Going beyond the data:

Achieving actionable insights with data and analytics

KPMG CAPITAL

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To better operate or innovate?

Facing challenges large and small

Insights: A fuel to future growth

Conclusion: Moving to a fully embedded D&A strategy
Foreword

Long before the term ‘big’ was first applied to data, organizations were struggling to make sense of all the information they had. Over the past 5 years, that focus on data has started to shift.

Today, the issue is no longer about owning the most data but rather about how to gain the most insight from it. In short, how to turn data into insights, and insights into real business advantage.

Data is everywhere, telling us everything. But do companies really know where to look? The reality is that turning mountains of data into valuable, practical and actionable business analytics is not nearly as straightforward as people believe.

To gain a more concrete understanding of the opportunities and challenges that data and analytics (D&A) presents, we commissioned FT Remark to survey 144 CFOs and CIOs from major corporations around the world (those with more than US$1 billion in annual turnover). All interviews were conducted in August 2013, with the responses aggregated and analyzed for use in this report.

This report provides a snapshot of the current state of D&A in major global organizations. The findings are compelling: 96 percent of companies surveyed admitted that they could do more with big data and make better use of analytics in their organization. Our report addresses some of the challenges they face as they embed D&A within their organizations and navigate the cultural, managerial and operational changes that this will require.

Significant questions are emerging. How will predictive analytics drive future decision making? What role should social media data play? What technology will be required to operationalize D&A within the organization?

What is clear is that D&A will define the way businesses and organizations operate in the future. That is why we created KPMG Capital: an investment fund that aims to help accelerate innovation in D&A in a way that will help organizations unlock tangible value. By investing in cutting-edge technology, strategic partnerships and acquisitions, KPMG Capital will work to develop D&A solutions that help KPMG member firms take new innovations to market faster.

We hope that the insights captured in this report catalyze business executives to start rethinking the way they approach their D&A challenges.

To learn more about the findings in this report – or to benchmark how your organization stacks up against the industry leaders – we encourage you to contact your local KPMG member firm or any of the contacts listed at the back of this report.

Mark Toon
CEO, KPMG Capital
Many organizations – large and small – have already started to adapt to a world increasingly driven by D&A.

All but 1 percent of organizations in our survey say that D&A is at least somewhat important to their business strategies. Almost seven in ten (69 percent) considered it either crucially or very important. And 56 percent of respondents around the world said they changed their business strategy to meet the challenges of D&A, most often to increase their capacity to analyze big data.

Yet more still remains to be done. Nearly all respondents (96 percent) admitted that untapped benefits remain on the table. More than half (56 percent) of those respondents told us that those benefits could be significant.

We would agree. Our experience in the field, combined with the data in this report, suggests that most organizations are currently focused on just a fraction of the benefits that D&A could unlock.

Few organizations fully understand the huge potential that resides within their data. Fewer still are making the right changes to their business strategy to take advantage of that potential.

So what is really stopping business leaders from connecting the dots between data, analytics and business growth? In many cases, respondents suggest that they are struggling to lay the solid foundation needed to become a data-driven organization.
For example, more than four in ten respondents said that their greatest challenge was in integrating data technology into their existing systems and business models. The vast majority (85 percent) also said they were struggling with implementing the correct solutions to accurately analyze and interpret their existing data.

Most organizations are unable to connect the dots because they do not fully understand how D&A can transform their business, or how to create the right environment for a data-driven transformation. More than half of the organizations we talked to said they are finding it difficult to make decisions around analyzing data; a similar number said they were unsure what data to collect to support the implementation of a D&A strategy across their business.

The benefits of embedding a D&A strategy are immense. Organizations with a strong D&A strategy will, for instance, find that they always have a number of scenarios and hypotheses on hand that would allow the organization to effectively respond to sudden changes of direction. A data-driven organization would also be highly capable of using data to manage its exposure to risks in marketing, supply chain and finance. It would also be able to leverage those insights to ensure that it is selling the right products and services to the right customers.

