Winning with Analytics

High performance. Delivered.

Analytics is the Answer

High performers share a winning approach to analytics when it comes to investments, talent, technological tools, and their focus on linking decision-making with business outcomes.

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Analytics Accelerates Smarter Business Decisions

For many companies, analytics is still a question. For high performers, analytics is the answer. High-performing companies – those that deliver continuous above-average business performance as well as above-average analytics performance – do analytics differently. This distinctive approach contributes to measurable gains across their enterprises. In essence, the stronger a company's commitment to analytics, the higher that company's performance.

Analytics high performers are far ahead in the journey from data and analysis to insights, decisions and outcomes. High performers see better results when they <u>adopt</u> analytics because they then <u>adapt</u> their enterprises to leverage analytics' full power. By embedding analytics into decision–making processes linked to desired business outcomes, high performers can make smarter decisions faster and with greater certainty. They also make decisions that are more likely to lead to tangible business results.

There is a strong consensus across all companies surveyed on the importance of analytics to an organization's future: more than two-thirds agree that analytics is important. But major differences surface when companies are grouped by several parameters: their application of analytics, along with growth, profitability, consistent performance and future prospects.

From this analysis, a new class of company emerges, termed "high performers." These high performers deliver higher business and analytics performance by doing analytics differently. They...

- Adopt analytics to support decision-making: Twice as many high performers are using analytics in key areas.

- Adapt decision processes to embed analytics: Twice as many high performers are embedding analytics in decision-making that leverages machine learning. High performers embed predictive analytics insights into key business processes (79 percent vs. 34 percent) and keep monitoring decisions and course-correct (84 percent vs. 32 percent).

What high performers do:

High performers make better and more informed decisions

94% vs 48%

High performers are almost four times as likely to report receiving a significant ROI from analytics
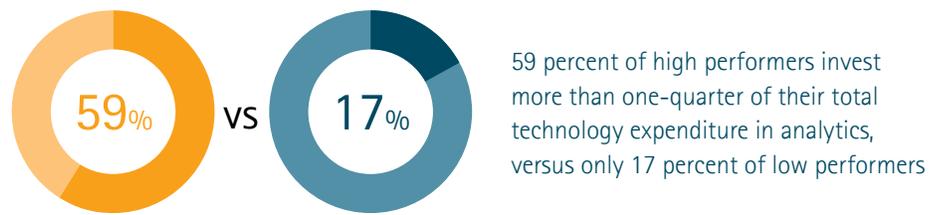
92% vs 24%
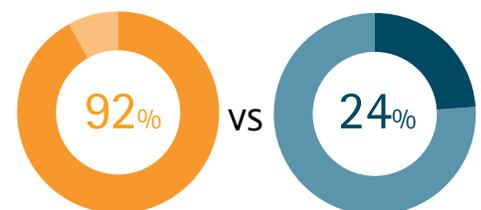
● High Performers ● Low Performers

Commitment is Crucial, Investment Indispensable

Adoption of analytics is widespread, because most companies agree that analytics is important to an organization's future. But only high performers show true commitment in terms of time, focus and investment. The best demonstrations of commitment are investments in analytics technology and the readiness to adapt the enterprise to that new technology.
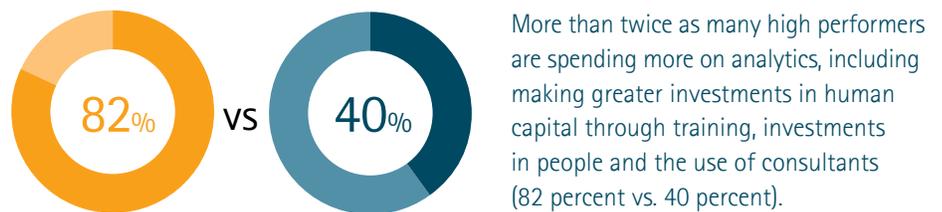
Today's high performers are three times as likely as low performers to invest a substantial portion of their technology spend on analytics.

