IBM Performance 2011

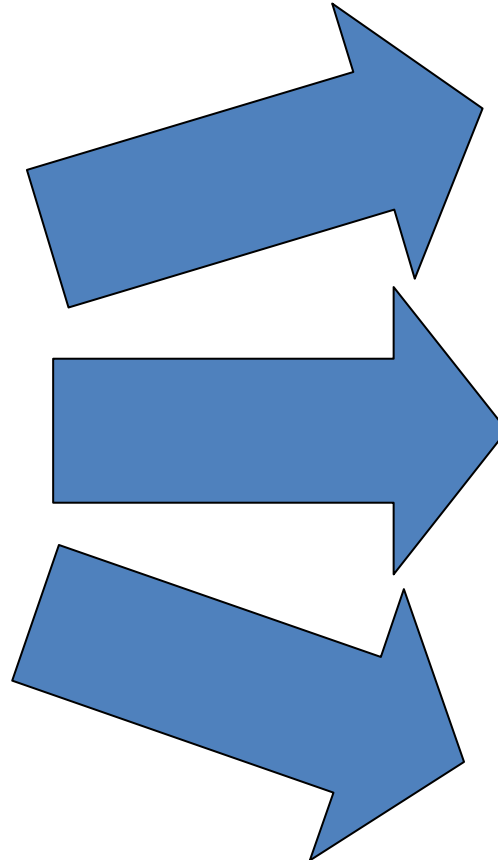Smarter Decisions. Better Results.

How to Raise your Organization's Analytics Quotient

Luc Goossens
Presales Leader Benelux
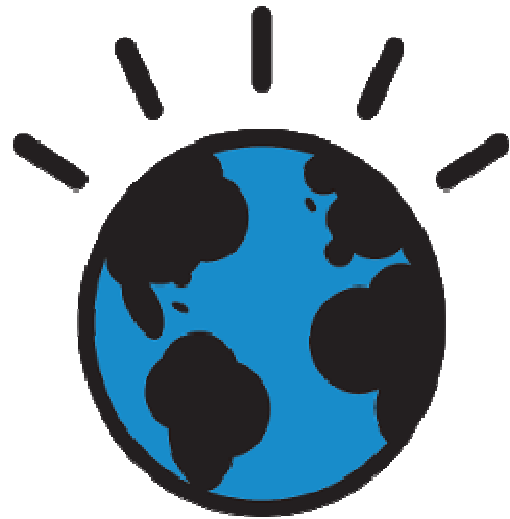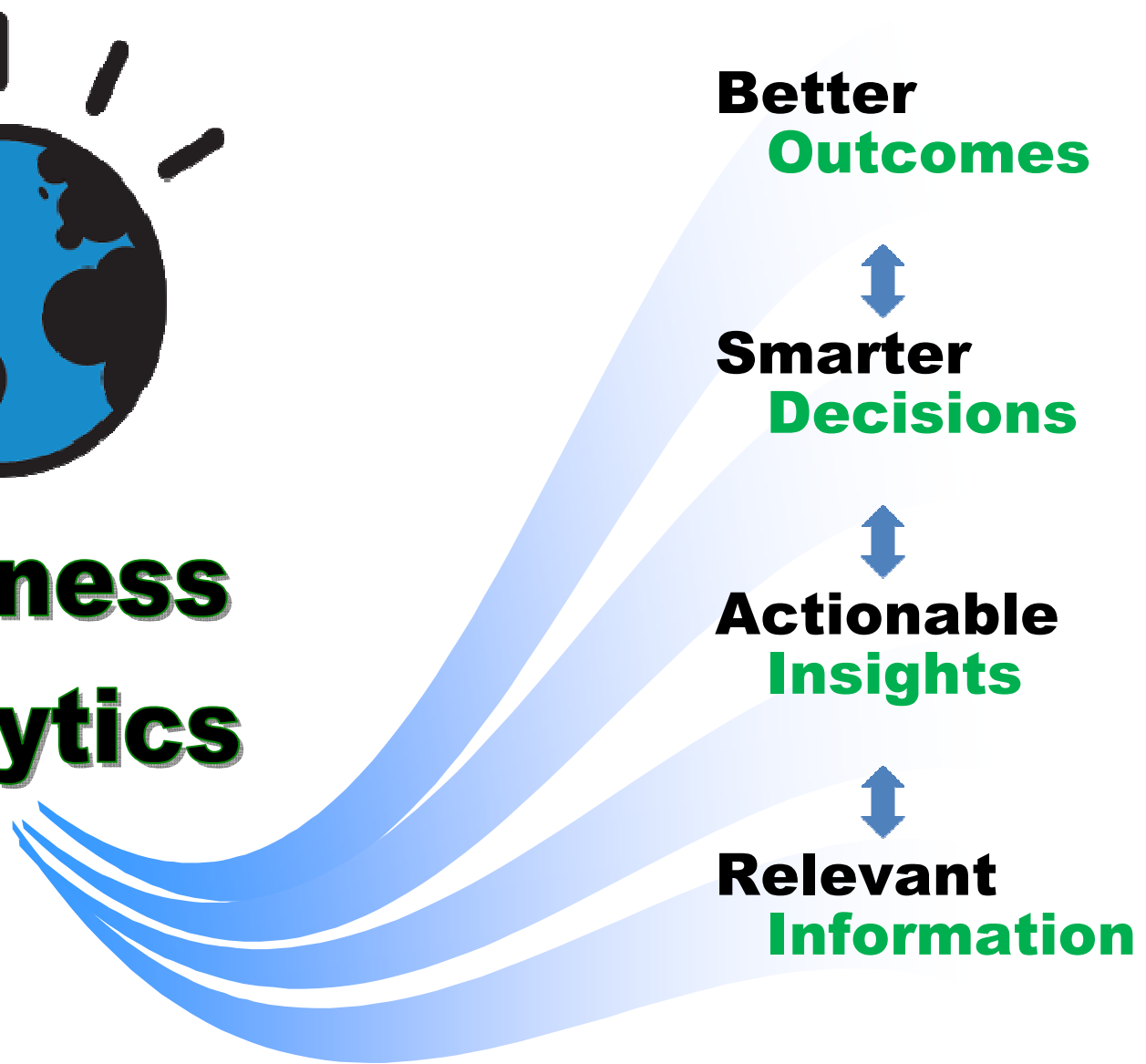IBM Business Analytics