Those organizations able to connect the dots will be poised to achieve quantum benefits from their D&A. Those that cannot – or those that do nothing – will be forever submerged in data, with its value untapped.
**Key findings**

1. Sixty-nine percent of interviewees consider D&A to be crucially or very important to their current growth plans.

2. Fifty-six percent of respondents say they have changed their business strategy to meet the challenges of big data.

3. The largest share of respondents (42 percent) consider integrating data technology into existing systems and/or business models to be the biggest challenge their companies have faced regarding data capture.

4. The vast majority of interviewees (85 percent) said that one of their biggest challenges with analytics, specifically, is in implementing the right solutions to accurately analyze and interpret data.

5. Three quarters of respondents (75 percent) expressed some level of difficulty in making decisions around analyzing data.

6. Respondents say that the biggest barrier to implementing a D&A strategy across their business is in identifying what data to collect.

7. Despite the importance they attach to the use of data and analytics to their current growth strategy, nearly all respondents (96 percent) agree to varying extents that they could be better utilizing D&A.

Executives are well aware of the value that lies within their data but they may not fully comprehend its full potential.

**How important is the use of data and analytics to your company’s current growth strategy?**

- **Overall**: 26% Crucially important, 43% Very important, 17% Somewhat important, 13% Important, 1% Not at all important
- **EMEA**: 29% Crucially important, 31% Very important, 15% Somewhat important, 25% Important, 3% Not at all important
- **Asia-Pacific**: 21% Crucially important, 51% Very important, 21% Somewhat important, 5% Important, 3% Not at all important
- **Americas**: 28% Crucially important, 48% Very important, 16% Somewhat important, 8% Important, 3% Not at all important

Note: Graph may not add up to 100% due to rounding. Regional results are provided for illustrative purposes only. Overall results include data from outside of these regions.


Our survey reveals that an almost unanimous 99 percent of respondents said that D&A would be at least somewhat important to their current growth strategies. Almost seven in ten said it would either be crucially or very important. The findings are consistent across all regions, with respondents from Europe, the Middle East and Africa (EMEA) somewhat more likely to consider the use of D&A as being crucially important, and those from Asia-Pacific less likely to do so.

“Data and analytics really got our attention after the economic crisis when we had to identify potential business opportunities in a more uncertain and competitive environment. With data and analytics, we gathered insights on economic conditions, consumer interest, changing regulations and financial conditions.”

— Survey respondent
Many businesses don’t yet fully grasp the enormous value of D&A.

– Eddie Short, EMA Leader for Data & Analytics, KPMG

Organizations also reported being more focused on using D&A to analyze their data with greater speed (i.e. doing the same things but faster) than as an opportunity to expand or sharpen their insights (i.e. doing different things).

Almost 80 percent said that analytical speed was a key benefit of using D&A, versus 65 percent that said they expected to be able to identify insights that otherwise would have been missed, and 59 percent that said they hoped to achieve more granular insights.

What do you feel are the key benefits of using data and analytics?

<table>
<thead>
<tr>
<th>Benefit</th>
<th>EMEA</th>
<th>Americas</th>
<th>Asia-Pacific</th>
<th>Overall</th>
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<tbody>
<tr>
<td>Identifying insights that would otherwise have been missed</td>
<td>62%</td>
<td>69%</td>
<td>71%</td>
<td>65%</td>
</tr>
<tr>
<td>Analyzing with greater speed</td>
<td>73%</td>
<td>87%</td>
<td>82%</td>
<td>79%</td>
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<tr>
<td>More sophisticated/granular insights</td>
<td>38%</td>
<td>77%</td>
<td>76%</td>
<td>59%</td>
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<tr>
<td>Cost savings due to improved efficiency</td>
<td>62%</td>
<td>51%</td>
<td>63%</td>
<td>58%</td>
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</tbody>
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Note: Regional results are provided for illustrative purposes only. Overall results include data from respondents outside of these regions.
From ad hoc data to sophisticated business insights

D&A’s role in the future of business strategy is unquestionably huge. The fact is that winning in today’s markets requires world-class insight and the capacity to change direction at short notice. And the only way to achieve that is through enterprise-wide D&A enablement.