59% vs **17%**

59 percent of high performers invest more than one-quarter of their total technology expenditure in analytics, versus only 17 percent of low performers

Increasing investment tomorrow

53% vs **9%**

53 percent of high performers plan to significantly increase their analytics investment over the next three years

Compared to 9 percent of low performers, further widening the gap between high and low performers

Smarter investment overall

82% vs **40%**

More than twice as many high performers are spending more on analytics, including making greater investments in human capital through training, investments in people and the use of consultants (82 percent vs. 40 percent).
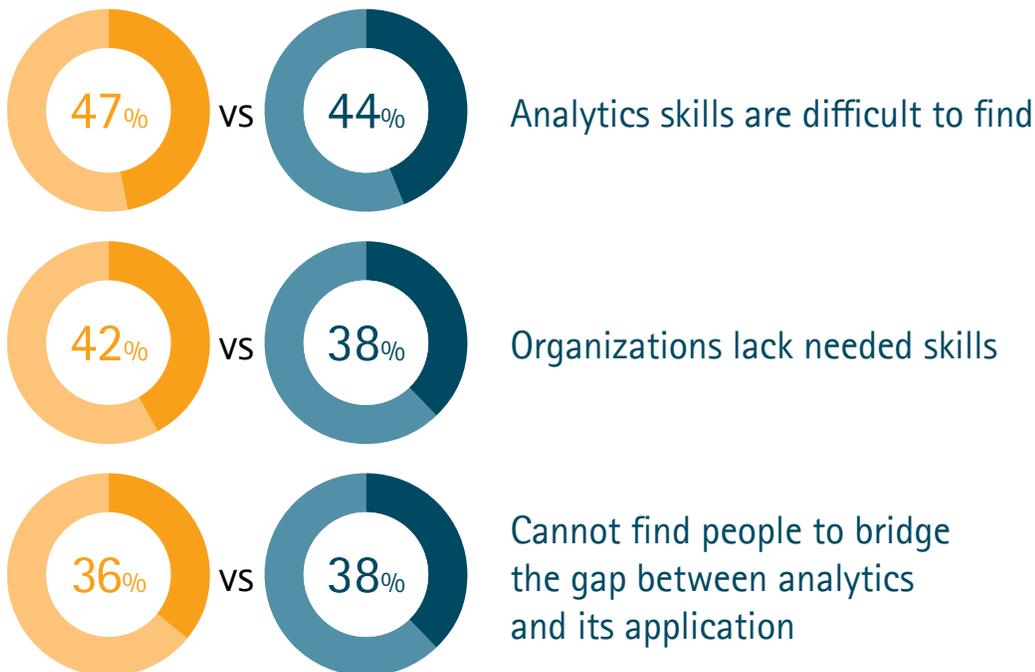
- High Performers
- Low Performers

High Performers Win by Managing Talent End-to-End and Using a Multi-Pronged Sourcing Strategy

Talent powers the analytics machine. High performers use a multi-pronged talent sourcing strategy to not only manage the talent they have well, but also to go outside the organization to secure talent wherever they can find it.

High and low performers both struggle to find talent

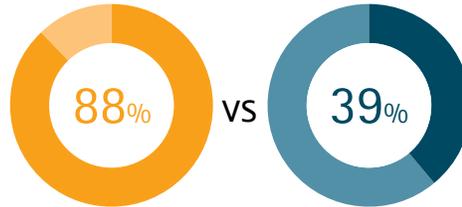**47%** vs **44%**   Analytics skills are difficult to find

42% vs **38%**   Organizations lack needed skills

36% vs **38%**   Cannot find people to bridge the gap between analytics and its application

● High Performers   ● Low Performers

High performers are better talent managers

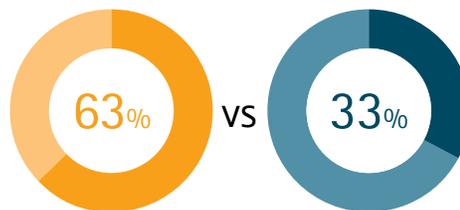Well-defined sourcing, selection and allocation strategy