What's Your
AQ?

What's Your AQ?

Why is AQ relevant?

What is AQ?

Your journey to improve your AQ

Business Analytics

Better Outcomes

↕

Smarter Decisions

↕

Actionable Insights

↕

Relevant Information

CIO #1 Concern

Business Analytics   **83%**

Virtualization   76%

71%

68%

Self-service

Application Harmonization

Business Process Management   64%

SOA / Web Services   61%

Unified Communications   60%

Business Analytics 83%

Source: IBM Global CIO Study 2009, n = 2345,

Analytics-driven organizations outperform

5.4x

Top Performers are more likely to use an analytic approach over intuition*

3x

Organizations that lead in analytics outperform those who are just beginning to adopt analytics

Finance

HR

Customer Service

Product Development

Marketing

Operations

Sales

*within business processes

Source: Analytics: The New Path to Value, a joint MIT Sloan Management Review and IBM Institute of Business Value study. Copyright © Massachusetts Institute of Technology 2010.

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Analytics-driven organizations outperform

EBITDA
5-year CAGR, 2005–2009

Revenue
5-year CAGR, 2005–2009

ROIC
5-year average, 2005–2009

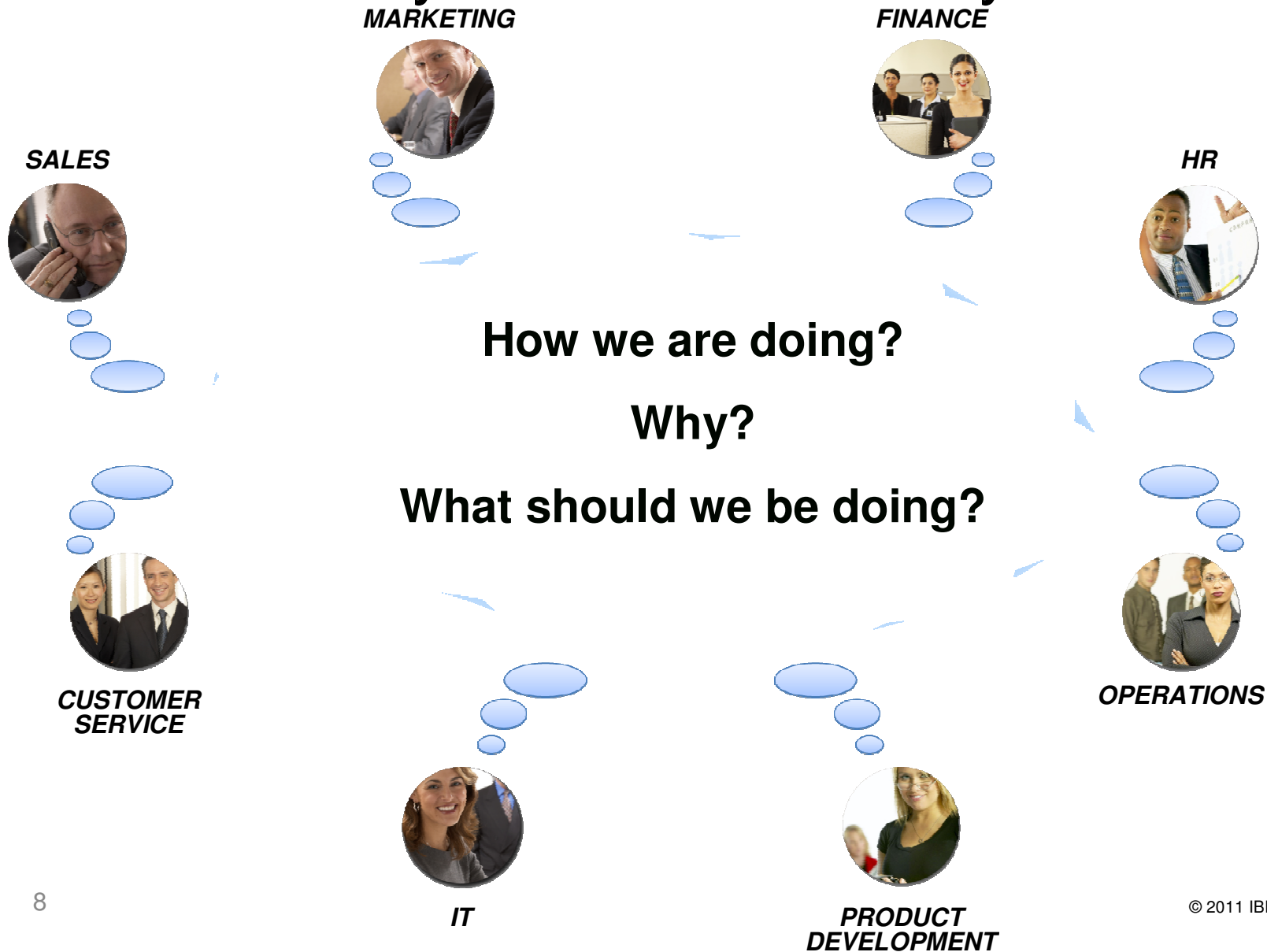■ **Value Integrators**   ■ All other enterprises
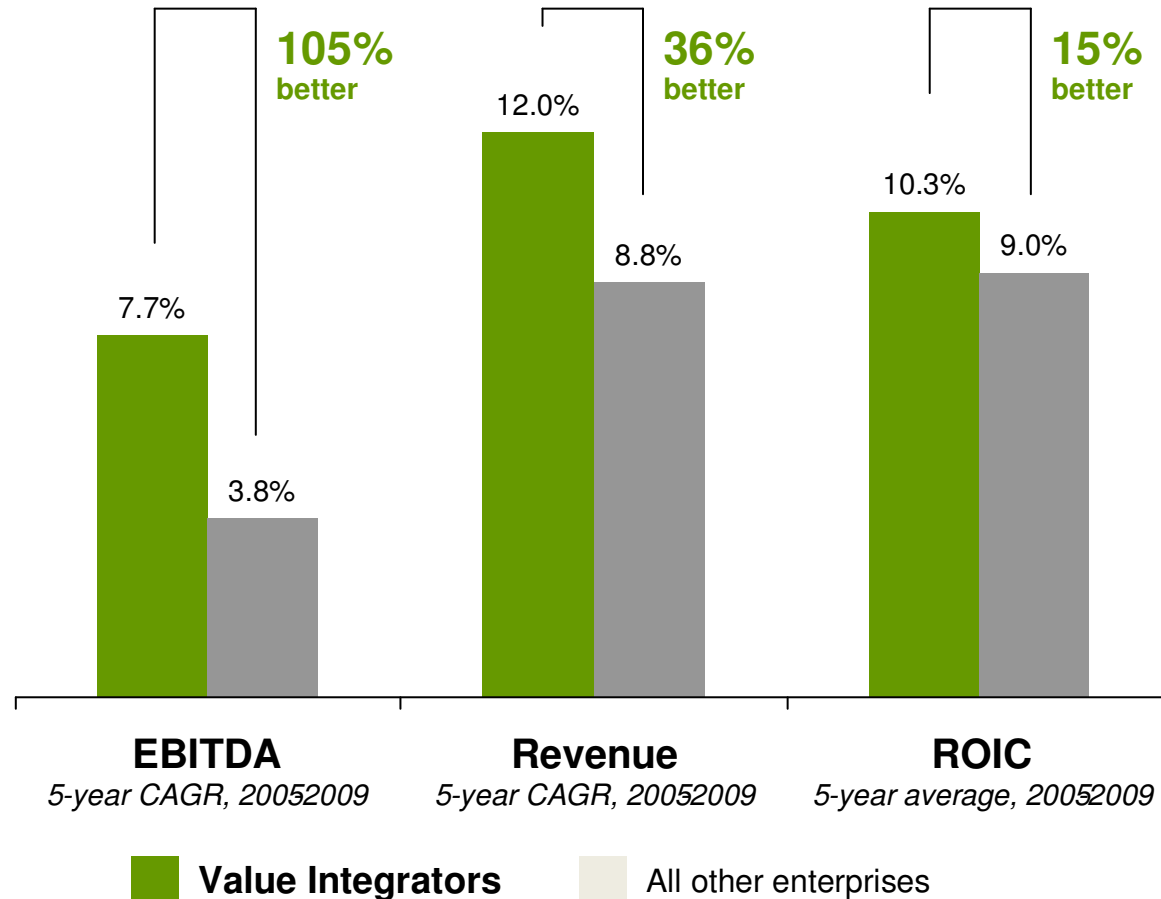
Value Integrators invest in efficiency & business insight, which contributes to better financial performance

