

The Business Value of Predictive Analytics

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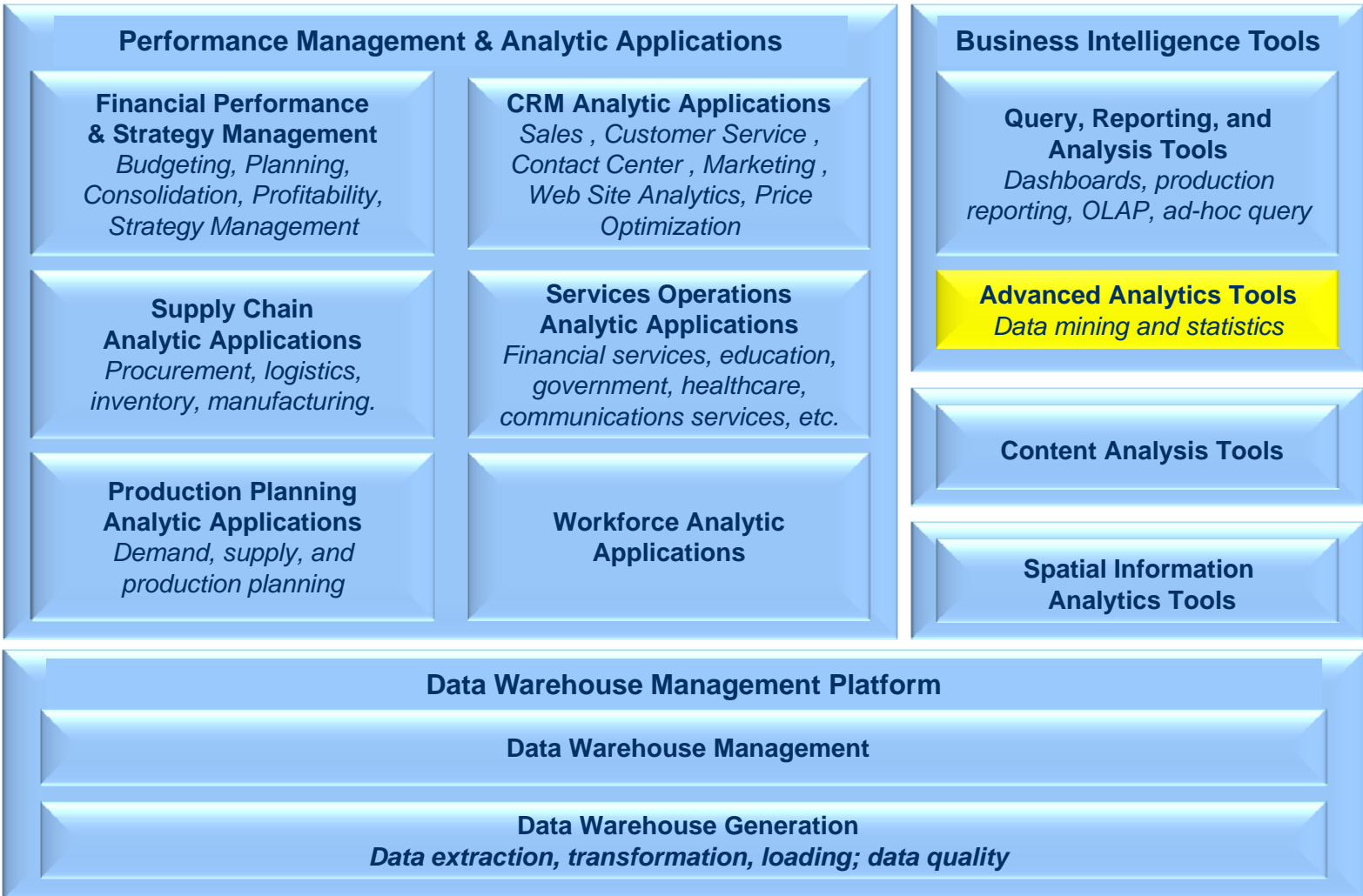
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- Business Analytics Concept and Decision Management
- IDC Survey - Gaining Business Value From Predictive Analytics

