

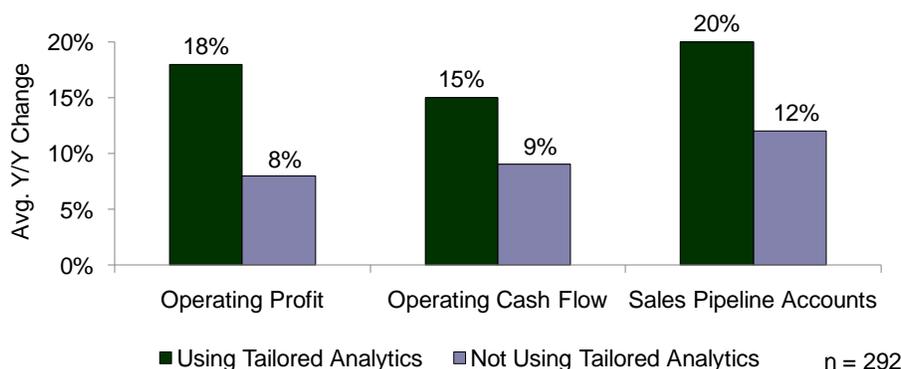
October, 2011

## Business Effectiveness with Tailored Analytics: Merging Customization with Standardization

The value of effective business analytics is readily apparent for organizations seeking smarter and more timely decisions. Providing access to more relevant data, greater operational visibility, and more comprehensive strategic decision support, business intelligence (BI) and analytical technology is well positioned to support both growth and efficiency for any size company. However, achieving this nirvana of analytical effectiveness is not necessarily a simple undertaking for most organizations. On one hand, deploying only packaged commercial-off-the-shelf (COTS) software runs the risk of under-utilization due to a mismatch between analytical skills and technical functionality, leading to a sub-standard return on investment. On the other hand, creating an entirely homegrown analytical solution from scratch and leveraging extensive implementation, maintenance, and support services can be cost-prohibitive and time-intensive. Data from Aberdeen's forthcoming benchmark report, *Operational Intelligence: Tactical Decision Support with Real-Time Analytics*, demonstrates that a subset of responding organizations are taking a hybrid approach that leverages standard technologies in conjunction with judicious use of services, in order to adapt, extend or enhance their analytical solutions.

This Aberdeen Analyst Insight draws on multiple data sets in order to quantify the business value of delivering a well-tailored analytical solution. The research shows that, in addition to the benefit of more widespread and pervasive BI within the organization, companies taking this approach have been able to achieve substantial improvement in several key operational metrics (Figure 1).

**Figure 1: Tangible Business Results with Tailored Analytics**



Source: Aberdeen Group, September 2011

### Analyst Insight

Aberdeen's Insights provide the analyst perspective of the research as drawn from an aggregated view of the research surveys, interviews, and data analysis

### Definitions

Referred to as "**Tailored Analytics**" in this context, this document highlights survey respondents currently using standard tools to support business intelligence (BI) & analytics such as:

- ✓ Data integration technology
- ✓ Ad hoc query/analytical tools
- ✓ Visual dashboards & reporting tools

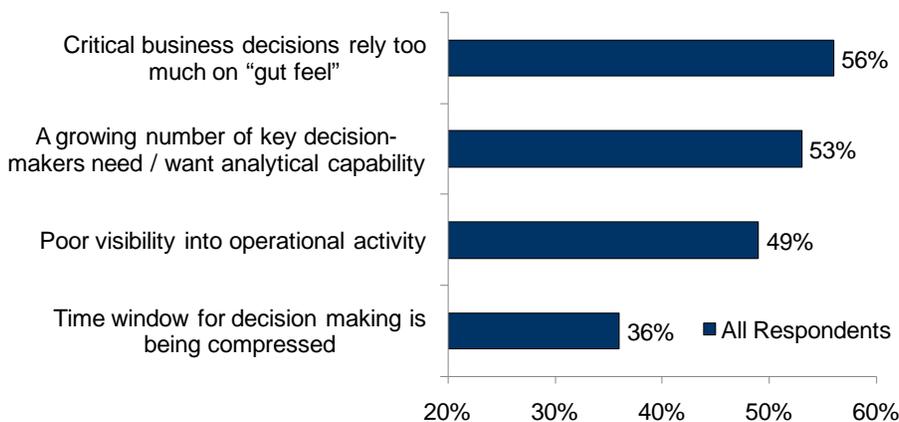
Combined with vendor-provided customization services such as:

- ✓ Implementation services ("last mile" connection of users to tools for analytical insight)
- ✓ BI-maintenance / ongoing support
- ✓ End-user training services

## Context - The Growing Need for Business Insight

Just as a sustained period of economic re-growth seemed reliable and predictable, the recent debt crisis and subsequent fluctuations in the world markets have only served to remind us of the inherent volatility in the business world. As technology advances, companies evolve, and mindsets change, the old paradigms of decision making often no longer apply. Rather than relying exclusively on experience and domain expertise as a tool for decision support, today's leaders are supplementing their business "feel" with fact-based insights gleaned from a never ending stream of business data. Business intelligence (BI) and analytical technologies enable the capture, analysis, and delivery of business information to the most relevant stakeholders in the company. As more information flows into organizations every day, and more managers seek timely access to that data, analytical tools have become more vital to the success of those very stakeholders. Aberdeen's July 2011 benchmark report, [\*The Analytical Masses: Building Self-Service Insight for Line-of-Business Decisions\*](#), demonstrates that these very factors - the need to mitigate decision ambiguity and the growing desire for analytical capability - are in fact the top pressures compelling organizations to invest in BI technologies (Figure 2).

**Figure 2: Top Pressures Driving Analytical Investment**



Percentage of Respondents, n = 222

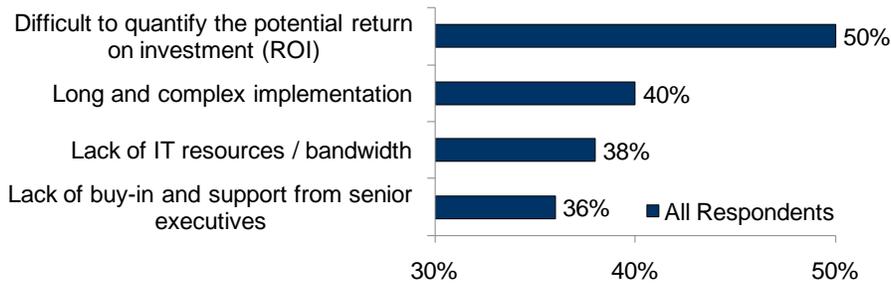
Source: Aberdeen Group, June 2011

Additional business pressures relate to visibility and timing. Companies are increasingly turning to BI to help shed some light onto what drives the business and the industry from an operational perspective, and to combat a shrinking window of time in which to make an informed decision.

However, while effective business analytics offers an answer to the business pressures described above, delivering tangible business value from its deployment is a challenge for many organizations. In Aberdeen's April 2011 report, [\*Managing the TCO of BI\*](#), survey respondents without a BI strategy in place reported several challenges that they perceived to hinder their

analytical adoption. Standing alone at the top of this list of challenges is the difficulty of making a salient business case for BI and proving a tangible ROI from deployment (Figure 3).

**Figure 3: Perceived Barriers to Effective Business Analytics**



Percentage of Respondents, n = 401

Source: Aberdeen Group, April 2011

While the delivery of a tangible ROI is the top challenge to effective BI, the other reasons listed in Figure 3 are all linked together and, one way or another, all relate back to the creation and delivery of business value. Time is money, and long, complex implementations that consume vital internal resources (both IT and business management) can severely impair an organization's ability to achieve incremental revenue, profit, or other tangible value that makes the implementation worthwhile. These factors create a need for appropriately customized, efficiently managed, and widely adopted analytical solutions.

### Case Study — A Global Consumer Products Company

Consider the case of a global provider of consumer household products headquartered in India. With over 8,000 employees and 1,000 business partners across the globe, this organization had a problem that didn't lend itself to a standard solution – the need to accelerate the flow of service data between itself and its business partners who execute service contracts for their 7 million customers.

