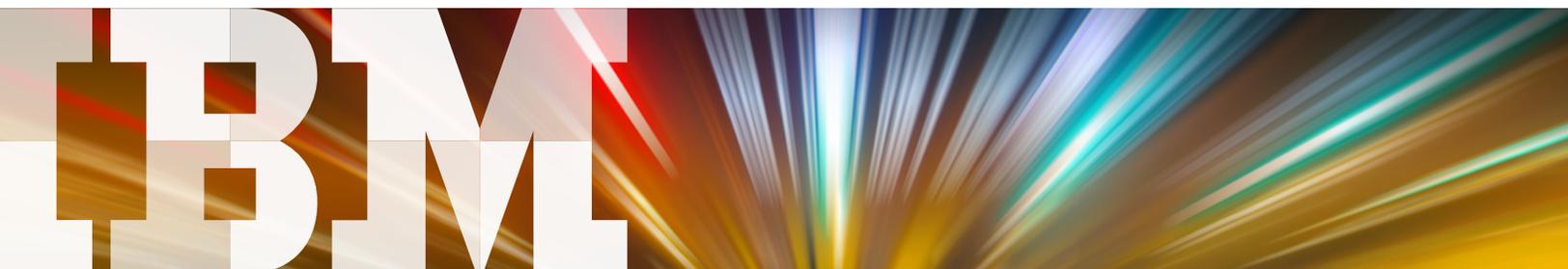
In 2014, several important shifts occurred in the world of big data—shifts that business executives around the globe cannot afford to ignore. The most significant shift is that velocity is now the competitive differentiator for big data. Our sixth annual analytics study reveals a group of organizations differentiating themselves with speed-driven data and analytics practices that significantly impact business performance and competitive position. To compete in today's digitally infused marketplace, other organizations need to emulate these outperformers by acquiring, analyzing and acting on data with a focus on speed to action.

Capabilities that enable an organization to quickly move from raw data to insight-driven actions are now the key differentiator to creating value through analytics. In addition to this focus on speed, our 2014 analytics survey of more than 1,000 business and IT executives reveals four transformative shifts affecting the fast-paced digital marketplace:

Shift 1: A solid majority of organizations are now realizing a return on their big data investments within a year: Most organizations (63 percent) realize a positive return on their analytic investments within one year and 26 percent within six months. This marks the start of a trend toward positive returns, with a 10 percent year-to-year uptick over the 57 percent that reported a return within a year in 2013.¹

Shift 2: Customer centricity still dominates analytics activities, but organizations are increasingly targeting operational challenges: In more than half of the organizations, executives are demanding data insights primarily to create stronger relationships with customers. However, 40 percent are focusing on operational objectives, a significant increase from only 25 percent in 2013.²

Shift 3: Integrating digital capabilities into business processes is transforming organizations: Close to a majority of organizations are re-inventing business processes by integrating digital capabilities, helping create the agility, flexibility and precision that enable new growth.



Shift 4: The value driver for big data has shifted from volume to velocity:

Organizations using big data technologies broadly throughout their business functions are creating the greatest impacts on business performance. And respondents from almost of all the 67 countries represented in our survey anticipate the demand for data-driven insights will accelerate in the next 12–18 months.

The need for speed

Given this shift toward speed, we sought to identify the organizations most capable of delivering and consuming insights quickly. We identified four distinct groups: 1) **Front Runners** (10 percent of respondents) are data-driven organizations using analytics to drive business processes within most business functions. 2) **Joggers** (14 percent) primarily use analytics to automate and optimize operations, but do not use analytics pervasively. 3) **The Pack** (45 percent) includes analytically minded organizations using analytics to drive or inform some business processes within multiple business functions. 4) **Spectators** (31 percent) use only the bare minimum of analytics within business processes, yet have aspirations—often unrealistic—to increase capabilities in the near future.

To better understand these clusters, we plotted them on a speed-to-action matrix. The horizontal axis represents the pervasiveness of analytics usage, an indication of the breadth of analytics usage within the organization. The vertical axis represents the technical capabilities to support analytics. At the intersection of “pervasiveness” and “technical capabilities,” we find an organization’s analytic speed-to-action level (see Figure 1).