IDC's Business Analytics Software Taxonomy



Definition of Business Analytics

Technical definitions

BI

Data warehousing

OLAP

Data mining

Predictive analytics

Performance mgt

Analytics

Enterprise reporting

CPM

Content Management

Big data

Social data

Collaboration

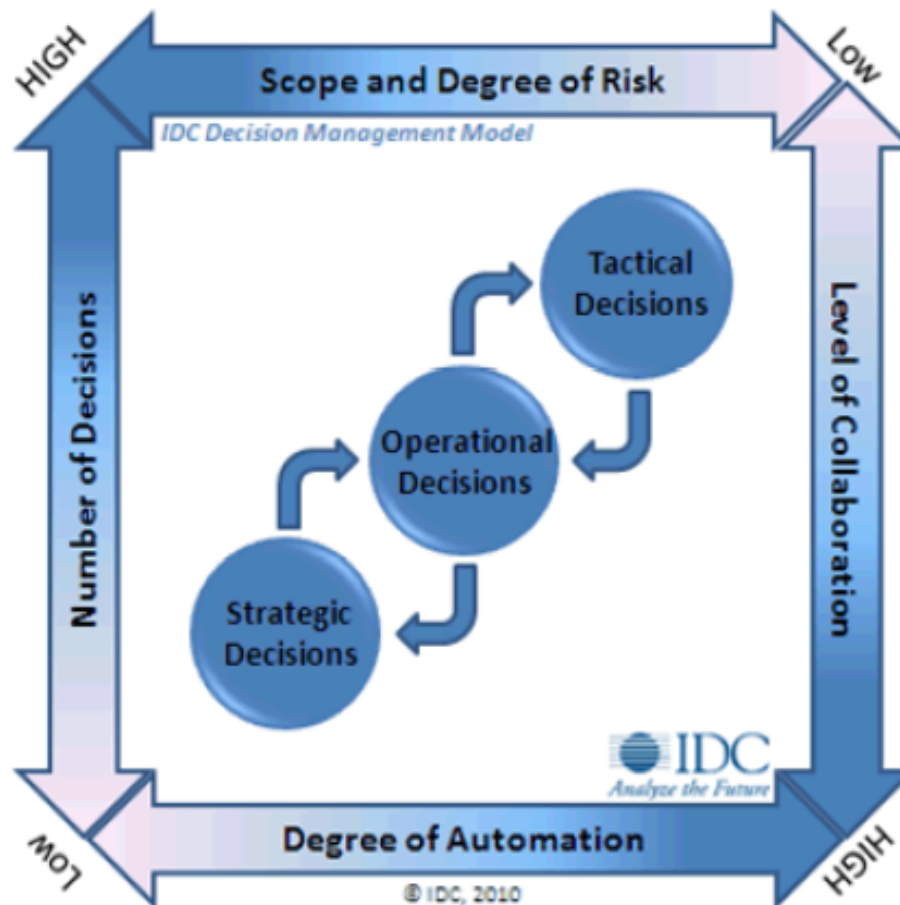
Text analytics

Providing information for decision making

Conceptual definition

IDC Decision Management Model

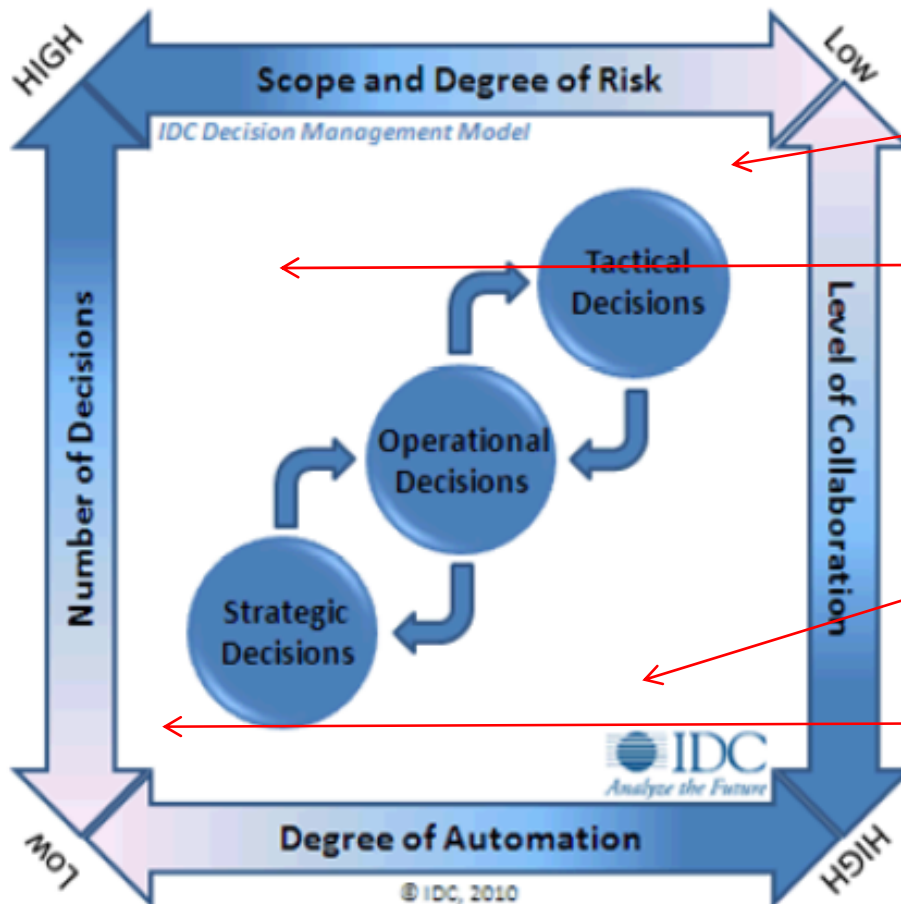