“We had a batch system handling up to 400,000 service calls per day,” recalls the CIO and senior VP corporate human resources. “Business partners manually synchronized their data with our systems; data was often improperly harmonized or lost.” Aside from the sheer volume of business partners in the company's network, the main challenges were the need to strengthen that very service network in order to maintain and improve customer satisfaction, and to gain better overall governance over their data. There was a clear and strong need for a custom solution that would enable quicker access to customer information and facilitate a higher level of customer satisfaction.

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### Case Study — A Global Consumer Products Company

In order to tackle these challenges this organization engaged with the customization services group within one of their existing software providers. After an initial period of discovery the solution brought forth by the customization team was an online platform that would speed the rate of information exchange between the company and its partners, ultimately improving customer service. The custom development team created this online web-based portal solution ahead of schedule and rolled out the solution to all 1,067 business partners across India. Now, after the service call is received from the customer at the call center, the service request is immediately available to the business partner to act upon. This drastically improves service response to the customer. In the online solution, the service partner can also update all activities and information around warranties, parts used, inventory needs, and invoice and bank payments. Updates are automatically triggered in the company's ERP and CRM applications, ensuring all data remains current.

According to the CIO, "We have continuous, up-to-date information on call outcomes, parts requirements, financial transactions, and partner performance. We know exactly what is happening every minute of the day. We improved corporate governance, gaining control over crucial business partner, customer, and service call data by removing it from our business partners' desktops." he then adds, "The custom development team in Bangalore helped ensure this project was a critical success."

Ultimately, this organization registered a 95% customer satisfaction rate after the solution was rolled out. They were able to gain access to up-to-the-minute service-call information to better evaluate partners and end-user satisfaction. This environment also enabled them to improve parts management and reduce inventory costs, as well as reduce the business partner IT effort, leading to a stronger focus on customer service. "Companies that identify and establish crucial tactical advantages ahead of others, using technology as a tool, will position themselves far ahead of their rivals," reports the CIO. "Market leaders can retain their positions by establishing a technological advantage. This is what we wanted to do, and we achieved it successfully."

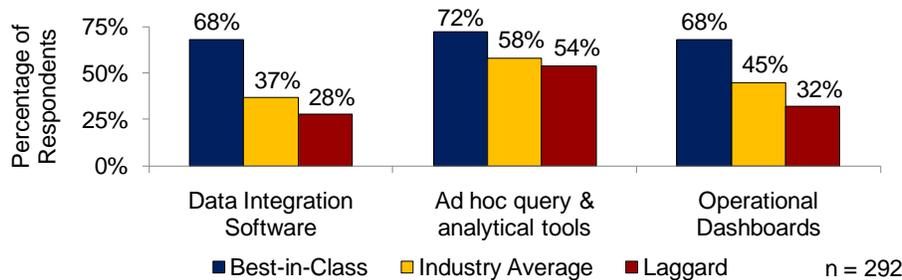
### Blending Technology and Service

The umbrella of business analytics covers a wide variety of technologies and activities. Aberdeen views the analytical world as a value chain transforming raw data into actionable insight. Similar to the way a bank would create monetary products for its customers by gathering and transforming market data to deliver accurate decision support, many industries leverage this information value chain to enhance decision making. As such, the tools and activities associated with business analytics fall into three primary categories:

- **Data Collection:** This category involves activities and technologies used to capture, aggregate, integrate, cleanse, and enrich business data. Data collection is all about gathering data, improving its quality and value, and transforming it into digestible information.
- **Information Assembly:** In the middle of the value chain, information is assembled into usable business insight. By applying business rules and models unique to a company's industry demands (e.g. governance, compliance), or other techniques like predictive analytics, information is transformed into usable business insight.
- **Insight Delivery:** The last mile or front line of this value chain is all about delivering timely and actionable insight to key decision makers. Through tools like reporting, dashboards, scorecards, and portals, to name a few, this category constitutes the final step in the process of getting insight into the hands of the right people at the right time.

Aberdeen's research consistently shows that Best-in-Class companies are more likely to leverage the appropriate technologies at each stage of the process. Top performers from the forthcoming Operational Intelligence report (definition in sidebar), are more likely to use a variety of standard tools to assist in the creation and delivery of business insight (Figure 4).

