

Cultivating high performance through information management

Findings from the Accenture CIO survey 2007:
Business intelligence



Information
Management
Services

In a recent Accenture survey, CIOs acknowledge that business intelligence is the cornerstone to achieving competitive differentiation. Yet survey responses point to a gap between where organizations are today and where they aim to be in three years' time. How can CIOs bring together action and aspiration to position their organizations to achieve high performance?

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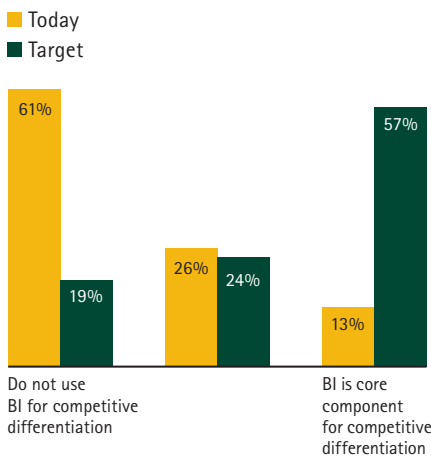
In 2007, Accenture undertook a global survey of 162 chief information officers¹ in North America and Europe across a wide range of industries. We asked them a series of questions on the topic of information management including business intelligence capabilities. We found:

The desire for competitive differentiation

Although CIOs believe business intelligence achieves competitive differentiation, they are not employing this capability today.

Our survey found that more than 57 percent of CIOs want to position business intelligence as a core component for competitive differentiation in three years, but they have some way to go—60 percent of survey respondents admit that they do not use business intelligence for competitive differentiation today (see Figure 1).

Figure 1: Using business intelligence for competitive differentiation



Accenture believes—and our research corroborates²—that there is huge potential growth for organizations that want to improve their competitive positioning through business intelligence. Respondents also believe competitive differentiation can be achieved through:

- integrated enterprise data (chosen by 52 percent of respondents)
- engaging business users (selected by 46 percent of respondents)
- analytical applications (identified by 44 percent of respondents).

What is more, respondents from both North America and Europe are expecting to shift out of the silos to embrace enterprise-wide analytics in the future. Although 78 percent say their analytics are somewhat in silos or at basic reporting level today, 76.5 percent are targeting enterprise-wide integration in three years.

These responses support Accenture's own experience in the marketplace—organizations need to employ a program that strongly integrates their data and engages business users to drive forward their business intelligence capabilities as part of a broader information management strategy. Indeed, our survey finds executives are choosing to see information as an organization-wide discipline, one where data is fully integrated across the enterprise, which takes into account all types of data and gives greater access to users. More than 75 percent of respondents say they want to develop an overall information management strategy in the next three years.

CIOs realize that a combination of both business and IT factors drive change and optimize strategic investments.

Business intelligence plays a dual role in any organization. Organizations may apply business intelligence to be more efficient and effective in their business operations while trying to position

themselves competitively to generate demand. When we asked our survey respondents what were the most likely causes for changing how business intelligence is used in their organizations, CIOs were clearly thinking of greater efficiencies when they selected "cost savings or avoidance" (chosen by 55 percent of respondents) but at the same time, respondents are choosing to apply business intelligence as a means to be more competitive, with 54 percent of them identifying "customer service/relations improvement" and 50 percent selecting "capability to respond quickly to market situations" as the main drivers for change. Underlying the business benefits, 48 percent of CIOs indicated the importance of "enterprise data strategy and data governance" to enable business intelligence by ranking this option third in the list of change drivers.

The business intelligence challenge

Making the shift from siloed to enterprise-wide integration is hampered by lack of investment and realization of business value rather than technology.

When we asked respondents to rank the top three obstacles to changing how business intelligence is used in their organization (where 1 was the highest obstacle), funding was at the top of the list (see Figure 2). Accenture believes this may be explained by the fact that business intelligence has evolved from a departmental level to an enterprise capability, with the process to obtain funding and sponsorship more complex and requiring the buy-in of multiple stakeholders.

Technology is the least of all concerns for both North America and Europe. This response is not surprising since business intelligence tools are far more mature and organizations have been consolidating their vendors to support this area.

¹ Defined as the senior decision-making executive in the IT organization.