“In the past, decision making was largely driven by intuition and experience; whoever had the best ‘gut feel’ would win,” noted Jeff Collins, Head of Investments at KPMG Capital. “Today, the winners are defined by who has the more insightful grasp of their data.”

The problem is that, while everyone may instinctively know that D&A is going to be big, most still struggle to do it effectively. “Organizations are hitting roadblocks in determining which data to collect, in asking and answering the right questions and in getting value from their analytics,” notes Eddie Short, EMA Leader for Data & Analytics at KPMG.

Decisions are further complicated by a rapidly evolving ecosystem which is disrupting organizations’ ability to adapt. New technologies are emerging and new sources of data are being uncovered at a breakneck pace. Data sources such as social media feeds, customer blogs and mobile data are all increasing complexity and creating new opportunities for organizations.

Those that have taken an early lead in harnessing and exploiting social media data are already demonstrating the value that outside data can add. For example, KPMG recently worked with a car manufacturer whose internal data identified four key ‘characteristics’ believed to be vital to customers. But once social media data was overlaid using a Mass Opinion Business Intelligence (MOBI) platform, it quickly became clear that only one of their selected characteristics actually mattered to their customers. And, in the process, two ‘new’ characteristics were identified and validated.

Business leaders will also need to focus on ensuring that they can count on the veracity of their data. In fact, we believe that, as more and more unstructured and external data becomes integrated into the organizational analytics, confidence in the accuracy of their data - and the insights gleaned from the data - will help ensure smarter business decisions.

“In China, the rise of D&A is becoming one of the major strategic tools many Chinese entities are looking at to get closer to the customer,” notes Egidio Zarrella, Partner in KPMG in China. “Many entities are beginning to leverage their vast storage of data to give them insights into the buying patterns of their customers and provide more targeted services.”

However, the fact that just a quarter of respondents said that D&A was ‘critically’ important to their organizations highlights our concern that businesses don’t fully comprehend the enormous potential value of D&A.
Meeting change head-on

Most businesses are not sitting idly by as the data revolution sweeps over. According to our survey, more than half – 56 percent – of leading multinational companies have changed their business strategy to meet the challenges of big data. Respondents from the Americas were 13 percent more likely to say that D&A had forced changes in their business strategy than those in the EMEA region, and 5 percent more likely than those in Asia-Pacific.

**Has your business strategy changed to exploit the opportunities and meet the challenges posed by big data over the past 12-24 months?**

- **Americas**
  - Yes: 63%
  - No: 38%

- **Asia-Pacific**
  - Yes: 58%
  - No: 42%

- **EMEA**
  - Yes: 50%
  - No: 50%

- **Overall**
  - Yes: 56%
  - No: 44%

Note: Graph may not add up to 100% due to rounding. Regional results are provided for illustrative purposes only. Overall results include data from respondents outside of these regions.

Of those that have changed their business strategies, the most common change made by those in the Americas and EMEA was to increase analytics capacity through the addition of either hardware or personnel. In Asia-Pacific, the focus was on attaining management buy-in for big data collection and analysis.

**If yes, in what capacity has your business strategy changed?**

- Increasing the capacity (either hardware or personnel) to analyze big data: 42% (Americas), 47% (Asia-Pacific), 36% (EMEA), 35% (Overall).
- Honing the parameters for data collection: 52% (Americas), 49% (Asia-Pacific), 51% (EMEA), 51% (Overall).
- Attaining management buy-in for big data collection and analysis: 35% (Americas), 39% (Asia-Pacific), 36% (EMEA), 39% (Overall).
- Putting insights garnered from big data into practice in a timely way: 18% (Americas), 25% (Asia-Pacific), 27% (EMEA), 29% (Overall).

