Smarter Planet Perspectives

The New Path to Value: Business Analytics and Optimization
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Analytics the new path to value

- Welcome and Opening Remarks
- Client and IBM Case Studies
- Client Panel and Group Discussion
- Closing Remarks
Organizations are challenged with how to innovate for differentiation, grow revenues and reduce costs.

Primary Business Challenges

- Innovating to achieve competitive differentiation: 60%
- Growing revenue: 50%
- Reducing costs and increasing efficiencies: 46%
- Profitably acquiring and retaining customers: 44%
- Increasing operating speed and adaptability: 35%
- Managing regulatory compliance: 14%
- Managing risk or reducing fraud: 10%

Source: Analytics: The New Path to Value, a joint MIT Sloan Management Review and IBM Institute for Business Value study (c) Massachusetts Institute of Technology © 2011 International Business Machines Corporation
Why analytics matter

**Eight out of ten CEOs** expect complexity to increase significantly in the next five years; insight and intelligence is ranked a top 3 priority.

– CEO study 2010

Financial outperformers are **64% more likely** to use analytics to evaluate talent supply and demand on an ongoing basis.

– CHRO study 2010

Enterprises that apply advanced analytics have **33% more revenue growth and 12X more profit growth**.

– CFO study 2010

CIOs rank analytics as the **#1 factor** contributing to an organization’s competitiveness.

– CIO study 2009

Top-performing enterprises use business analytics **5 times more than lower performers**.

– 2010 joint study, MIT and IBM Institute for Business Value
Analytics demand is driven by five key areas

Enhance Customer Understanding to Enable Profitable Growth
- Customer Churn
- Marketing Spend
- Sales Productivity

Drive Real-Time Decision Optimization
- Trading Advantage
- Fraud Protection
- Health Monitoring

Foster Informed / Collaborative Decision making
- Customer Service
- Channel Management
- Loan Origination

Enable Enterprise and Operational Visibility
- Risk Management
- Demand Visibility
- Strategy Alignment

Building a Strategic Information Management Foundation
- Real-time / Trusted Information
- Single View of the Customer

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"New path to value" five common characteristics of high performers

**Insight 1:**
Focus on the biggest and highest value opportunities

**Insight 2:**
Within each opportunity, start with questions, not data

**Insight 3:**
Embed insights to drive actions and deliver value

**Insight 4:**
Keep existing capabilities while adding new ones

**Insight 5:**
Use an information agenda to plan for the future
Client Presentations

- **Wes Hunt**  
  Vice President, Customer Analytics, Information and Capabilities *Nationwide Mutual Insurance Company*

- **John Macllwaine**  
  Head, Global Development  
  *Visa Inc.*

- **Paul Scorza**  
  Vice President, Finance, Incentives, Supply Chain and Technical Support Transformation  
  *IBM*