IDC Decision Management Model



Source: IDC, 2010

IDC Decision Management Model

IDC Decision Management Model



- Intelligent process automation
- Unified access and analysis of structured data and unstructured content
- Knowledge capture and learning
- Collaborative analysis and planning

Source: IDC, 2010

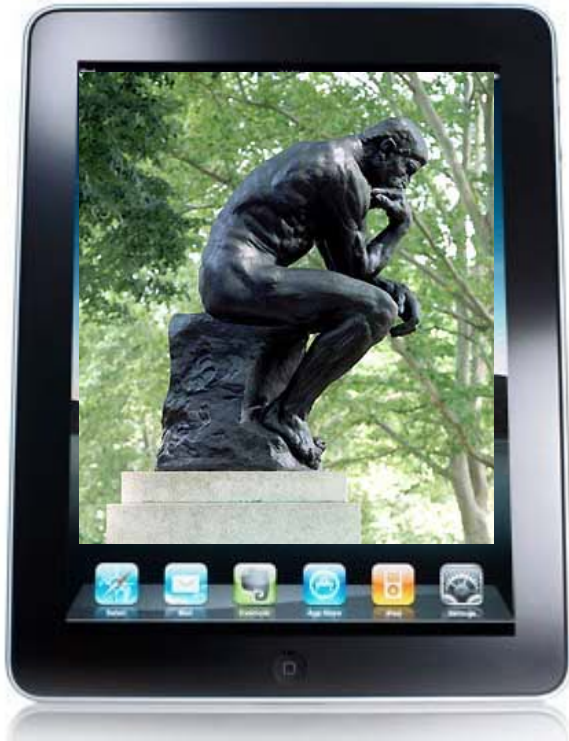
- Business Analytics Concept and Decision Management
- Gaining Business Value From Predictive Analytics