*Note: Regional results are provided for illustrative purposes only. Overall results include data from respondents outside of these regions. Source: KPMG International D&A survey, August 2013.*

More than half (53 percent) of respondents also said they had upgraded their IT systems in order to better integrate D&A into their business. Fifty-one percent said they had improved their data collection processes, while a significant share (45 percent) also said that they had trained management to use data in decision making – a key aspect of moving towards a more data-driven enterprise. Thirty-nine percent said they had trained analysts and data scientists.
Have you taken any of the following steps to help integrate data and analytics into your business?
Chart shows ‘yes’ responses only.

<table>
<thead>
<tr>
<th>Step</th>
<th>EMEA</th>
<th>Americas</th>
<th>Asia-Pacific</th>
<th>Overall</th>
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<tbody>
<tr>
<td>Upgraded IT systems</td>
<td>52%</td>
<td>46%</td>
<td>72%</td>
<td>53%</td>
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<tr>
<td>Improved data collection processes</td>
<td>58%</td>
<td>46%</td>
<td>56%</td>
<td>51%</td>
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<tr>
<td>Training management to use data in decision making</td>
<td>40%</td>
<td>40%</td>
<td>59%</td>
<td>45%</td>
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<tr>
<td>Training for analysts/data scientists</td>
<td>33%</td>
<td>46%</td>
<td>38%</td>
<td>39%</td>
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<tr>
<td>Recruitment of analysts/data scientists</td>
<td>44%</td>
<td>30%</td>
<td>41%</td>
<td>38%</td>
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<tr>
<td>Redesigned decision making processes</td>
<td>27%</td>
<td>38%</td>
<td>46%</td>
<td>36%</td>
</tr>
<tr>
<td>Specific focus on communicating/visualizing insights more effectively</td>
<td>31%</td>
<td>28%</td>
<td>51%</td>
<td>34%</td>
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<tr>
<td>Recruitment of enterprise solution architect</td>
<td>23%</td>
<td>28%</td>
<td>33%</td>
<td>28%</td>
</tr>
<tr>
<td>Outside consultants/vendors hired</td>
<td>25%</td>
<td>26%</td>
<td>41%</td>
<td>28%</td>
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</tbody>
</table>

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Going beyond the data: Achieving actionable insights with data and analytics

Bringing data to the boardroom

It is widely anticipated that big data will impact every industry and every business sector.

What the survey results make clear is that organizations – particularly outside of the US – must move quickly to make the necessary changes to capitalize on the advantages presented in the new marketplace.

“Many Asian companies like their Western counterparts are recognizing the need for greater insight, and D&A is one of the key strategic ways for them to get there. They are looking to go beyond simply collecting data to develop a wider understanding of the power of analytics,” says Mohneesh Paranjpe, Global D&A director, KPMG in Singapore. “However, with organizations in countries such as China making significant investments in their D&A strategy, the ability for these organizations to gain actionable insights from their vast quantities of data is likely to increase significantly in the near future.”

The results suggest that organizations are recognizing D&A for what it is: a strategic business imperative, and not a pure IT play. Altering business strategies, training management and adding capacity are all critical to success in the field.

“One of the biggest challenges, in our experience, is that most business executives have a far-too-limited view of data and what they can ask analytics to do,” notes Mark Toon, CEO of KPMG Capital. “It’s no longer just about data management business or technology; it’s about being able to easily tap the data at your disposal to learn new things and gain greater insight about your business. And by doing so, driving improved business performance.”

This has led to significant shifts in the core competencies being demanded in the boardroom. “We’re starting to see a new breed of business leader emerge, who understands the business and how data and analytics can be pulled together to solve very complex business problems,” adds Brad Fisher, D&A leader for KPMG in the US.
To better operate or innovate?

What has your business use of data and analytics focused on?

- A combination of innovation and operation
- Innovations (e.g., identifying new business opportunities or customer retention)
- Operational improvements (e.g., process or performance efficiencies)
- Other/None

Where are organizations currently applying all of their analytical capacity and capability? According to our survey, organizations are fairly split between operational improvements and innovation. About a third of respondents said they are focusing their D&A on operational improvements, a third said innovation and another third said some combination of both.