Sources: IBM Institute for Business Value; 2010 IBM Global CFO Study.   © 2011 IBM Corporation

Do you know the role Business Analytics plays in getting to the business results?

Business Analytics Answers 3 Key Questions

MARKETING

FINANCE

SALES

HR

How we are doing?

Why?

What should we be doing?

CUSTOMER SERVICE

OPERATIONS

IT

PRODUCT DEVELOPMENT

In the "New normal", companies must compete using analytics

Shareholder expectations

Highly competitive

New legislation

Social intelligence
(Google, Facebook…)

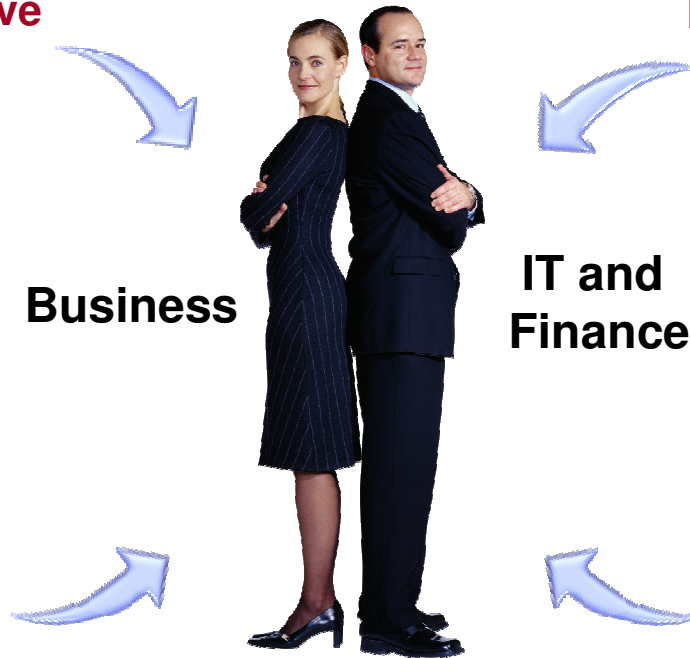**Greater**
uncertainty and
risk

Business

IT and
Finance

High connectivity
(ubiquitous Wi-Fi, mobile…)

Complex
infrastructures

Hot technologies
(social analytics, massive scale
analytics, cloud computing…)

Higher data volume
and variety

9

Must <u>balance</u> new user expectations with need for governance and control

I must make faster, more proactive decisions that drive competitive advantage

I must deliver reliable, lower-cost, secure analytic solutions (IT)

Business

IT and Finance

I expect fast, fun, frictionless access to analytics wherever I go!

I must align resources, lower risk, set strategy, and govern access to sensitive information (Finance)

AQ = **Analytics Quotient**

$$= \frac{\textbf{Realized}}{\textbf{Potential}}$$

The more you infuse analytics into your business, the higher your AQ and the better you and your business will perform