**Figure 4: Standard Tools in Place for Business Insight**



Source: Aberdeen Group, September 2011

In order to increase the value of their data and make more of it accessible and consumable by their analytical systems, Best-in-Class companies are using tools like data integration software. To ask better and timelier questions of their data, these top performers are also more likely to leverage ad hoc query and analysis tools in conjunction with operational dashboards. This combination enables them to find and deliver tactical insight to their key decision makers faster.

In addition to their appropriate and judicious use of technology described above, Best-in-Class companies are also more likely to utilize a variety of customization services that help them get the most value from their overall investment and deliver on more industry specific needs (Figure 5).

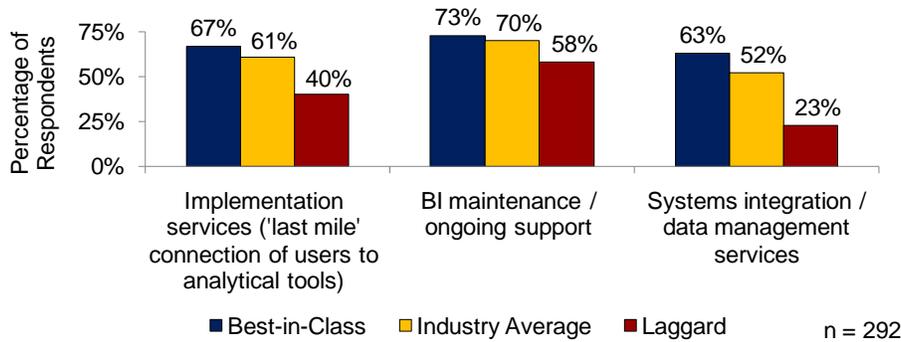
**Best-in-Class Definition**

Most of the data in this document is taken from Aberdeen's September 2011 benchmark report, [Operational Intelligence: Tactical Decision Support with Real-Time Analytics](#).

Best-in-Class performance from this benchmark report is defined as follows:

- ✓ 91% of information is available on-time, or within the pre-defined "decision window"
- ✓ 97% customer retention rate over the previous year
- ✓ 28% year over year increase in new accounts sold
- ✓ 21% year over year increase in operating profit

**Figure 5: Customization Services for a Tailored Analytical Fit**



Source: Aberdeen Group, September 2011

Instead of undertaking extensive application development, integration, and deployment projects on their own, Best-in-Class companies are more likely to utilize vendor expertise to focus on tailoring an optimal connection of standard analytical functionality with the needs of the business users. In other words, top performers are more likely to use custom application development services to adapt and extend the solution to the "last mile" and to reach the Line-of-Business decision makers who crave analytical capability but lack the solution and domain expertise needed to apply the tools to their specific business problems. This "last mile" connection could include the efficient creation of relevant charts, reports, and dashboards to best fit the mindset of the decision maker, or simply providing them with access to ad hoc query tools and enabling them to ask questions of the data self-sufficiently.

Best-in-Class companies are also more likely to utilize outside expertise to provide maintenance and ongoing support for their standard and customized analytical solutions. Between software upgrades, patches, performance improvements, addition and subtraction of users, and a variety of other activities that can be cumbersome for any organization, top performers look to outside service providers to relieve some of this burden. Additionally, the research shows that Best-in-Class companies are leaning on service providers to help connect them to more data and improve the cleanliness and usability of that data through systems integration and data management services.

From a more general perspective, the overall value realized through the appropriate use of services comes in many forms. Part of the challenge of effective business analytics is reaching a high level of adoption and utilization. Service providers will typically have a standard process in place to help deploy the tools to more users, as well as a more developed way of gathering and executing against end-user needs for business analytics. Top performers are almost three-times more likely than laggards to have these services in-place

### Case Study — A South American Electrical Utility

Consider the case of a South American electrical utility. With over 4,000 employees headquartered in Brazil, this organization provides electricity to about 3.9 million residential, commercial, and industrial customers. In 2008 this company sought a solution to help it optimize the cost of field services provided by internal teams and third-party resources. The application was intended to facilitate the adaptation of field services to comply with regulatory standards and to help improve the quality of information provided by the field professionals.