Respondents from the EMEA region were about a third more likely to say they are focusing on operational improvements (such as process or performance efficiencies) than innovation, while respondents from the Americas were more likely to focus on innovation than operational improvements.

Respondents were also most likely to say that the primary focus of their internal D&A activity was going towards cost cutting. In fact, almost three quarters (72 percent) of respondents said their D&A capabilities were being applied towards operating costs, while only about a third (35 percent) said they were looking to improve opportunity development.

In what areas has your business used data and analytics to improve internal operations?

- Operating costs: 72%
- Resource management: 54%
- Cross-departmental communication: 49%
- Clarity in systems and processes: 47%
- Overall best practices: 43%
- Opportunity development: 35%

Not surprisingly, respondents also suggested that they had been most effective at integrating D&A into the operations side of their businesses. Respondents gave themselves an aggregate ranking of 4.72 out of 6 in effectively integrating D&A into operations, versus a 4.33 in regulatory, compliance and legal or a 4.18 in their effectiveness at integrating D&A into their human resource practices.

**How effectively do you feel you have integrated data and analytics into the following areas of your business?**
(Rated on a scale of 1 to 6, where 6 is very effective)

- Operations: 4.72
- Customer service: 4.65
- Research & development: 4.65
- IT: 4.65
- Sales & marketing: 4.49
- Finance: 4.47
- Regulatory, compliance, and/or legal: 4.33
- Human resources: 4.18

Creating an analytical workforce

How best to put D&A to work within a business is a huge consideration for most organizations.

“D&A can offer both top and bottom-line growth, but this requires organizations to have a clear line-of-sight from the data through to the value drivers of organizational performance,” notes Eddie Short, EMA Leader for Data & Analytics at KPMG. “I think many organizations are still focused on how they can achieve the piece that is driven by business case value, rather than applying their analytics towards more strategic, ‘blue sky’ opportunities.”

The fact that respondents in the US (where D&A is seen to be more mature) are more focused on innovation shows that – as growth returns – organizations will increasingly verge towards using D&A to drive new business opportunities rather than cost cutting.

Organizational culture is one area that will require particular attention if businesses hope to move towards a data-driven operating model.

“Executives need to find ways to encourage their workforce to be more analytical in their decision making,” notes Brad Fisher, D&A leader for KPMG in the US. “From there, organizations should quickly start to see analytics driving their overall people performance, their operational performance, their customer performance and their selling performance.”

As such, one of the most underestimated challenges facing many organizations is how to move from ‘gut feel’ decision making to a data-driven culture. This requires a pervasive shift in mind-set that can often be accelerated by adopting a collaborative federated model that cuts across silos.

“The real market leaders here use analytics in their day-to-day operations in areas such as HR, where organizations are applying analytics to help evaluate applicants’ resumes against outputs from the interview process,” explains Mohneesh Paranjpe, Global D&A Director, KPMG in Singapore. “The best organizations are creating combined teams of functional and analytical professionals as a way to truly embed analytics-thinking into key business functions.”

As is often the case, the key question to ask is what you are trying to achieve from your D&A. “Zeroing in on the business problems and identifying key hypotheses may not be the easiest thing to achieve up front, but it is far more efficient and effective in the longer term,” notes Anthony Coops, Partner, KPMG in Australia. “Throwing all available data into a pot and hoping for a tasty stew of insights will rarely – if ever – deliver meaningful results.”
According to our survey, many organizations are grappling with the challenges related to D&A. For example, 42 percent of respondents said that the biggest challenge they face regarding data capture specifically is in integrating data technology into their existing systems and business models. More than a quarter (26 percent) said that they are facing challenges identifying what data to collect.

What are the biggest challenges your company has faced regarding data capture specifically?