AQ Maturity

ALIGNED
Collaboration across
business objectives

AWARE
Alert, observant,
informed and perceptive

High AQ

AGILE
Highly responsive to
changing priorities

FOCUSED
Clear understanding of
what's important

PREDICTIVE
Able to anticipate, look
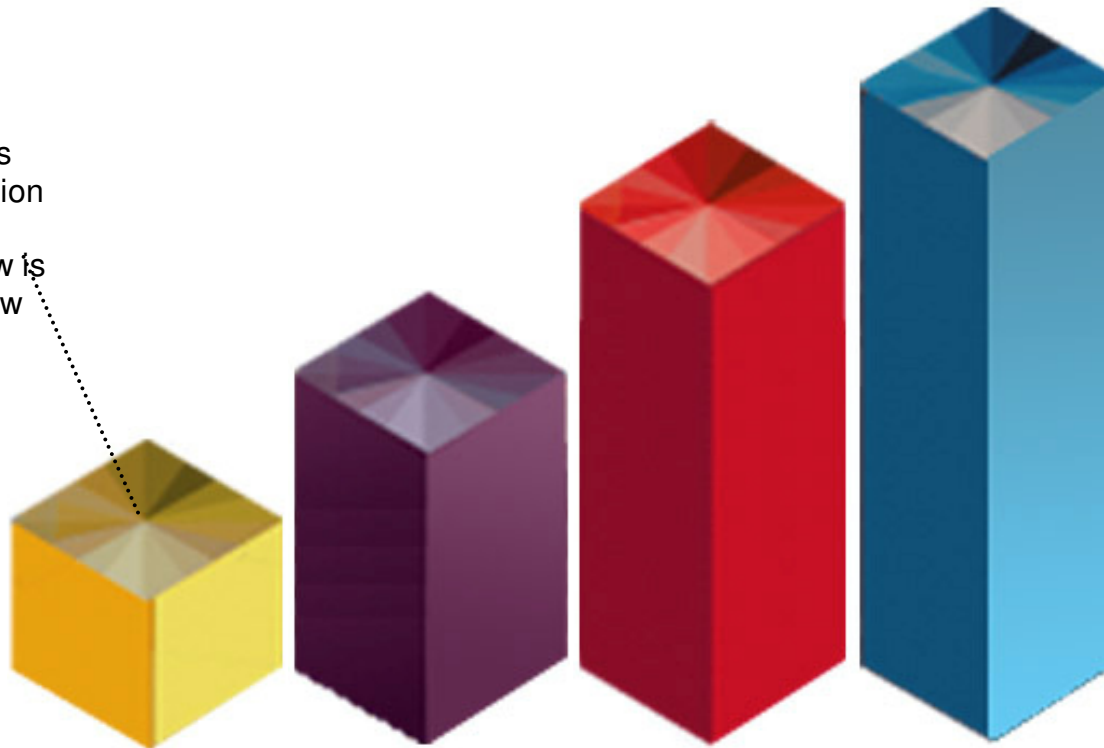forward and set expectations

The AQ Journey

Manual, slow, error prone, cumbersome, fragmented
Data quality concerns

Automated, instant, accurate, seamless, converged
Data governance is in place

The AQ Journey

STEP 1:
Novice

- You rely on spreadsheets with information gaps
- The rear view is your only view

Manual, slow, error prone, cumbersome, fragmented Data quality concerns

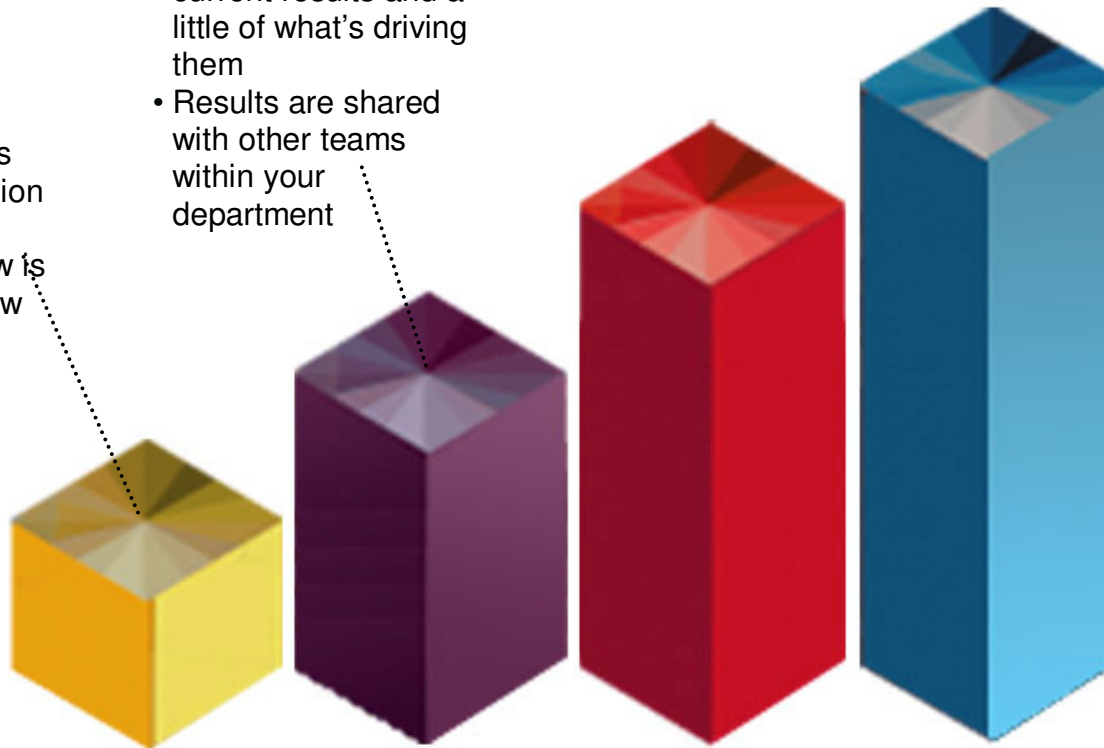**Automated, instant, accurate, seamless, converged Data governance is in place**