88% vs **34%**

Formal competency model

88% vs **39%**

Global and local communities of practice
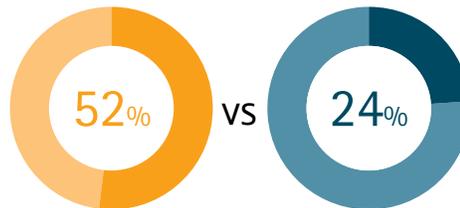
87% vs **36%**

High performers fill talent gaps more aggressively

Partner with companies that bring skills and capabilities needed

63% vs **33%**

Partner with academic institutions

52% vs **24%**

Acquire companies that add needed skills

43% vs **18%**

● High Performers   ● Low Performers

High Performers Use More Data Sources, Advanced Tools and Techniques

Complex decision-making support requires more data sources, smarter tools and advanced analytics techniques. High performers can take on more complex analytics challenges because they have richer data and superior tools, and are more sophisticated in their use of data sources and analytic techniques.

A Wider Variety of Data Sources
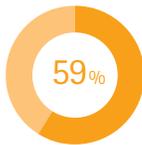
59% Nearly three times as many high performers leverage seven or more data sources

21% Compared to only 21% of low performers

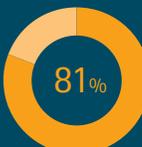● High Performers ● Low Performers

Advanced Analytics Tools and Techniques

69% VS **32%** Twice as many high performers leverage intermediate tools...

58% VS **30%** ...and advanced tools such as Hadoop and in memory computing

81% VS **45%** Nearly twice as many high performers use two or more advanced analytical techniques such as optimization, simulation, crowdsourcing, and sentiment analysis

High Performers Embrace the Change Journey

Tools and techniques play key roles in analytics, but tools alone do little if they are not used because of politics, an inability to change or other barriers. Where high performers excel is in effectively navigating these change barriers in order to adapt their organizations for analytics.

Smarter Decisions Drive Better Outcomes

In the final stages of leveraging analytics, the high performers are doing it better. High performers are both adopting and adapting – embedding analytics throughout decision-making processes, and so exploiting the full power of analytics across the enterprise.

79% vs **39%**
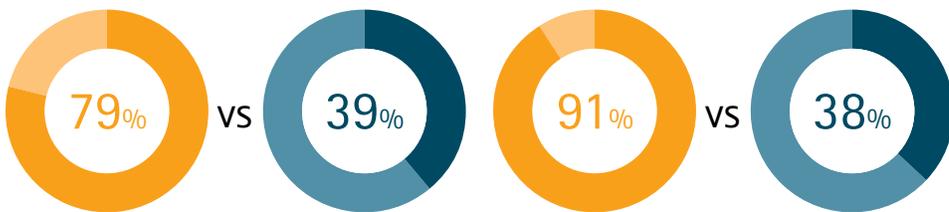
High performers are nearly twice as likely to achieve specific business outcomes from analytics

91% vs **38%**

High performers are more than twice as likely to report effective applications and positive results from analytics compared to low performers

Change is the Real Challenge

In virtually every industry, low performers cite "inability to change" and "politics" as the top barriers to implementing good decisions. High performers do a better job of overcoming internal resistance, functional silos and other barriers.