**Biggest challenges**

- **42%**
  - Integrating data technology into existing systems/business models

- **36%**
  - Capacity to capture all data from all areas of the business

- **26%**
  - Identifying what data to collect


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Respondents also seem uncertain as to how to best proceed with their analytics. Eighty-five percent of respondents said that they are facing significant challenges in implementing the correct solutions to accurately analyze and interpret their data. An almost equal number (79 percent) said that they have problems identifying the right risk indicators or parameters for their program.

**What are the biggest challenges your company has faced regarding data analytics specifically?**

1. Implementing the right solutions to accurately analyze and interpret the data

2. Identifying the right risk indicators/risk parameters

3. Reacting in a timely fashion to insights as they arise

More than half of all respondents (54 percent) also said that one of their biggest barriers to implementing a D&A strategy across the enterprise is an inability to identify what data to collect, followed closely by a lack of capacity to capture and analyze all the data from all areas of the business.

What do you perceive to be the biggest barriers to implementing a data and analytics strategy across the business?

1. Identifying what data to collect
2. Capacity to capture and analyze all data from all areas of the business
3. Implementing the right solution to accurately analyze and interpret the data

Three quarters (75 percent) of respondents also expressed some level of difficulty in making decisions around analyzing data. Many seem unwilling to make major investment, or transformation decisions while the function is still rapidly evolving.

*Given the rapid pace at which technology and analytics develops, how difficult is it for your company to make decisions around analyzing data?*

- **Americas**
  - Not at all difficult: 60%
  - Somewhat difficult: 26%
  - Difficult: 12%
  - Very difficult: 2%

- **Asia-Pacific**
  - Not at all difficult: 63%
  - Somewhat difficult: 16%
  - Difficult: 21%
  - Very difficult: 2%

- **EMEA**
  - Not at all difficult: 45%
  - Somewhat difficult: 27%
  - Difficult: 26%
  - Very difficult: 2%

Note: Regional results are provided for illustrative purposes only. Overall results include data from respondents outside of these regions.

Operationalizing D&A

The fact that business leaders express uncertainty about their D&A capabilities is encouraging. What it means is that they are starting to ask the right questions and think more strategically about the enterprise value of D&A.

But challenges remain. “Most organizations still suffer from very siloed data management and systems, which means that few really have a true enterprise-view of their data that joins in the middle to enable really effective analytics,” says Eddie Short, EMA Leader for Data & Analytics at KPMG. “If you are going to use D&A to drive enterprise performance, you need to be able to have that line-of-sight, no matter where in the organization – or outside of the organization – the necessary data resides.”

But operationalizing D&A will not be simple. In part, this is due to the rise of predictive analytics and the influence of social media, which add further complexity to the volume of data that is now at their fingertips.

Again, the cautionary reminder to organizations is the need to recognize that D&A is not all about IT. As Short notes, “The problem with IT is that the accent is still on the T.

This isn’t really a technology play at all, the accent has to move to the I.”

Traditional process-driven enterprise resource planning (ERP) systems, for example, are great at driving automation but poor at delivering flexibility. Cloud-based systems, on the other hand, are often difficult to tailor to the specific needs of the business.

“The challenge is to leverage your internal data and your ‘big data’ by using analytics to drive the systems,” adds Short. “But the reality is that operationalizing D&A does not necessarily mean new systems and tools; rather it is about blending old-school business intelligence with new-world big data and analytics to drive both your legacy and your emerging IT strategies.”

Visualizations will also be key to embedding D&A into the organization. “Visualizations are not just cool ways to communicate a complex idea, they also serve a key role in distributing and demonstrating insights, allowing interactivity and – importantly – helping to explain options and quantify impacts in order to identify and capture actionable insights,” adds Anthony Coops, Partner, KPMG in Australia.
It is evident from the survey that many executives recognize that they are only just starting their D&A journey. Seventy-one percent said they plan to spend more than 5 percent of their sales on D&A over the next two years, up from the 69 percent that said they spent a similar amount over the past year.

