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Performance Analytics Part 2: Success Factors

The Accenture Information Management Podcast Series

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Introduction:

Welcome to the Accenture Information Management Podcast Series. We are delighted to bring you the latest in a series of points of view by Accenture Information Management Services on today's information management trends. Recently, the business technology publication *ITO America* interviewed Royce Bell, the CEO of Accenture Information Management Services, on the topic of performance analytics. In the first part of the interview, Royce explained how performance analytics is helping organizations to face the challenges of today's market. In this concluding episode, Glenn Willis, publisher-in-chief of the ITO America Group, asks Royce about how organizations successfully implement analytics.

Glenn Willis: What are companies actually doing to increase their business analytics usage? And then, second point, I suppose, just from the Accenture side, what are your views around the costs accrued to actually implement an analytics program from scratch?

Royce Bell: That second one's fairly hard. I'll start with the first one, Glenn. We've seen a couple of things happen, and it depends on where people are on a maturity curve of their existing business intelligence or data management programs, depending on how they think about it. There's a group of people who at the moment are, I would say, increasing data mining efforts, if you think of it as backroom analytics. So, having run business intelligence programs, having had systems and collecting data for many years now, they've got teams looking at that to mine insights that they can then take and put into the front line, which is actually, if you think about it, quite a straightforward way of doing it, because it's "ok, we're starting to see this sort of pattern will change what happens in our call center" or, "we're starting to see this sort of pattern will change our purchasing mix between the people who supply us." So, we're seeing that because as long as you've got the existing infrastructure, that's pretty cheap and cheerful as long as you're asking the right questions and you can get the analytic talent. In terms of the people who are trying to stretch more into the ubiquitous use of analytics—who have obviously got a bigger investment profile—again, they need to have the basics in place in terms of the data to mine. But they're tending to extend their business reporting to try and provide more access to the data at the desk that people are working at, because security's moved on, and indeed quite a lot more tools at the desktop so people can look at this stuff a bit deeper. I think that route is still a bit of a struggle, partly due to normal ways of working, partly due to data quality that you always get in these programs and partly due to overlap of tools in the market between the different software providers, with quite straightforward reporting tools claiming to have analytics and some very deep analytics tools actually being pretty unworkable unless you do have several degrees in physics, maths and statistics. So those are the two things we're looking at. In terms of costs, it's quite difficult to separate out the costs of an analytics program from the costs of, say, a business intelligence or a data management program, which clearly do run into millions. But, the first set of people who are doing on-the-spot data mining about key issues they're seeing in maybe customer care or retention or pricing models, those are actually departmental-level and tend to get done on a "try-it-learn-change-it" loop, rather than the big, old-fashioned sort of "IT program three-year death march" type thing.

Glenn Willis: Yeah. And there's been a lot of talk about assessing analytical talent, Royce. What are the predecessors for this, and how is it actually influencing the business analytics?

Royce Bell: Well, this is the most interesting problem in some ways. And, you know I've tried to do my research, like a good business leader. And, actually, we're not analytic. We're not designed to be analytic, because analytics takes too much time. And, evolution is a bit of a bind because it doesn't really keep up with the pace of technology. So, in the last thousand years or so, we've barely moved at all in terms of a species and yet the world has completely changed around us. We're still pretty much designed for living in the plains of Africa with small trees and quite a lot of carnivores. And, obviously, in those days to sit there and do any analytic thought about whether that thing over there was going to eat you is really quite a poor survival strategy. So, at the heart of all of that, we are not analytic beings. And, those people who are analytic are clearly very well trained, and there's a huge shortage of them, to a certain extent, I think, because in some ways the Western culture has promoted a sort of gut feel, spontaneity, allow the experience to flow, and to a certain extent because analytics is hard. It's a tough thing to do, and it's a very complex thing once you get into this multi-variable world. It's almost like the days when original management technique started with Sloan and people like that, and a whole new different type of people came into business who were mathematically aware, statistically aware—a lot of them had done production engineering and all that sort of stuff. And I think we're at one of those little moments where we're going to require much more scientific thinking in management, rather than much more of what

turned out to be promoted the last couple of years—the last couple of decades maybe—which is the cult of leadership and the art of presentation and that sort of all-rounder thing. So, I think that's what's going to happen. But, certainly in the Anglo-Saxon and Western world, we're not actually turning out many people with an analytic further education. So, I think that's what people are worried about and why you're getting newspaper articles about it.