37% vs **55%**

Inability to change

33% vs **49%**

Politics

● High Performers
● Low Performers
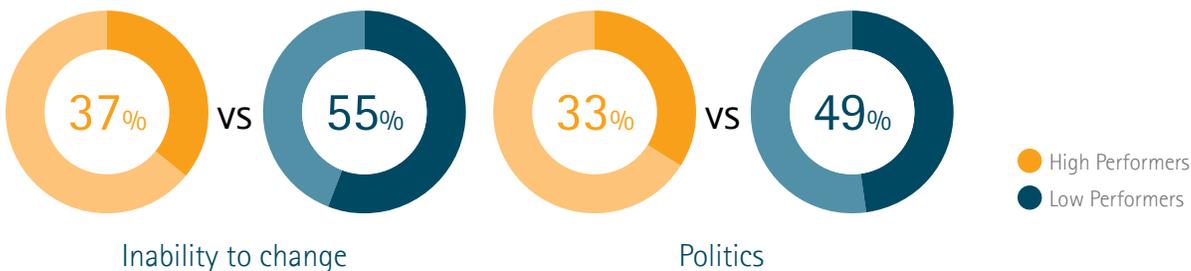
High Performers Use Analytics to Connect Decisions with Business Outcomes

Low performers
Gather data, lack analytics talent

High performers
Focus on insights to actions

Only one in five invest at a high level in analytics and only one in 10 expect this to increase significantly in the next three years

The majority invest considerably in their analytical capability and this is expected to significantly increase over the next three years

Less than half manage talent from end-to-end; just over half use a multi-faceted approach; few are willing to acquire talent

Nearly all manage talent from end-to-end and four out of five source talent using a multi-faceted approach; more than twice as many high performers are willing to acquire talent compared to low performers

Only one in five use seven or more types of data in their analyses; less than half use advanced analytical techniques

The majority use seven or more types of data in analyses; four out of five use advanced analytical techniques

One third or fewer embed analytics into the decision process and struggle with decision-making

Four out of five embed analytics into the decision process

90% or more

High performing companies are satisfied with the contribution analytics has made to shaping strategic direction, addressing growth opportunities, informing critical decisions and managing risk, compared with 39 percent of low performers (on average).

About the Accenture and MIT Alliance in Business Analytics

The Accenture and MIT Alliance in Business Analytics combines Accenture's industry and analytics expertise with MIT's scientific and technological leadership. Research conducted by the alliance aims to close the gap between the advance of analytics technologies and their successful application in specific industry and government environments. The alliance's two streams of collaboration cover the challenges of harnessing big data and new approaches to improve the science of decision-making. The alliance is headed by Narendra Mulani, senior managing director for Accenture Analytics, and David Simchi-Levi, professor of civil and environmental engineering and engineering systems at MIT. For more information, please visit www.aba.mit.edu

Methodology

The research was based on data from Accenture's High Performance Business Research program and a survey of 864 respondents from companies in nine countries and eight industries. Using data mining techniques, Accenture and MIT identified analytic performance areas (e.g., satisfaction with analytics results, returns on investment) and linked them to companies' business performance (e.g., revenue growth, profitability) over a seven-year period. Organizations delivering continuous above-average business performance as well as above-average analytics performance were classified as "high performers." By comparing high performers to low performers (organizations delivering below-average business and analytics performance), Accenture and MIT identified the analytics practices in which both groups are similar and those in which high performers differ significantly from low performers in applying analytics. The research covers the countries of Brazil, Canada, China, France, Germany, India, Japan, the United Kingdom and the United States. It includes companies in these industries: Banking, Communications, Consumer Goods and Services, Energy, Health Payers, Health Providers, Insurance, Retail.

About Accenture

Accenture is a global management consulting, technology services and outsourcing company, with approximately 323,000 people serving clients in more than 120 countries. 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. The company generated net revenues of US$30.0 billion for the fiscal year ended Aug. 31, 2014. Its home page is www.accenture.com.

About Accenture Analytics

Accenture Analytics, part of Accenture Digital, delivers insight-driven outcomes at scale to help organizations improve their performance. Our extensive capabilities in analytics range from accessing and reporting on data to advanced mathematical modeling, forecasting and sophisticated statistical analysis.

We draw on more than 15,000 professionals with deep functional, business process and technical experience to develop innovative consulting and outsourcing services for our clients in the health, public service and private sectors. For more information follow us @ISpeakAnalytics and visit www.accenture.com/highperformanceanalytics.

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