

A Forrester Consulting
Thought Leadership Paper
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How To Become An Insights-Driven Business

A Guide For Mid-Sized Companies

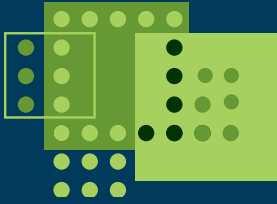
Project Director:

Chris Taylor,
Senior Market Impact
Consultant

Contributing Research:

Forrester's Application
Development and Delivery
research group

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Introduction

Most mid-sized companies today are striving to be more data driven. They're capturing performance metrics and big data from a variety of sources, and they understand the importance of having this abundance of data. However, advances in digital technology and a greater focus on the customer have permanently altered the way the market operates, thus creating a stronger need for growing companies to differentiate themselves. Being data driven is just the start, as companies that are looking to succeed must take their data practices to the next level by becoming insights driven — using data to inform all key business decisions — to ensure greater relevance and success in the changing market landscape.

In January 2018, Forrester Consulting published a Thought Leadership Paper, commissioned by SAP, that was focused on how companies can shift from being data driven to becoming insights-driven organizations. This Spotlight document provides a focused view of those findings from the perspective of mid-sized companies, both smaller and larger mid-size, ranging from 100 to 499, and 500 to 999 employees, respectively. In this study, Forrester leveraged data from Forrester's 2017 Business Technographics® Data and Analytics Survey along with data from existing reports and market data published by Forrester.

KEY FINDINGS

- › Seventy-nine percent of mid-size companies want to extract more value from big data, and as part of that, 80% want to become more advanced in their ability to perform analytics.
- › Business silos limit companies' ability to extract data insights.
- › Mid-sized companies face a number of challenges with becoming insights driven: inconsistent quality among data sources, lack of internal experts, and lack of proper tools.
- › Companies need to make analytics pervasive throughout their organizations by supplementing traditional pull-style analytics with a push approach, enabling analytics within transactional applications and processes to make insights more contextual and actionable.

What Does It Mean To Be Insights Driven?

Most companies today realize that they can't build a sustainable business strategy based on intuition alone. Data is needed to help guide decisions based on facts rather than guesswork. Most mid-sized companies have vast pools of data available to them, but the trick is learning how to use that data effectively. However, just using more data isn't the solution. Forrester data shows that 79% of these companies want to extract more value from big data, and as part of that, 80% want to become more advanced in their ability to perform analytics. The results were similar for the smaller mid-size companies as well (100 to 499 employees), who can also leverage data in a greater capacity to grow their business.

As mid-sized companies begin to extract greater value from their data, they then must leverage those insights to guide business decisions to truly transform their organization into being insights driven. This can be a challenge as these companies may not have the subject matter experts in each line of business. Forrester has identified five principles that differentiate companies from simply being data-aware versus insights driven (See Figure 1). This highlights how insights-driven firms infuse data insights into everyday business processes and decisions in order to maximize their impact.






BUSINESS SILOS ARE LIMITING DATA INSIGHTS

The appeal of using data to guide business decisions is high, but when data and insights are only utilized in silos, their impact on the business is limited. Siloes are further perpetuated when line-of-business leaders implement technology, often easy to deploy cloud technology, to support their individual business functions without the involvement of IT leaders. While this benefits the individual teams, it creates disconnected data pools within companies from which different insights are being derived. Without a unified approach, data and insights will only exist in silos and the usefulness of those insights will be limited.

79% of companies want to extract more value from big data, and as part of that, 80% want to become more advanced in their ability to perform analytics.

Figure 1

Insights-Driven Businesses Operate Differently According To Five Principles

	Insight-driven principle	Data-aware firms . . .	Insights-driven firms . . .
	Operating models are based on insights	Support business decisions with data.	Build businesses that create specific competitive advantages through insight.
	Insights must be actionable	Know they have a lot of data but struggle to turn it into action.	Harness actionable insights from analytics, employees, and customers and then implement them in software to drive action.
	Learning and experimenting are continuous	Collect data slowly and use it in long-cycle business analytics decision making.	Purposefully measure the impact of applied insights, and then optimize in closed-loop, agile cycles of experimentation and learning.
	Investments in insights capabilities are strategic	Build data lakes and platforms and invest in self-service data tools in the hope that good things will result.	Invest to achieve businesses' strategic objectives, which always include competitive advantage through insight.
	Insight collection and implementation is a team sport	Centralize reporting and advanced analytics functions to drive efficiency.	Build agile, cross-functional insights teams embedded in their businesses and accountable for clear, insights-driven outcomes.