Given that volume of customers and a wide range of electrical demands, they needed a way to allow planners to analyze qualification, availability, and relocation duration in order to pick the service professional best suited to attend to demand. “We were searching for a mobile solution that would enable real-time monitoring of the teams throughout the service lifecycle,” says the senior IT manager. The challenge was in enabling the field team to interact with the planning team via a mobile solution and support those planners in their efforts to dispatch more than 15,000 services a day automatically and promptly.

After thorough search, the company opted for a solution provider that would enable them to leverage existing and standard technologies combined with specific industry and technology expertise. “We chose the solution because it completely satisfied our needs and supported native integration with our existing portfolio of applications, purpose-built for the Utilities industry,” states the IT manager. To perform the implementation, they engaged the solution provider’s consulting and custom development team as well. The project, which went live in May 2009, posed some challenges: creating a unique environment for planners to allow resources to dispatch services, and enabling the field team to interact with the planning team through mobile devices. The consulting and custom development experts divided the implementation into four projects that were handled simultaneously. “The cycles were logically divided into four waves, with the first and third waves involving technical aspects and the second and fourth waves involving business aspects,” the IT manager explains. This meant the software could go live with no impact on operations and a downtime of only 48 hours.

According to the IT manager, the services offered by the customization team yielded a number of strategic and business benefits. “The phased implementation considered different business scenarios and executed rollouts per region, and our team was empowered during the project to execute rollouts without the need for support by consultants.” Another benefit of the new solution had dramatic impact from day one: online visualization of the field teams.

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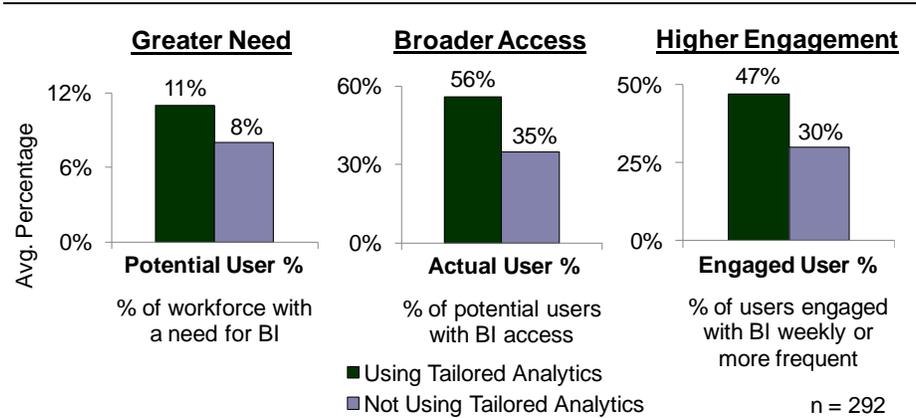
**Case Study — A South American Electrical Utility**

Ultimately, engaging the customization team enabled this organization to access more data relevant to their services operation, and deliver more meaningful views of that data to their key decision makers. This well-tailored solution has led to a significantly enhanced services offering that more efficiently applies resources and allows for real-time visibility into performance.

**Tailored Solutions - Driving More Pervasive Insight**

The research also examines a subset of respondents that use custom development to create a tailored approach to business analytics - users that report leveraging standard analytical technologies in conjunction with the appropriate vendor-provided custom development services. This focused analysis of "tailored analytics" users yields some interesting findings. Perhaps the most vital aspect of a successful analytical strategy is the level of adoption among business users. Research continually backs the assertion that implementing to the last mile by bringing analytical capability into the hands of more users - including mobile users - facilitates a higher ROI on a company's investment in BI. The data shows that these companies taking a tailored approach to analytics have achieved a higher degree of both adoption and engagement in their user base (Figure 6).