The AQ Journey

STEP 2:
Builder

- You have a view into current results and a little of what's driving them
- Results are shared with other teams within your department

STEP 1:
Novice

- You rely on spreadsheets with information gaps
- The rear view is your only view

Manual, slow, error prone, cumbersome, fragmented
Data quality concerns

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The AQ Journey

STEP 3:
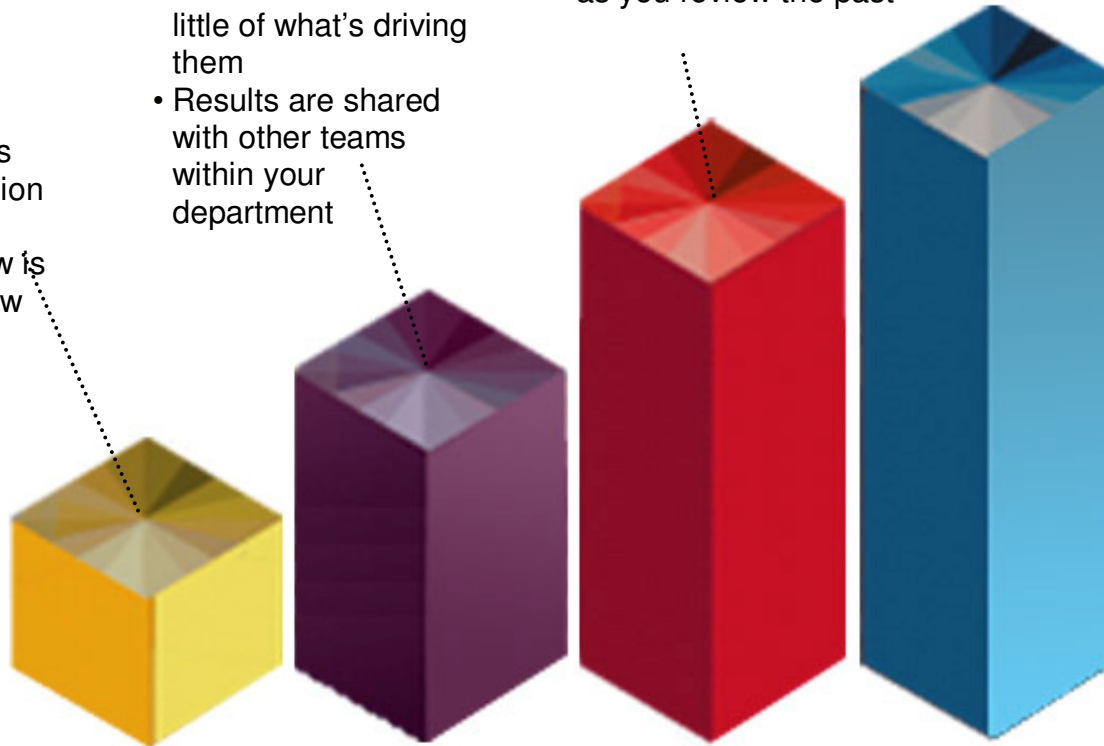**Leader**

- Your VP sets the strategy
- Your department's metrics map to other departments metrics
- You look forward as much as you review the past

STEP 2:
Builder

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STEP 3:
Leader

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- Your department's metrics map to other departments metrics
- You look forward as much as you review the past

