



ALIGN THE BUSINESS

How to easily master data analytics transformation

It's common sense across industries: Proficiency in data analytics (DA) helps businesses make better and objective decisions, cut costs, improve quality and reduce risk.

With its potential, DA solutions using deep learning or artificial intelligence techniques, only two methods within the vast spectrum of DA which ranges from diagnostic and descriptive to prescriptive solutions, empower enterprises to turn their data into business value. However, over a third of data analytics professionals say their company never, or only sometimes, puts their piloted DA solutions to use¹.

That isn't because these companies don't possess a small army of data scientists or cutting-edge technology. Many companies have built up dedicated teams and initiated various DA initiatives. But it seems these aren't the only requirement to do DA well. So, what's going wrong? goetzpartners has identified eight root causes that are often

responsible and has devised a clear strategy and operating model for organizations to overcome them and release the full power of DA.

Common stumbling blocks

To understand the root causes of DA failure, it is first important to recognize the role organizational structure plays. Typically, all digital and innovation activities – such as a DA initiative – begin in a separate area of the company from the main operational environment (e.g. data labs, innovation hubs etc.). This innovation environment is where DA pilot projects will be developed, before being integrated into the operational environment. It is at this point – the integration phase – that the challenges arise and cause many businesses to not advance their DA initiatives past the pilot phase to realize the benefits.

The first and always one of the most important issues when it comes to significant



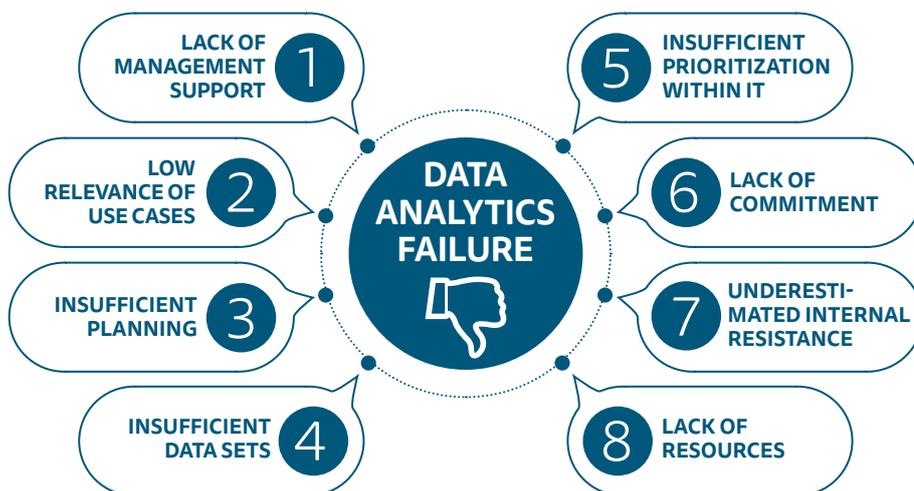
Data Analytics and Artificial Intelligence are not tools that just need to be implemented – they completely change the way we work.

changes in the way we work may be a lack of management support. Despite higher management stating their belief in DA, they are often less committed to enforcing implementation at the operational level. Another root cause lies in the fact that the DA use cases often have low relevance to the business strategy and challenges the business is facing. In fact, it's frequently the case that an application will be developed and piloted because it is possible – not because it is needed.

Insufficient planning may also be an issue which can occur in many forms: There is no realistic business case for the project; the relevant people in the operational environment or in the IT department are not involved; there is no realistic timeline in place or no legal sign-off. Another issue which can founder a project is insufficient data sets in terms of poor quality and/or a lack of quantity. Challenges also arise due to insufficient prioritization within IT. The IT department is typically required to implement the DA solutions into the operational environment, but capacity and prioritization issues can be a stumbling block.

Some businesses lack a strong-enough commitment to DA, and thus business units aren't willing to integrate the new

EIGHT ROOT CAUSES FOR DATA ANALYTICS FAILURE



¹) Data Science Survey, Rexer Analytics 2017: <http://www.rexeranalytics.com/data-science-survey.html>

solutions into their day-to-day routines as expected. There may also be underestimated internal resistance: employees show a lack of buy-in often caused by an alienation from the new solution or an overriding fear of job losses to technology. And finally, a lack of resources can pose a challenge. This might mean that there aren't sufficient employees able to conduct DA use cases, handle the applications or understand how to find value from the outcomes generated.

Changing mindset and structure

It's clear from these eight challenges that success in DA not only requires applying fancy mathematical and stochastic methods and developing high-level solutions. More importantly, it's about adopting the right mindset and to build up adequate structures which require a dedicated DA operating model.

The operating model introduces and embeds DA into current organizational structures by defining the collaboration model (functions and responsibilities, DA unit set up (if applicable), internal/external cooperations, key process definition, the governance (legal framework, guidelines, committees and KPIs) as well as the required data and technological infrastructure and the necessary skills and capabilities within the organization to apply DA successfully.

But none of that will have any impact if the management and staff can't see value

NATURALLY BORN DATAISTS

Almost all companies are working on DA initiatives, but some are leveraging it better than others. Internet companies and startups, in particular, have largely already undergone digitalization – and therefore have the agility to apply DA far better. But it is the financial institutions, telecommunications, insurance and healthcare companies of this world that are the naturally born data analyzers and AI users. These benefit from the resources and vast existing datasets to gain the most from DA.

An example of this is BBVA Data & Analytics's smart data service 'Urban Discovery'. The DA arm of Spanish banking group BBVA predicts regional economic indices using aggregated and anonymous data from bank card transactions. This data analytics tool identifies the most popular tourist and residential areas, or areas with the highest number of, e.g. young shoppers. BBVA uses these insights to advise touristic and retail business clients in the selection of investment areas for building up new shops or hotels.²

in what DA can add – to their specific roles as well as to the wider organization. This needs to be done by intelligent communication and change management formats to either educate, motivate or activate the organization as well as by piloting and implementing use cases successfully in each and every part of the organization.

But to achieve this, all business units – across both the innovation and operational environments – must be aligned to the same strategic goals. Senior management lending their full commitment to DA initiatives will help to support this.

Become a data-driven company

DA can bring great benefits to a company. But as said, it's not a tool that just needs to be implemented – it completely changes the way we work. Because of that, there are many separate challenges to overcome when becoming a data-driven company. With a deep understanding of the DA ecosystem, sophisticated project management skills and a proven track record in transformation management, goetzpartners works with clients to achieve DA best practice and unleash its full power.

KEY SIGNPOSTS ON THE WAY TO DATA ANALYTICS TRANSFORMATION



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