Glenn Willis: So, let's look at more the IT and the business alignment, which has been talked about for some time as well. I think it's fair to say that the analytic side of the business does impact—and it is one of those technologies that can impact perhaps—more of the executive side of the business outside of the IT department. But, what role does an organization's management team actually play in influencing successful implementation of an analytics strategy?

Royce Bell: I'll try and keep it short. The general management team has to actually commit that it will actually embrace the idea of analytics being used in their decision making. So there's not much point in having all this stuff out there and using it yourself if you still feel that in general the management team are making their decisions based on gut instinct, or politics, or art of the possible, or whatever. So, first and foremost, there has to be that message sent. And, if you look in Jeanne's book, it's the CEOs of the organizations that have led the "we will analyze our business, we will look at analytics in the way we run our business and make decisions." That's point one. Point two would be the CIO. To be glib, chief information officers never really focus very much on the information. And, the CIOs that have been most successful in this space are the ones who have taken on board that idea of looking after a company's information from it becoming data through its transformation into information and its use thereon. There are quite a few CIOs like that, but it's a different breed from those people who are definitely rooted in the "how do I work out the server farms," and the network analysis and "how do I move on to blade?" That sort of skill set is quite different from the CIO who is thinking about "how do I make data into a business asset," and that's what you need to drive this thing and to get the right interface between business and IT.

Glenn Willis: How can a company's analytics business usage differentiate them from competitors in today's challenging environment? Is that a cause for concern for other people that should be looking at analytics?

Royce Bell: Number one, it's really early days in terms of the uptake of broad analytics in the business. I don't think anyone is going to get necessarily left behind as long as they're thinking about it right now. Number two, there's not much point in spending money on analytics if you don't know what questions you want to answer. The people who seem to find that it is turning into a business success in early stage are actually not those who've necessarily dived into doing it. It's the people who've stepped back and said, "Ok, where do I use information in my business, and where does it actually make a difference?" We're almost back to very old-fashioned requirements analysis. But there's something we do and we've seen quite a lot of clients do, which is basically say, "Look, let's look at the sources and the uses of information, but let's start from the uses. Who uses information and what for? And, let's be very critical about whether they've just got that there because it makes them feel good, or whether they do actually use it to drive their decision making." And I firmly believe that those people who get to that position of having that real-time, analytic data drive their decision-making will on average make much better decisions and much more timely decisions in this environment. As you say, with all of these special tools, it's only in the tough times that they necessarily make much difference. And, today survival could be dependent on making sure you're looking the right way, as we've just seen in the financial industries. I think a lot of the data was there, a lot of the analytics was there for the banks, but you also had a culture of saying, "Well, everybody's doing this. It must be all right." People have still got to look at this analytics and use it, even when they've got it.

Glenn Willis: Finally, Royce, we've focused much so around the analytical side of the business. However, that is one critical component of perhaps the larger, more holistic view of the information management strategy. What do you feel are the supporting components or other critical components to having a successful information strategy within the enterprise?

Royce Bell: Well, I'll answer it in terms of biggest failure rates, I suppose. The biggest failure rates we see on analytics programs are those where the underlying data quality just isn't there. It slips, people lose faith in the data that's driving the analysis, people waste time arguing about the data that's in something rather than what it means and what they should do about it. So, data quality would be my number one. Number two would depend on the industry, but certainly in some forms of the analytics we're seeing, you also need to be able to combine access to non-system data, unstructured data, whether it's voice or video, or just quite simple document stuff. That's quite important in a couple of industries, certainly around patient care or credit risk analysis to a certain extent. There's always some underlying paper, even if it's not real paper anymore, and there you've got to get that interface to it. But I'd finish and go back and say it's very much a "look before you leap" business, analytics. You've really got to know what sort of questions you want to answer and why before you start pouring a huge amount of money into it. And, I suppose, previously I talked about the fact that there are people doing data mining, and I think the data mining is one of the ways they're trying to answer that. What sort of questions seem to come up with interesting, usable results, rather than something that is statistically significant six different ways that's completely opaque to any of the regular business guys. So, the information strategy part of it—"what do I need and why do I need it?"—I think is critical before you start pouring money into this stuff.

Closing:

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