² Source: Jeanne G. Harris "New Growth from Enterprise Systems: Achieving High Performance Using Information and Analytics to Improve Decision Making," Accenture 2006.

Accenture believes that integrated enterprise data requires both the prioritization and strategic direction from the business and governance and stewardship to manage and maintain it. In this respect, while our survey respondents seem to have a good grasp of what is necessary to achieve their information management goals, they are not necessarily converting knowledge into practical solutions.

Demand for skills: Supply is meeting the demand for skills but CIOs believe their need for business intelligence and data warehousing skills will increase.

More than 60 percent of organizations feel that they are in the middle ground of meeting the demand for skills currently and 70 percent feel they will be in this position in three years. However, handling shortages in demand varies by geography. In North America, 94 percent of CIOs say they plan to meet demand by using either outsourced skills or systems integrators, whereas in Europe, they are twice as likely as North America to create business intelligence competency centers with deep skills and standard approaches to support the growing demand (34 percent versus 17 percent).

The adaptive enterprise

Organizations recognize that to be ahead of the game they need more valuable insights from sophisticated analytics that enable them to adapt and respond.

As referenced earlier, when we asked companies where they are today and where they want to be with respect to their use of business intelligence, there is a significant increase in the percentage of organizations moving from basic or siloed analytics to enterprise-wide analytics—for North America a 233 percent increase and for Europe a 267 percent increase. This kind of increase is very much in line with earlier studies Accenture has undertaken around next generation analytics capabilities.

In 2006, we found a strong trend toward organizations becoming more analytical, with nearly half (47 percent) of respondents believing their analytical capabilities were above average, a 150 percent increase over the 2002 survey findings³. This same research also showed a powerful link between organizations with pronounced analytical orientations and market out-performance. Analytics was one of the most consistent differences between high and low performers—65 percent of high performers said they had significant decision-support/analytical capabilities compared to 23 percent of low performers.

Predictive monitoring avoids bus breakdowns

Bus fleet operators Metro St. Louis partnered with Accenture to develop a pioneering system known as predictive monitoring. In a pilot project aimed at forecasting bus equipment failures before they occur, Metro St. Louis used sensors and statistical analysis.

As a result, the system identified deviations and operating anomalies in the engines and transmissions. In addition to reducing vehicle failures and maintenance expenses, predictive monitoring also extends vehicle life by customizing, for each vehicle, the intervals between scheduled maintenance and overhauls. Similar technology has shown exceptional results in other industries, including power generation, aviation and chemicals.

Figure 2: Rank the top 3 obstacles to changing how business intelligence is used in your organization

| Obstacles |
|-------------------------|
| Funding |
| Competing initiatives |
| Data quality |
| Data security |
| Governance |
| Business case and value |
| Business sponsorship |
| Technology |

As we have seen from our latest survey, organizations are prepared to acknowledge that issues exist around their current understanding, maintenance and management of data. More sophisticated business intelligence and data democratization may well be the savior for organizations wanting to get ahead of the game, as valuable insights allow them to adapt and respond. Accenture believes that the marketplace will see an increased demand for individuals with expertise in both business intelligence and industry knowledge to design the future analytical applications that will help differentiate their core business processes. If competitive differentiation is the goal, companies will clearly need additional expertise to scale up to achieve high performance.

³Source: Jeanne G. Harris "New Growth from Enterprise Systems: Achieving High Performance Using Information and Analytics to Improve Decision Making," Accenture 2006

About Accenture Information Management Services

Accenture Information Management Services is a global cross-industry organization focused on bringing clients solutions to better manage their business, interact with customers and make strategic, financial and operational decisions. Working across Accenture's service lines and industry groups, this network of 13,000 professionals* specializes in information management services including business intelligence, portals and content management and data management and architecture. For more information about Accenture Information Management Services, visit www.accenture.com/informationmanagement.

*as of August 1, 2007.

About Accenture

Accenture is a global management consulting, technology services and outsourcing company. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. With more than 175,000 people in 49 countries, the company generated net revenues of US\$19.70 billion for the fiscal year ended Aug. 31, 2007. Its home page is www.accenture.com.



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To find out more about the global information management survey, visit www.accenture.com/ciosurveyim.

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