STEP 4:
Master

- Top-down goal setting
- Insights flow freely across divisions and departments.
- You allocate resources, minimize risk and maximize outcomes with equal ease and speed
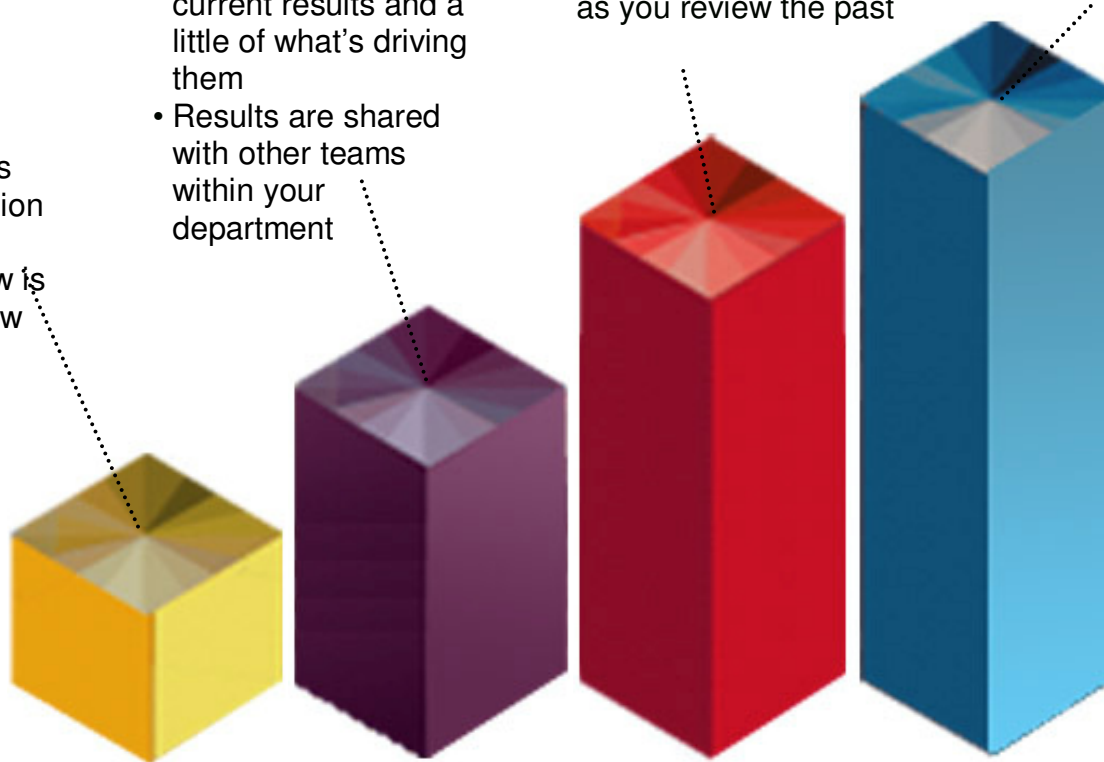
Manual, slow, error prone, cumbersome, fragmented Data quality concerns

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17

Where are organisations in the maturity model?

STEP 1:
Novice

5%

STEP 2:
Builder

75%
Good in
Own Domain

STEP 3:
Leader

15%

STEP 4:
Master

5%

Manual, slow, error prone, cumbersome, fragmented
Data quality concerns

Automated, instant, accurate, seamless, converged
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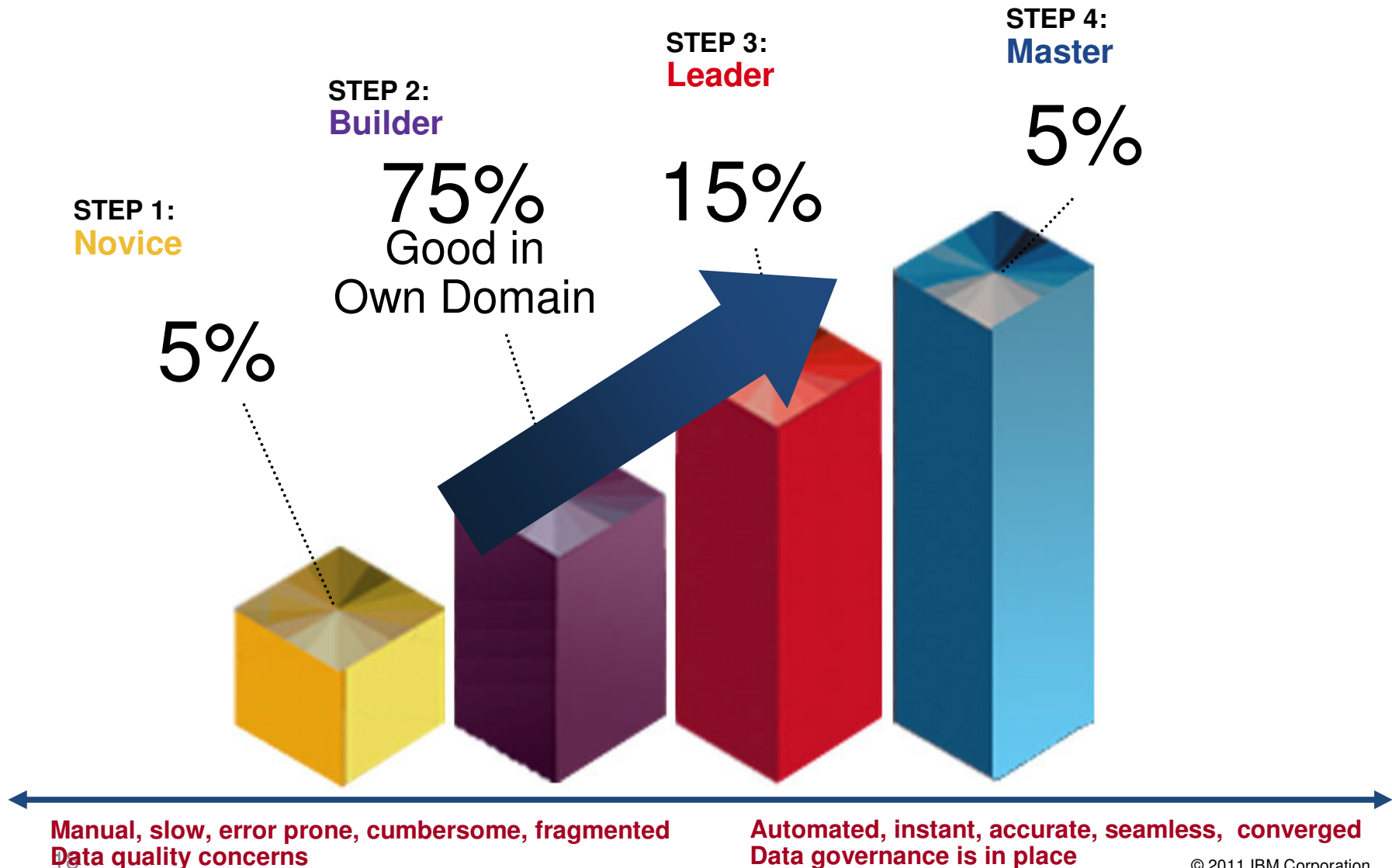
Test your AQ