IDC Survey: The Business Value of Predictive Analytics

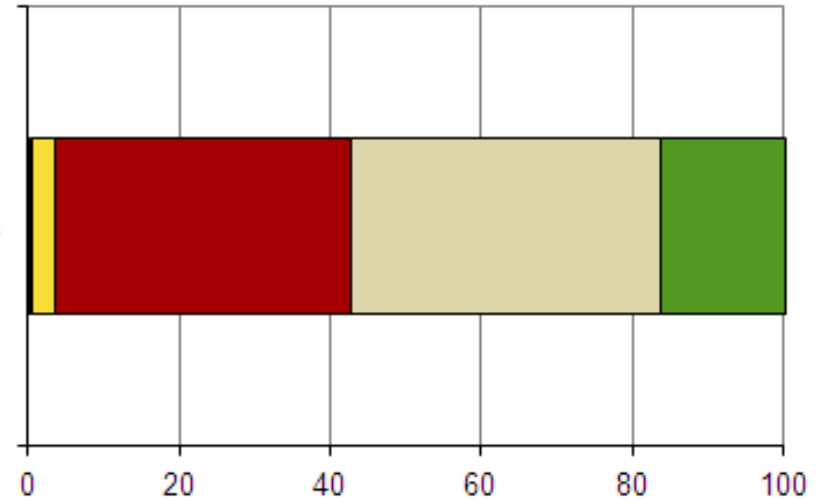
- Survey sponsored by IBM SPSS
- 200 respondents, involved in a business process that uses or benefits from the use of predictive analytics
- 18% of respondents were from IT
- 30% were from executive management
- 53% were from line-of-business functional areas

These organisations are mature in their use of predictive analytics

How organizations take decisions now?