**Figure 6: Boosting Analytical Adoption**

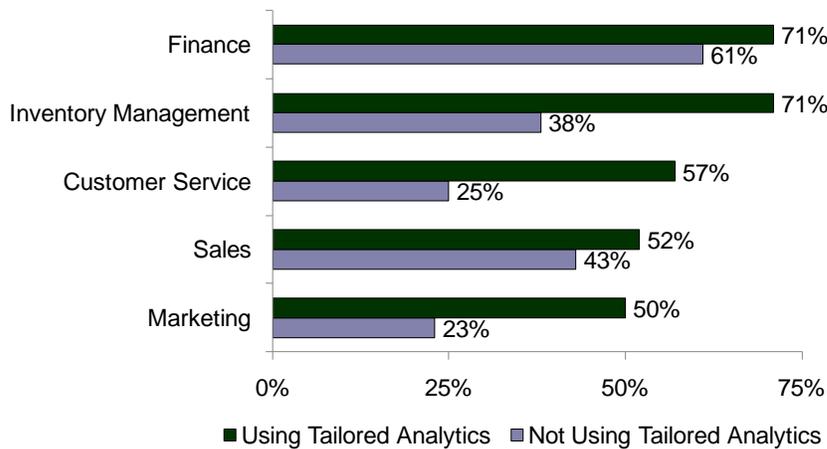


Source: Aberdeen Group, September 2011

For starters, these users simply see a greater need for analytical capability in their workforce. Those using tailored analytics report that a greater percentage of their employees have a strong need or desire for BI capability. Of that potential analytical user base, these companies are also delivering on that need by equipping a larger percentage with the tools they need. Finally, companies taking a tailored analytics approach are also seeing a greater degree of engagement on the part of their user base. According to the

research, an average of 47% of their user base are interacting with business analytics on a weekly basis or more frequently. This increased level of engagement helps magnify the business value that can be created with efficient analytics, ultimately leading to the tangible performance improvements discussed previously.

**Figure 7: Expanding the Reach of Analytics**



Percentage of Respondents, n = 292

Source: Aberdeen Group, September 2011

In addition to the increased adoption and engagement seen by companies taking a tailored approach to analytics, these users are also able to drive analytical capability into more disparate areas of their business (Figure 7, above). Beyond just the standard use cases for business analytics, such as finance, sales, or marketing, these users have also been successful in delivering meaningful analytical capability to more non-traditional areas of the company like inventory management and customer service.

This increased level of BI pervasiveness enables these users to affect noticeable changes to both of the key focus areas of any company: growth and efficiency. On the growth side, companies using custom development services to tailor analytics are able to leverage sales and customer service analytics to identify and act upon new areas for business development, as well as drive more revenue opportunities from existing clients. On the efficiency side, these users are more likely to utilize analytical capability in back office functions like inventory management, supply chain, or procurement. These analytical activities facilitate opportunities for cost reduction, profit improvement, and cash flow as well.

### Industry Highlight - Predictive Analytics in Banking

Traditional business analytics tools and methods were focused primarily on gathering historical data to understand business performance in the previous reporting period. The growth of operational BI and tactical tools enabled greater visibility into day-to-day performance and helped make adjustments to business activity on the fly. The third step in this analytical progression involves utilizing both historic and transactional data, applying the right business rules and modeling techniques, and ultimately developing ways to anticipate changes in the business and ideally make adjustments before major fluctuations occur. From a technology and activity standpoint, this concept is typically referred to as predictive analytics. By leveraging a variety of data types and developing the right ways of assembling and viewing that data, companies can move from being reactive to proactive. Aberdeen's July 2011 benchmark report, [\*The Analytical Masses: Building Self-Service Insight for Line-of-Business Decisions\*](#), demonstrated that Best-in-Class companies are more than twice as likely as all other companies to use predictive analytics.

Taking these concepts and applying them to the banking industry yields some interesting and valuable use-cases. Just as much as any other industry, if not more, in the banking world the customer is king. The ability to retain and develop the existing customer base while identifying opportunities to expand into new markets is a key underpinning of and in these areas predictive analytics has proven to be a key enabling tool.

Consider the case of a banking organization seeking ways to optimize marketing campaigns to their customer base. With a broad portfolio of products and a diverse customer base, the ability to target the right product to the right customer at the right time has a substantial impact on customer satisfaction, retention, and ultimately revenue. While traditional methods would only allow the bank to understand how customers have reacted to their outreach campaigns in the past, predictive analytics can enable the bank to anticipate the way customers will react to different product offers and optimize the response rate to these campaigns. By collecting and aggregating historical data, the bank will have the opportunity to model a whole variety of customer related variables, and tune their campaign outreach to optimize the time and frequency of the campaigns, the products offered, and drive improvement to the most important performance metric (i.e. campaign margin, revenue, response rate, etc.)