Some respondents are anticipating significant investment ahead. Fourteen percent said that they would likely spend more than 20 percent of their sales on D&A investments over the next two years, versus 12 percent that reported similar spend over the past year.

With many opportunities yet to be realized, nearly all respondents (96 percent) admit that they could be better using their existing D&A capabilities within their organizations. Those respondents from Asia-Pacific seemed to believe they had the most to gain from D&A; almost eight in ten respondents from the region said they could benefit ‘more’ (versus just ‘somewhat’) from better using D&A, whereas only 47 percent of American respondents and 42 percent of EMEA respondents were as optimistic.
Many companies are looking to invest in predictive propensity models and technologies to gain greater customer loyalty and enhance cross-selling different goods and services. A number of the largest Chinese financial institutions have started to set up D&A departments which are focused on a more customer-centric business model. China is a nation of vast data which many entities are looking to harness to get better strategic insight.

– Egidio Zarrella, Partner
KPMG in China
Moving to predictive analytics

It takes a lot of foresight to see beyond today’s problems to tomorrow’s opportunities.

And it’s not about how much you are willing to invest in a D&A capability; it’s about how you use the tools, data and insight you already have.

The truth is that most business leaders are not yet able to visualize or contextualize what D&A can deliver.

“It’s not easy for many of today’s business leaders to fully realize the quantum shift that smart data and analytics will have on organizational performance,” adds David Stone, Managing Director with KPMG in the US.

“It’s like asking the Wright brothers how they planned to land their airplane on an aircraft carrier when they were still just struggling to fly an extra foot.”

Predictive analytics is one such area. Indeed, by identifying hitherto unknown patterns in complex data sets, organizations can not only start to see true causes and effects, they can then use this insight to predict outcomes based on certain initial conditions. “Whether it’s predicting the volume of customers who will switch to a competitor in a given timeframe, or knowing to a high degree of confidence what impact a marketing campaign will have on sales, organizations can now harness their data to make accurate predictions based on sound analytics,” notes Jeff Collins, Head of Investments at KPMG Capital.

For many, gaining this level of vision requires business leaders to take a step back to pause and clearly consider what they hope to achieve from their D&A strategies. “Predictive analytics has become a ‘must-have’ capability for many industry sectors, yet most organizations are still focusing 80 percent of their effort analyzing the outputs and only 20 percent of their effort into analyzing the inputs,” says Eddie Short, EMA Leader for Data & Analytics at KPMG. “Predictive systems come when we focus 80 percent of our efforts on the data input and start using probability-based modelling rather than traditional ‘rule-based’ systems to analyze the potential.”

Only then can they start to find answers to the tough questions around data, new business models and innovation. And only then can they start to really unlock tangible business value from their mountains of data.
Conclusion: Moving to a fully embedded D&A strategy

Given these compelling findings and insights, many executives are keen to understand what a ‘fully embedded’ D&A strategy would look like for their business.

For one, organizations with a strong D&A strategy will find that — while they have clearly stated goals and a strategic vision — there is no longer a ‘one-size-fits-all’ approach to strategy execution. Instead, the business would always have a number of scenarios and hypotheses on hand that would allow them to effectively respond to sudden changes of direction.

Furthermore, a data-driven organization would be highly capable of using data to manage its exposure to risks in marketing, supply chain and finance. And it would be able to leverage those insights to ensure that it is selling the right products and services to the right customers.

The achievement of risk and performance objectives would become inextricably linked to the proper exploitation of D&A. Marketing would still focus on the needs of the customer, but would do so with sharper insight into how their activities would impact top and bottom-line performance. And finance would no longer focus on analyzing why forecasts were missed and instead focus on providing insight on where the business can close the gap in order to meet or exceed upcoming financial goals.

In other words, a fully embedded D&A strategy would mean that businesses and employees look first to data to guide their actions; that business decisions are made based on deeper insight and keener analysis; that opportunities are naturally identified and properly exploited through predictive analytics; and that business flexibility and responsiveness is enabled and enhanced.
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