

EY Global Advisory Analytics Leader on Bringing the Data Analytics Engine Up to Speed

Traditional process-driven organizations are being disrupted by “2.0 organizations” of the information age. These organizations use data as a strategic asset and build entire business models around leveraging insights to deliver exceptional products and services. Amazon, for instance, uses customer data to recommend products and improve service. This contrasts with traditional organizations, where the data generated is frequently seen as a byproduct. For traditional organizations to succeed, they need to fully embrace data analytics.

Beatriz Sanz Saiz, EY Global Advisory Data and Analytics Leader, recommends what she calls “the infusion strategy,” or embedding data analytics in all business functions to achieve an end-to-end coverage that ultimately leads to better processes and outcomes. “The goal of analytics is not to build an insight. It is about using that insight to change the process. And process normally cuts across functions and initiatives,” says Sanz Saiz.

The focus on the unbroken end-to-end approach to infusing analytics is the basis for success. However, a recent EY/Forbes Insights report, “Data & Advanced Analytics: High Stakes, High Rewards,” based on a survey of more than 1,500 global executives, found that fundamental problems arise in the application of data and analytics at the crucial points between the steps organizations take as they move from identifying new business opportunities to acting on insights and then measuring the outcomes of their data-driven strategies.

The EY research shows that the way global enterprises handle these junctures translates into business success—or setbacks—and leads to clear stratifications in analytics maturity. Top performers, those with advanced and well-coordinated analytics strategies, are considerably more likely to enjoy growth in revenue and operating margins of 15% or more, along with significant improvement in their risk profiles.



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EY Global Advisory Data and Analytics Leader

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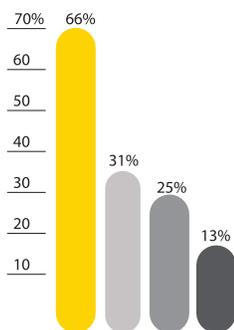
WHY MATURITY MATTERS

Share of respondents achieving each outcome

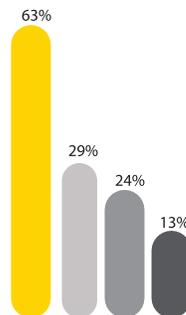
- LEADING
- CHALLENGING
- DEVELOPING
- LAGGING



REVENUE GROWTH
15% OR MORE



OPERATING MARGIN
15% OR MORE



today there is more understanding of the strategic role of data analytics, such as determining what to sell, how to sell it, whom to sell to and how to stay differentiated from the competition. This role encompasses enterprise-wide strategy and execution, and requires C-level vision and leadership.

There is room for improvement in leadership support for data analytics. The EY survey reveals that 31% of executives say they have not had the right leader to serve as a catalyst for change. The effects of a lack of top leadership support cascades down the organization. Forty-four percent of survey respondents cite lack of collaboration among members of the management committee as a pain point when developing or refining the business strategy to account for data analytics, and 34% cite lack of senior leadership support.

Several overarching themes emerged in EY survey results. For example, a common pain point is a lack of collaboration between business units and analytics specialists when defining desired outcomes, designing operational models and measuring the results. Without this cross-department cooperation, the goal of turning analytical insights into action can break down at any stage of the process.

“Companies thrive when they embed a data engine into their core processes and make it a strategic asset and competitive differentiator,” says Sanz Saiz. This has been the case with many e-commerce, streaming and travel booking companies, for example. EY research indicates that more top-performing companies than others use analytics as a strategic asset. Seventy-five percent of them operate a full range of enterprise, departmental and line-of-business analytics groups that run within a well-aligned network. Seventy percent have used advanced analytics to overhaul business strategies and update how they compete in their respective markets.