www.ibm.com/analytics/aq

- 15 multiple choice question

- You will receive your company related AQ status including recommendations on how to improve it

What's Your AQ?

How does your use of analytics affect business outcomes?

03 | 15

- Minor impact. Different solutions produce different, sometimes inconsistent results.

- Some impact. We've had some success but the impact is typically within teams or departments.

- Strong impact. We use analytics across our core processes to inform and guide actions and drive department-level outcomes.

- Very strong impact. All our business decisions are based on information provided by analytics. It's in our DNA.

BACK   NEXT

How to increase your AQ?

What's Your AQ?

23

What are elements that affect your AQ?

Top challenges:

Piecemeal Solutions

No Organization

No Strategy

Politics and Culture

No Business Case

IBM Cognos BI Excellence Advisory Board, May 2009

Piecemeal Solutions

- ## Why do people love spreadsheets?
  - Control
  - Flexibility
  - Easy
  - Because they are used to
  - Passioned about it
  - Speed
  - Carreer built on it
  - Top management gets its dashboards

3 Areas to focus on that will help you increase AQ Maturity

Business Alignment, Strategy & Value

Organization & Behaviour

Technology

Next steps for you to increase AQ Maturity

Business Alignment, Strategy & Value

Organization & Behaviour

Technology

- Understand Stakeholders
- Prioritize and Roadmap your sweet spots
- Build business cases and determine outcomes and value upfront
- Measure against value and document them

Next steps for you to increase AQ Maturity

Business Alignment, Strategy & Value

Organization & Behaviour

Technology

- Building a performance culture over ALL departments
- Prepare a vision with a logical starting point
- Determine roles, functions & map to the goals of the organization

Next steps for you to increase AQ Maturity

**Business Alignment,
Strategy & Value**

**Organization &
Behaviour**

Technology

- Plan a solution that will grow with you over time
- Use Mobility for high acceptance!
- Use a common platform

Conclusion

You don't know what you don't know!!

| Business Alignment, Strategy & Value | •Does Management see the value? |

| Organization & Behaviour | •Is there consciousness on the value of collaboration? |

| Technology | •Do you have the information at your finger tips? |

Next steps for you to increase AQ Maturity

Resources to help you:

- [Business Analytics Excellence Champion Kit](#)
  - http://www.ibm.com/cognos/champion

- [AQ Assessment Tool to benchmark your Organization](#)
  - http://www.ibm.com/analytics/aq

- [Performance Manager Book](#)
  - http://www-01.ibm.com/software/analytics/excellence-center/bookstore.html

- **[Business Analytics Experience Workshop](#)**
  - **https://www-950.ibm.com/events/wwe/grp/grp021.nsf/v16_agenda?openform&seminar=F6DFFXES&locale=en_BE**

- [BI Strategy Book](#)
  - http://www-01.ibm.com/software/analytics/excellence-center/bookstore.html

- Strategy Services
- Alignment Workshops

BAE Workshop - It's a business simulation!

Questions?