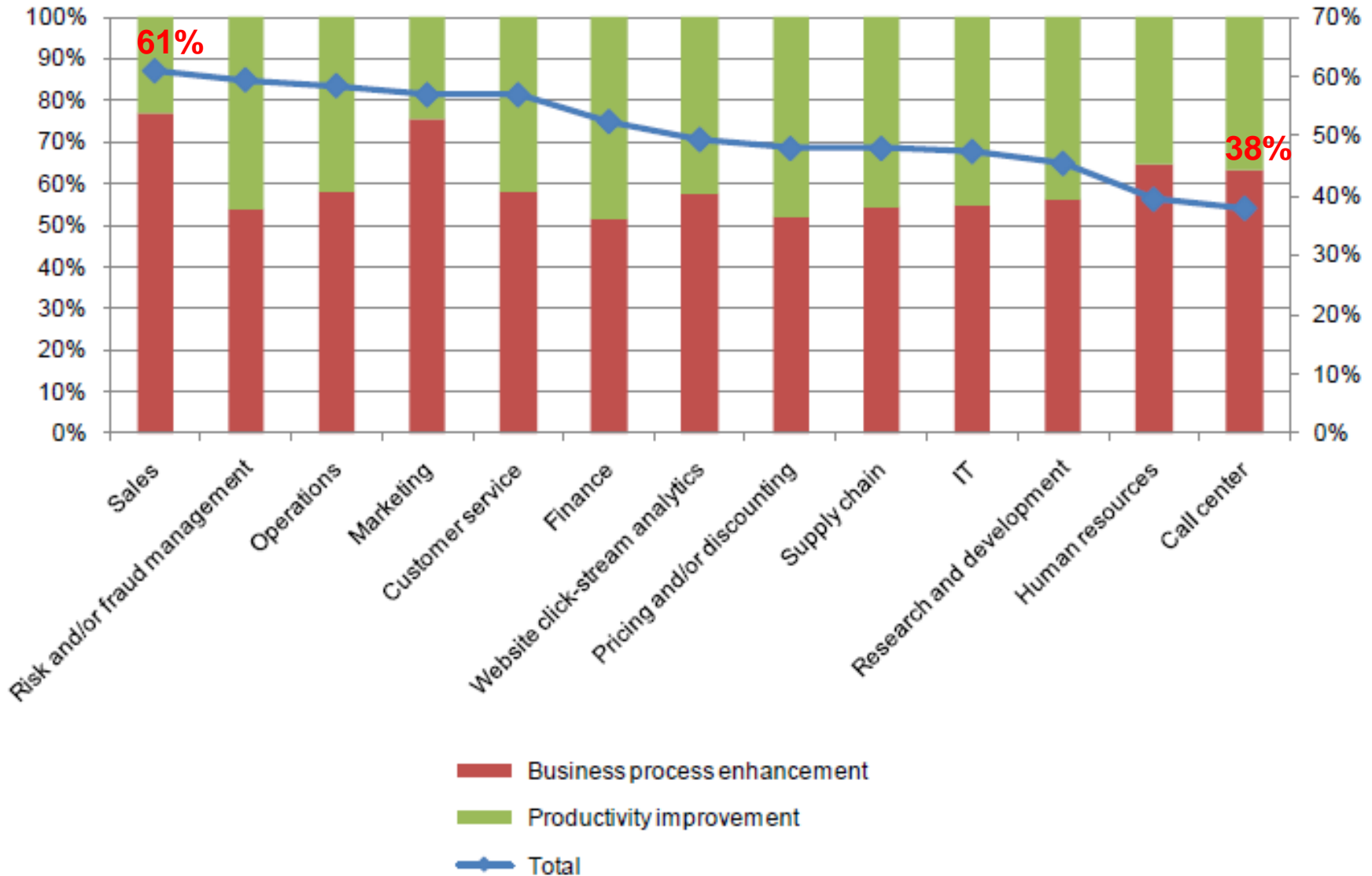
% of respondents



- 1) Rely primarily on experience/intuition
- 2)
- 3) Rely on an even mix of experience/intuition and analytics
- 4)
- 5) Rely primarily on analytics

58% of these organisations rely quite strongly on analytics

Where did organisations improve the decision-making process with predictive analytics?



Business process improvements v productivity improvements

Business process



Productivity



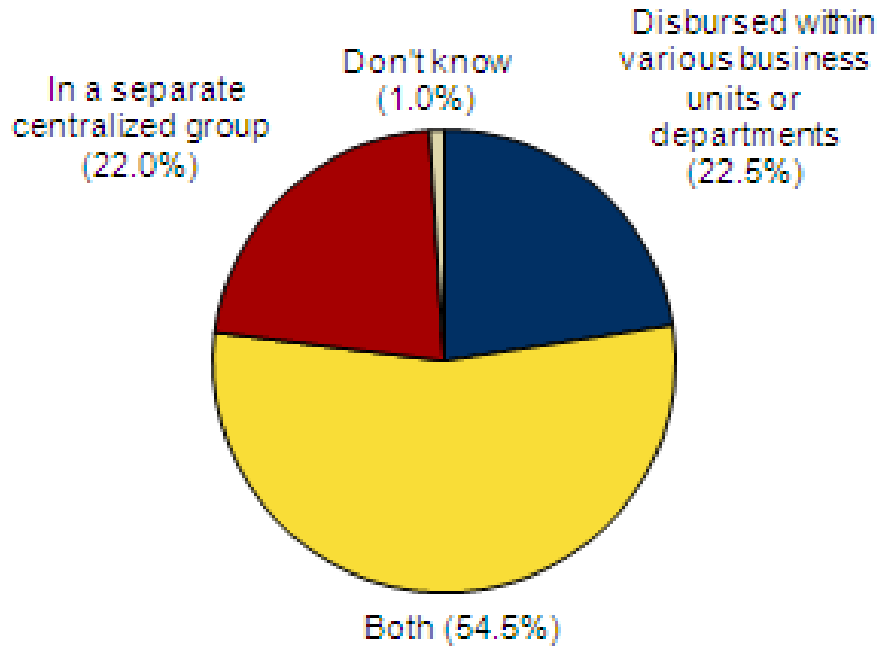
Business process improvements v productivity improvements