Digital companies that started with data analytics engines as the core of their business model have a natural advantage. But traditional companies, the so-called digital non-natives, can also rapidly advance in data analytics. Sanz Saiz notes several important factors they need to consider to achieve digital success and embed analytics in all areas of their business:

1. INFUSE FROM THE TOP DOWN

“The discussion of data analytics needs to be sponsored by the CEO,” says Sanz Saiz. Establishing an enterprise-wide view of analytics requires senior leaders to understand the transformative potential of data in their organizations. While in the past there’s been a distinction between the use of analytics to improve current business processes versus the use of analytics to change the way the company is competing,

What are your top pain points when it comes to developing or refining the business strategy to account for data analytics?

	TOTAL
TOTAL	1518
Organization, culture and decision making based more on intuition than data	49%
Lack of collaboration/alignment among members of the management committee	44%
Regulatory constraints prevent us from acting	44%
Lack of budget and other forms of organization commitment	39%
Lack of senior leadership support	34%
No appetite for a major transformation that would result from data and analytics-driven strategies	33%
We have not had the right leader to serve as a catalyst for change	31%
Data and analytics is not changing our business strategy	9%

2. ENGAGE A TALENT MAGNET

“Establish a center of excellence that focuses on mastering new technologies, such as artificial intelligence, and use it as the engine to accelerate the introduction of new technologies, and to bring clarity about the new technology solutions to different departments of an organization,” says Sanz Saiz.

The reason for setting up these centers of excellence: They can act as a magnet for talent. Talent is very important, but it means more than people with Ph.D.s—it means people who can communicate, because they need to act as ambassadors. They need to have not only innovative skills but also a full understanding of the industry and the company. Only then will they be able to get employees from different functions on board with the analytics infusion program.

Centers of excellence can act as magnets for talent. To successfully propagate the use of data analytics across the enterprise, centers of excellence need people who, apart from technology skills, have a full understanding of the industry and the company. Equally important is the ability to communicate and act as ambassadors for new technologies.

3. CREATE A STRONG BACKBONE

Information systems architectures need to be restructured to become the backbone for data analytics, to allow executives to create predictive models and to make decisions in real time—based on structured or unstructured data, derived from multiple sources—points out Sanz Saiz.

The importance of technology is well understood by executives. Fifty-seven percent utilize their enterprise-level data analytics teams mostly for selecting, implementing and managing common technology platforms and tools. But technology is not yet used to its full potential. Twenty-two percent of executives say that lack of technology integration is a challenge to creating a data analytics operating model. And when designing data analytics-driven initiatives, in 37% of cases technology is not considered soon enough in the process.

4. WIN FAST WITH DATA

In the end, the value of resource investments devoted to devising and activating advanced analytics strategies must be evaluated for how well they are supporting desired business outcomes and contributing to the long-term success of the organization. Thus, every single alternative that Sanz Saiz’s teams build is linked to business KPIs. “I am very keen to show what it means to be a data-driven company and to show the difference between the old world and the new world. How significant is it to take solving a claim from 18 days to six minutes?” she says. “It’s about quick wins. You can’t wait for months or years to get results.”

Which best describes how value is measured when demonstrating the impact of data and analytics on your organization?

	TOTAL
TOTAL	1518
No visibility into the value created from analytics initiatives	7%
Definition of business outcomes is typically established up front, but measurement is often difficult	24%
Performance of analytics is measured and managed, but inconsistent across functions and lines of business	30%
Performance of analytics is managed consistently globally using a well-defined set of financial and non-financial measures	25%
Analytics initiatives are managed as a portfolio with risk-weighted value assessments impacting resource allocation decisions	34%

But many companies still struggle with quantifying the benefits of data-driven business strategies. Only about a third of companies overall can accurately measure business value to demonstrate the impact of their advanced analytics initiatives. Just a quarter of companies surveyed by EY measure analytics performance consistently globally using a well-defined set of financial and non-financial measures. Just 14% manage analytics as a portfolio, with risk-weighted value assessments affecting resource allocation decisions. The underlying reasons for these shortcomings are varied and cut across technical and cultural issues. Leaders who are responsible for guiding their organizations to more data-driven cultures must make addressing measurement challenges a high priority.

Click here to download the full report: [Data & Advanced Analytics: High Stakes, High Rewards](#)

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