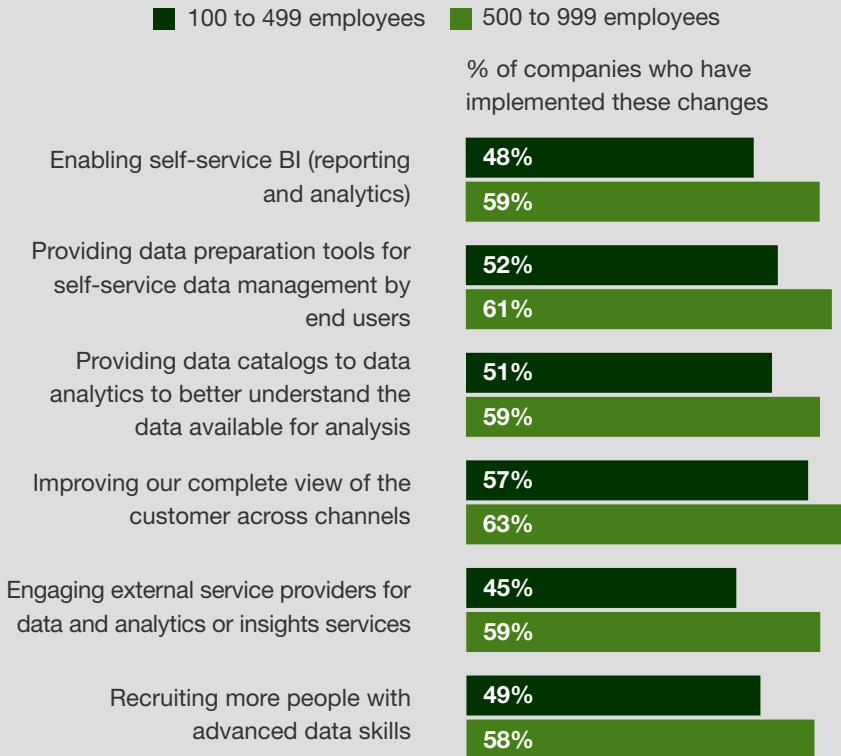
Source: Forrester Research, Inc.

Business Challenges Impede Efficiency In Working With Data

As mid-sized companies face various challenges in how their business works with data, business silos are just part of the challenge of becoming insights driven. Specific challenges include:

- › **Inconsistent level of quality among data sources and too many unconnected data sources.** The more a business expands and grows, the more data will be spread out across the business. As individual business units begin to manage their own data and analytics, consistency of data quality is lost and data silos form. To address these challenges, over 50% of mid-size companies have implemented better data cataloging and a more complete data view across channels. (see Figure 2).
- › **Smaller IT organizations with fewer internal experts.** Companies between 100 to 499 employees typically have smaller IT organizations. As such, they have less time to manage both data and insights-related tasks. These organizations need better ways to enable analytics/BI without the involvement of IT and, according to our survey, 48% of those companies have implemented more BI self-service capabilities. Larger mid-sized companies (500 to 999 employees) showed an even higher adoption rate at 59% (see Figure 2).