Business process



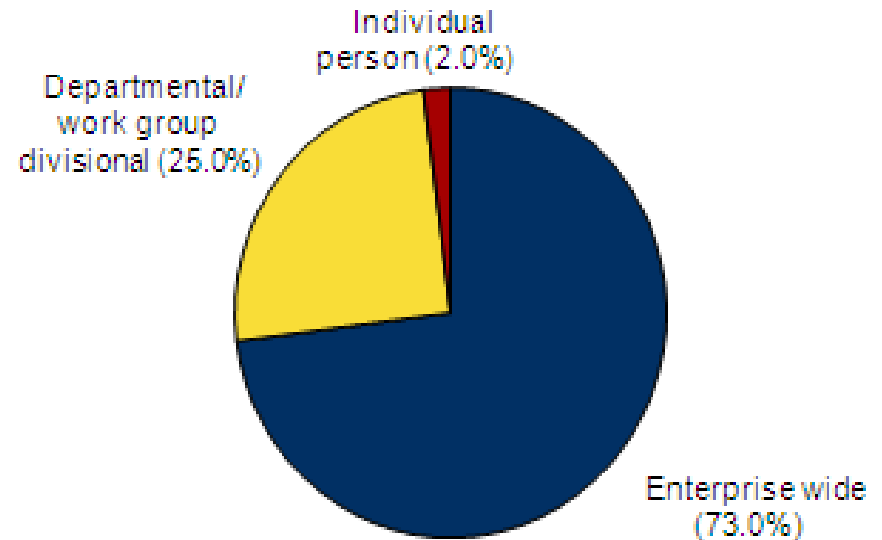
Productivity





Where are staff based?

What is the scope of the strategy?