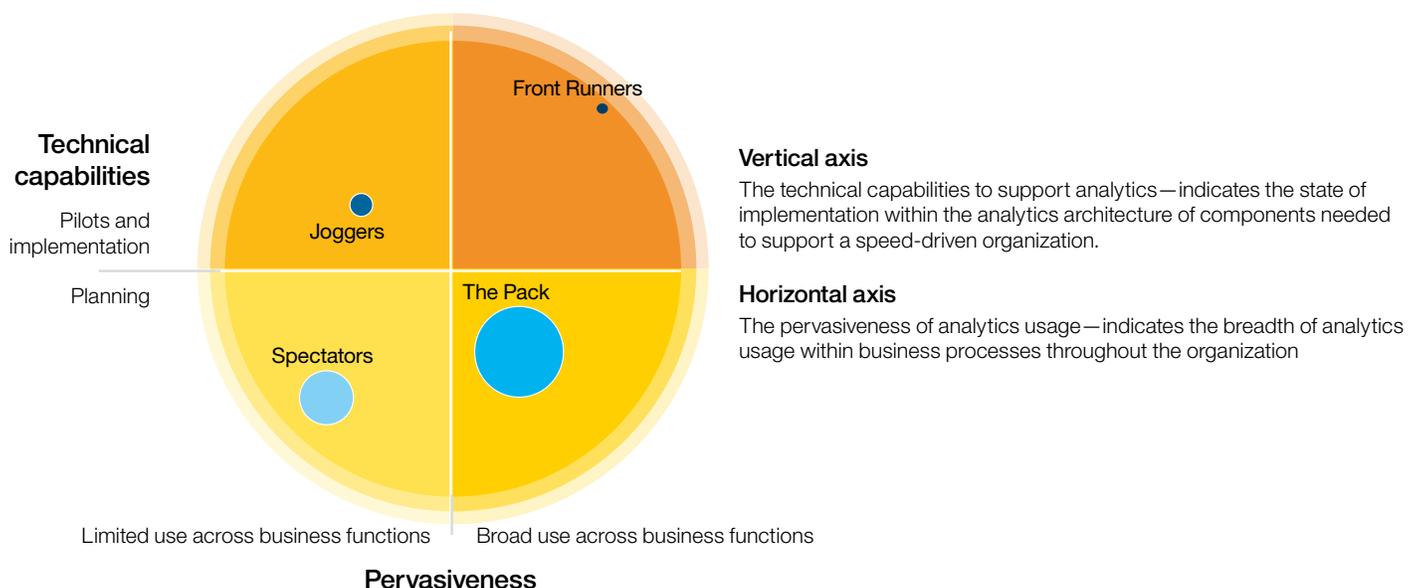


Figure 1: Organizations align to four clusters based on their readiness to manage data and analytics at speed.

Source: IBM Institute for Business Value 2014 Analytics Study, n= 1086.

Key Contacts

Glenn Finch
glenn.f.finch@us.ibm.com

Steven Davidson
steven.davidson@hk1.ibm.com

Christian Kirschniak
kirschniak@de.ibm.com

Marcio Weikersheimer
mweiker@br.ibm.com

Cathy Rodenbeck
croden@us.ibm.com

Rebecca Shockley
rshock@us.ibm.com

To read the full version of this paper, visit ibm.biz/2014analytics

Follow @IBMIBV on Twitter, and for a full catalog of our research or to subscribe to our monthly newsletter, visit: ibm.com/iibv

Access IBM Institute for Business Value executive reports on your tablet by downloading the free “IBM IBV” app for iPad or Android from your app store.

Most able to meet the need for speed are Front Runners, and they are creating significant business value, with 69 percent reporting a significant impact on business outcomes. Front Runners are piloting and implementing technologies to support speed-accelerating capabilities throughout the analytics lifecycle, and we believe others should follow their lead. To acquire the capabilities needed to become a speed-driven organization, we suggest organizations focus on the key stages of the analytics lifecycle:

- *Acquire*: Source and manage data more quickly by blending traditional data infrastructure components with newer big data components.
- *Analyze*: Focus on analyzing the data and identifying the insights most likely to create a positive business impact.
- *Act*: Use the insights derived from data to create value for the organization.

Conclusion

Our research clearly reveals that the speed at which an organization is able to transform raw data into insight-driven actions is the key differentiator in creating value from data and analytics today. In the realm of big data, the “winners” are those that manage the data deluge and turn it into value-generating insights ahead of the competition. These organizations are dedicated to the speed advantage, a competitive strategy that enables the rapid acquisition and analysis of data to create agile, precise moves in the marketplace.

How can IBM help?

The goal of virtually every organization is to make better business decisions. As a result, you need to apply the power of big data & analytics at all points of impact—every decision, no matter how big or small; every interaction, in person or interactively; and every process, to decide what the next course of action should be. IBM is the most experienced partner to help you.

- **IBM—plus its network of partners**—bring unmatched industry and domain experience to help you forge your big data and analytics strategy and roadmap. We take an outcomes-driven approach that prioritizes high-impact initiatives to help you outperform your peers.
 - **IBM provides the capability** to bring the big data and analytics platform and your IT infrastructure into powerful alignment. We support the full spectrum of data types, decision types and business opportunities to help you infuse analytics everywhere. You can start small and scale at your pace.
 - **IBM helps you develop** the governance, policies and data security to deal confidently with data. And it provides the systems, storage and cloud-based infrastructure required to deliver a secure, agile, efficient big data and analytics environment.
-



© Copyright IBM Corporation 2014

IBM Global Services
Route 100
Somers, NY 10589
U.S.A.

Produced in the United States of America
November 2014
All Rights Reserved

IBM, the IBM logo and ibm.com are trademarks or registered trademarks of International Business Machines Corporation in the United States, other countries, or both. If these and other IBM trademarked terms are marked on their first occurrence in this information with a trademark symbol (® or ™), these symbols indicate U.S. registered or common law trademarks owned by IBM at the time this information was published. Such trademarks may also be registered or common law trademarks in other countries. A current list of IBM trademarks is available on the Web at “Copyright and trademark information” at ibm.com/legal/copytrade.shtml

Other company, product and service names may be trademarks or service marks of others.

References in this publication to IBM products and services do not imply that IBM intends to make them available in all countries in which IBM operates.

This report is intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgment. IBM shall not be responsible for any loss whatsoever sustained by any organization or person who relies on this publication.

The data used in this report may be derived from third-party sources and IBM does not independently verify, validate or audit such data. The results from the use of such data are provided on an “as is” basis and IBM makes no representations or warranties, express or implied.

References

- 1 Balboni, Fred, Glenn Finch, Cathy Rodenbeck Reese and Rebecca Shockley. “Analytics: A blueprint for value, Converting big data and analytics insights into results.” IBM Institute for Business Value. October 2013.
- 2 Ibid.



Please Recycle