Figure 2
Mid-Sized Companies Are Working To Address Data And Insights Challenges



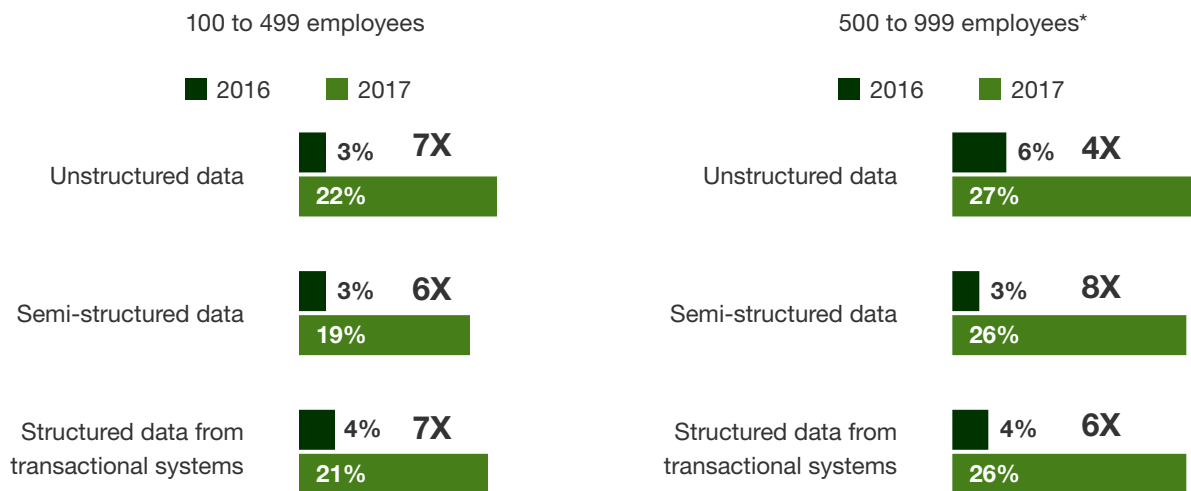
Base: 680 business and IT decision makers from mid-size companies
 Source: Forrester's Global Business Technographics Data And Analytics Survey, 2017

- › **Limited ability to build tools internally.** Building and maintaining a custom data and analytics solution requires substantial effort — which companies with smaller IT teams don't often have time, or budget for. As such, mid-size companies are much more apt to contract with third parties to support data and analytics (52%). When this is done in a siloed or piecemeal manner without a central data strategy, the result is a broad tech stack built across horizontal and vertical business processes which creates siloes and integration challenges and requires a broader skillset to manage effectively.
- › **Data materializes too fast to manage.** Growing mid-market companies are seeing exponential data growth year over year, with a higher percentage of larger mid-sized companies (500 to 999 employees) seeing data volumes over 1,000 terabytes (see Figure 3). Understanding and effectively managing the breadth of this data is critical for being able to mine it for business insights.

Figure 3

Data Volumes Are Skyrocketing

% of companies with >1000 terabytes (TB) of data



Base: 411 (2016) and 418 (2017) technology decision makers at companies with 100 to 499 employees

*Base: 439 (2016) and 442 (2017) technology decision makers at companies with 500 to 999 employees

Source: Forrester's Global Business Technographics Data And Analytics Survey, 2016

*Source: Forrester's Global Business Technographics Data And Analytics Survey, 2017

Becoming Insights Driven Requires A New Approach To Data

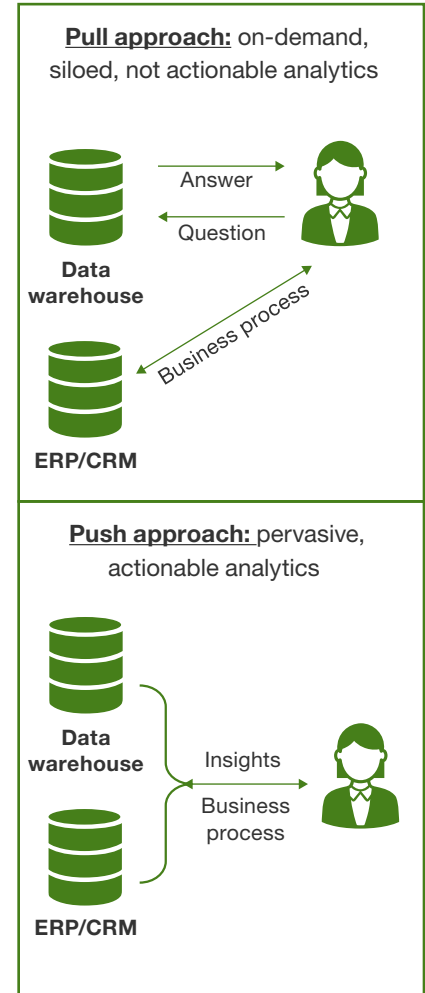
Certain challenges, such as ever-increasing data volumes, may be impossible for mid-sized companies to solve. Rather than addressing these issues head on, mid-sized companies should focus on four key capabilities to adjust the way their companies utilize data to become more insights driven:

- › **Making data management more agile and flexible.** If a company can't adapt quickly, its customers will go elsewhere. Being able to access and act on data more quickly requires companies to adopt new data management technology that goes beyond the traditional, highly structured methods for housing data, such as database management systems (DBMS).
- › **Making analytics more agile and flexible.** Analytics can also be more agile by making analytical tools more accessible to business users (or "citizen" data scientists). Becoming more agile with analytics requires companies to be less dependent on data scientists, IT, or consultants for analytics, and instead put better tools in the hands of all knowledge workers for self-service analytics.
- › **Finding insights based on all LOB data, not just partial data subsets.** Data volumes have grown exponentially over the past few years, and leveraging all that data can be a challenge. Anecdotal evidence shows that, on average, companies manage to govern, process, and utilize only 20% to 50% of all their enterprise data for insights and decisions.
- › **Ensuring data insights are contextual, actionable, and pervasive.** The traditional pull method of doing analytics — asking a question and getting an answer from an analytical application — has significant gaps. Analytics in such a case are not contextual — a standalone analytical application is not aware of the process context, such as what customer record or customer segment is currently being worked on (see Figure 4). Companies cannot start from scratch every time they want to run new analytics on a data set, as the rapid pace of the digital world will likely render those insights obsolete by the time they are reached. As a result, only 31% of companies strongly agree they can obtain insights in a timely manner.

For mid-size companies, making this new approach work requires better management of partner resources, as partner applications often house large volumes of data that companies need access to. Anecdotally, Forrester has seen that mid-sized companies, on average, utilize approximately seven different software partners to support their various business functions. However, each partner generates data within their applications but may not have the tools or skills to pass that data back to the company. Mid-sized companies must be prepared to address these challenges if they want to truly become insights driven.

Figure 4

Companies need to make analytics more pervasive



Key Recommendations

Mid-sized businesses that are looking to sustain growth and expand need the proper data and insights to push the company forward. Becoming insights driven often requires companies to embrace new capabilities and technologies that, in many cases, may demand significant integration effort. Forrester recommends that organizations looking to make this change do the following:



Make sure your strategy embraces modern technology that's ready for your future needs. As the amount of data grows exponentially and the need to turn data into insights in near real time becomes a key competitive differentiator, make sure your technology and architecture can scale to the demands of the 21st century. Part of this is ensuring that the different layers of technology and third party solutions can bring the data back into the proper platforms and tools.



Unify your data around a single, but layered, data platform for greater efficiency and visibility. Your competitors are investing heavily in building actionable unified views of their customers, products, and operations. Don't fall behind your competition; leapfrog them by deploying unified data architecture to get you closer to the 360-degree view of your business. Address this change by carefully considering your business needs and skill gaps and matching those needs with the right third party services and solutions.



Encourage more sophisticated self-service predictive capabilities for "citizen" data analysts and scientists. More advanced analytics, such as predictive, can yield great insights, but those insights are limited if only highly trained data scientists are able to perform the analytics. Improved business intelligence via machine learning and artificial intelligence can help mid-sized businesses cover these skill gaps by automating the process where possible. This includes making analytics easier by embedding it as part of everyday processes and applications so that insights are pushed to users in real time rather than requiring them to pull data through traditional Q&A processes.



Don't reinvent the wheel. Each leading data management and analytics vendor has invested billions (!) of person-hours into building modern platforms. You cannot replicate that in the months, weeks, or days when you need to deploy analytics across your business. Concentrate on solving business problems and increasing your top and bottom lines by attracting, serving, and retaining customers. Leave the actual modern technology to the platform vendors, and partner with them accordingly.