However, despite the promise of predictive analytics, the biggest challenge that many banks face in realizing this business value, is in developing the right predictive modeling techniques for their data, and then delivering intuitive solutions to their most important decision makers. To alleviate these challenges, many banks are now leveraging

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### Industry Highlight - Predictive Analytics in Banking

not only the analytical expertise of their software provider, but also the implementation services as part of an integrated solution aimed at maximizing the business impact of predictive analytics. With these two factions working in concert, a bank is able to create the most effective predictive models that can then be applied to data from a Customer Relationship Management (CRM) system or other source of customer data, and ultimately delivered in intuitive dashboards and views for customer management professionals.

There is great value in a rich set of customer data, but there is even more value in the effective interpretation of that data, and applying predictive concepts and technologies is a powerful way of transforming organizations from reactive to proactive. At the same time, building these tools specifically to fit the needs of the business decision makers and the intricacies of the data environment is crucial for a bank – or any other type of organization – to realize the tangible business value achievable through predictive analytics.

### Key Takeaways

The days of "gut feel" carrying the day when it came to mission-critical business decisions are over. Companies are now looking to add another tool to their belt, and that is fact-based decision support delivered through sound analytical methodology. By leveraging standard tools in conjunction with appropriate customization services like custom application development, companies taking a tailored approach to analytics have seen substantial improvements in BI adoption, engagement, and ultimately, business performance. For organizations seeking to maximize the value of their investment in analytics, the following recommendations should be considered:

- **Consider engaging outside service providers for BI deployment, application development & ongoing management.** While the cost associated with services is not negligible, the biggest danger to any sizable analytical implementation is under-utilization and the grim specter of "shelfware". Few things corrode ROI faster than a tool that withers away unused on the desktops of users. Perhaps the biggest value that service providers can deliver is boosting not only adoption but engagement as well. Best-in-Class companies are 68% more likely than Laggards to engage a service provider to help with "last mile" implementation, and 1.8-times more likely to leverage systems integration and data management services.
- **Define and document a standard BI implementation plan.** While different users and business functions within the organization

will have different needs when it comes to analytical functionality, a thoroughly conceived and time-tested implementation plan will translate well across multiple areas of the company. Best-in-Class companies are more than twice as likely as Laggards to have a well documented and proven BI implementation plan. By developing and continually refining a standardized plan companies will position themselves to deliver analytical capability across their organization in a shorter time frame and within budget.

- **Establish a process to gather and incorporate end-user BI needs.** The first step toward building engagement in BI and reaching the adoption levels of a Best-in-Class company involves understanding and delivering on end-user requirements which can often be quite disparate across the workforce. Some users need information faster than others, some require advanced functionality, and increasingly more users require mobile capability. For decision makers in sales, service, or at the executive level, typically away from their desks for the majority of the day, how will they gain access to critical data without mobile access? Best-in-Class companies are 73% more likely than the Industry Average to regularly collect, incorporate, and delivery on their end-user needs.
- **Remove unnecessary restrictions on end-user data exploration.** Information security and rights management are crucial aspects of any IT environment. Employees simply cannot have unimpeded access to any data in the company at any time. However, sometimes the restrictions on that very data access can become cumbersome and counterproductive to the employees' ability to make informed business decisions. Best-in-Class companies are 34% more likely than the Industry Average to examine their data access policies and remove unnecessary restrictions that are likely to hinder the analytical process. Without actually compromising the security of sensitive organizational information, companies can accelerate the creation of analytical insight by lifting unnecessary barriers to information access. With analytical tools better tailored to user needs, an increased level of analytical skill, and a more direct and unimpeded path to relevant data, these organizations will be able to deliver more business value from their BI deployment, putting them on the path to Best-in-Class performance.

For more information on this or other research topics, please visit [www.aberdeen.com](http://www.aberdeen.com)

### Related Research

[The Analytical Masses: Building Self-Service Insight for Line-of-Business Decisions](#); July 2011

[Business Intelligence on the TCO Diet: Slashing the Cost of Insight with Analytical Fitness](#); May 2011

[Effective Analytics in the SMB Market: Delivering Measurable Business Results](#); July 2011

[Business Answers at Your Fingertips: The Real-Time Value of BI](#); April 2011

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