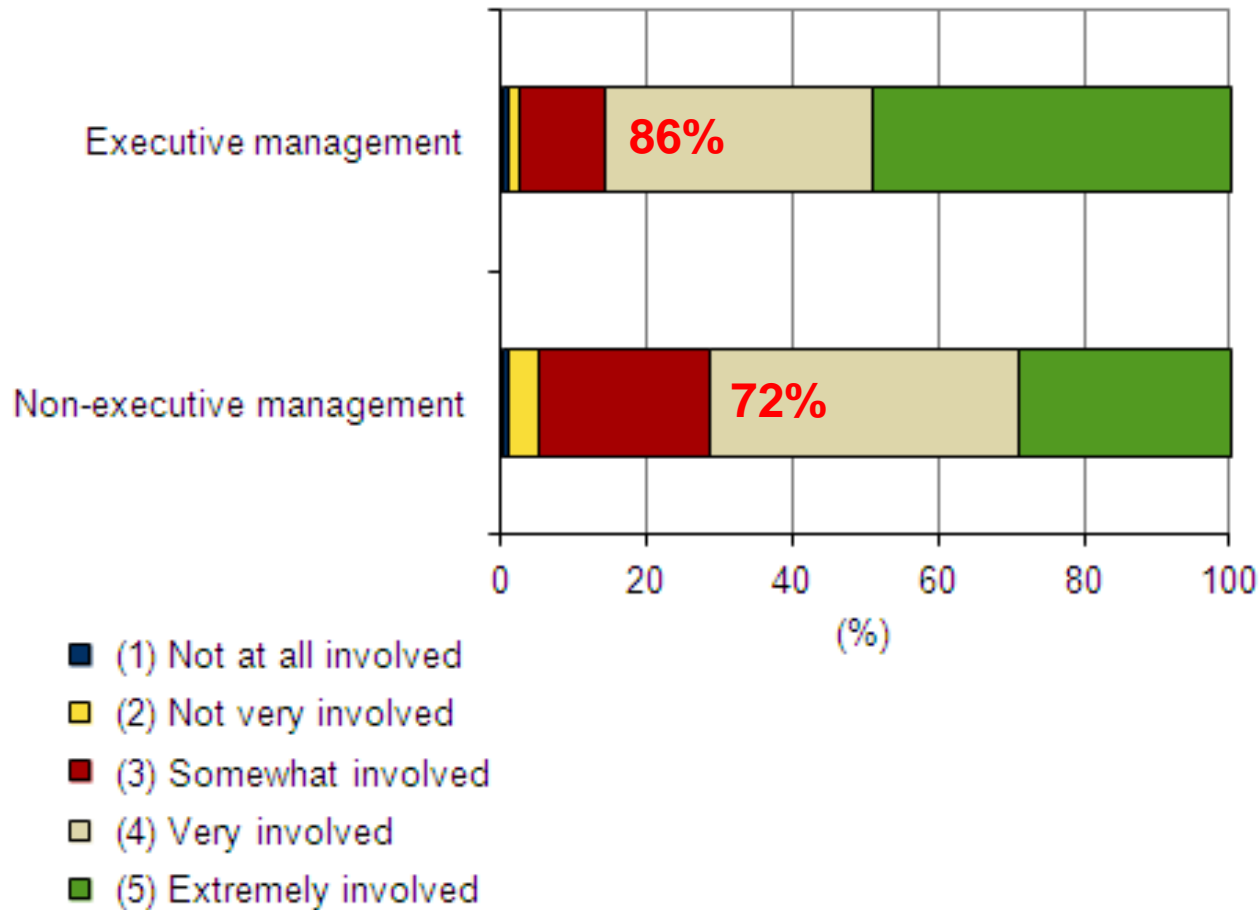


Scope of Predictive Analytics Benefits

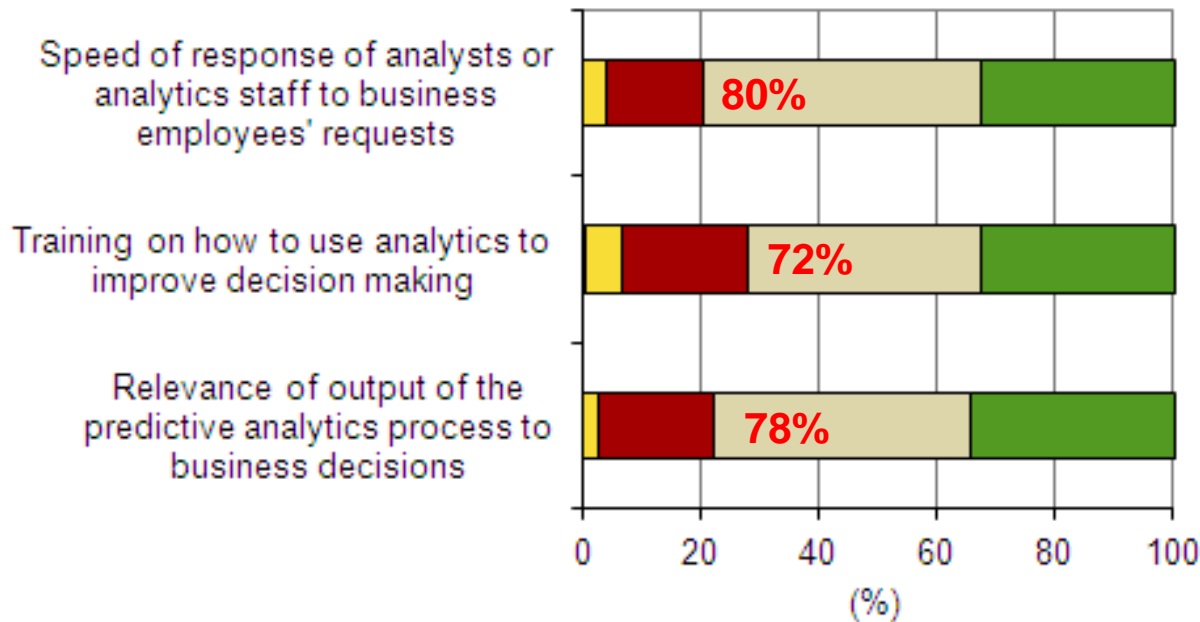
	Small	Large
Ongoing	22%	39%
One time	9%	30%

39% of benefits are large, and ongoing

How Involved are Management with Predictive Analytics?



How Satisfied Are Users?



- (1) Not at all satisfied
- (2) Not very satisfied
- (3) Somewhat satisfied
- (4) Very satisfied
- (5) Extremely satisfied

- Lack of staff with predictive analytics expertise
- Perceived complexity of predictive analytics
- Unwillingness to tackle related process reengineering work
- Lack of a clear understanding of the business value

Develop a predictive analytics strategy

- Start small, think big
 - Involve non-executive management
- Make analytics a part of daily working life**

Staffing and services

- Establish a Predictive Analytics Competency Centre
- Can be supplemented with additional business unit staff
- The best predictive analytics analysts have analytics and business process expertise
- The best predictive analytics analysts communicate the analysis results effectively to business users

Communication is key

Technology

- Not all decisions require predictive analytics – those that do usually require BI tools too
- The speed of response to business user requests is important for success

Many BI best practices hold for predictive analytics

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