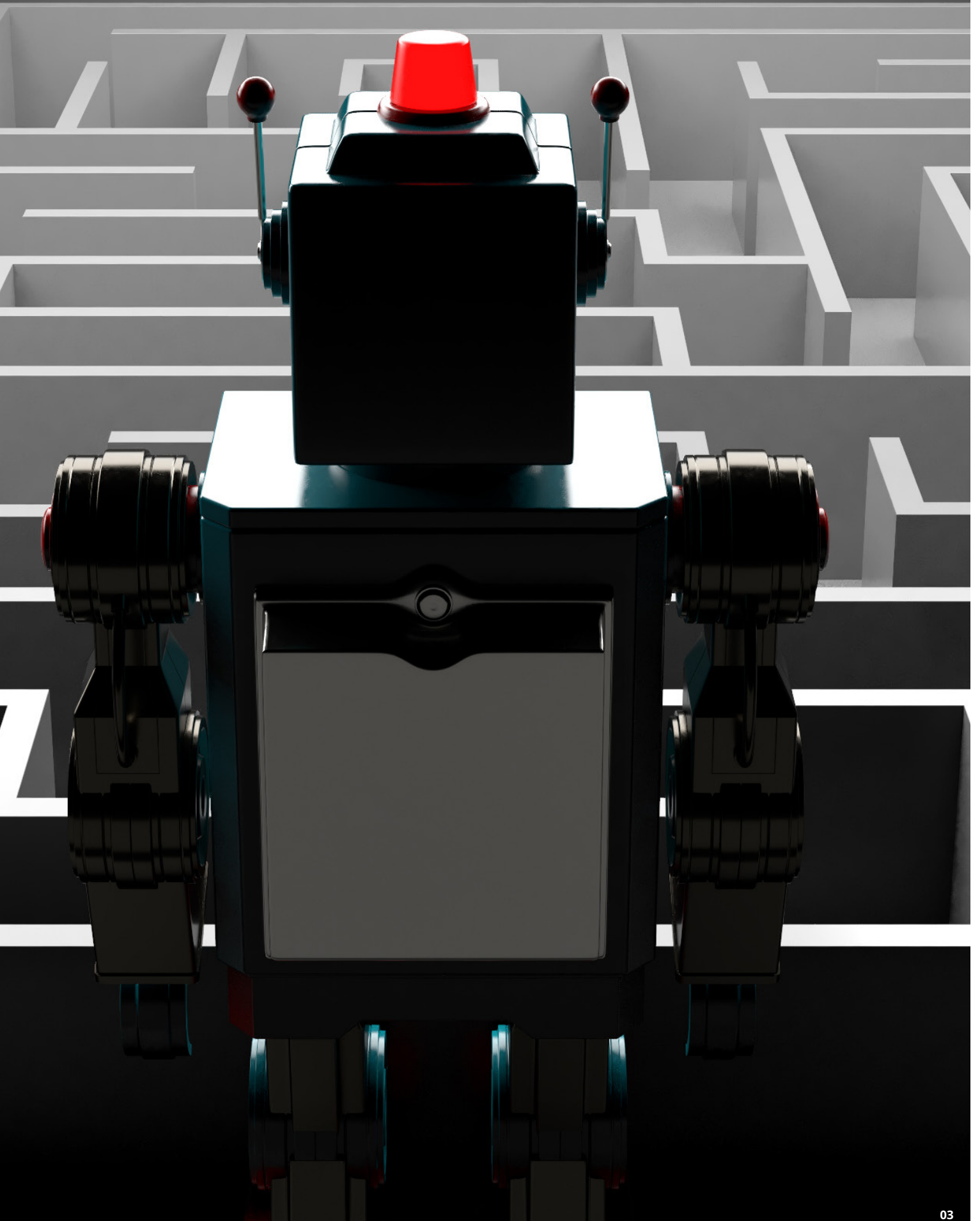


# Demystifying insights through analytics



In a Deloitte study<sup>1</sup> which examined 1,048 senior executives who work with data at large companies (501+ employees), it was highlighted that there was an extremely strong correlation between culture and business performance. Organizations that reported having the strongest cultural orientation to data-driven insights and decision-making are twice as likely to have reported exceeding business goals in the past 12 months. Forty-eight percent of these businesses say they outperformed their target versus just 22 percent of those with a more diluted analytics culture.

Clearly, the future is bright for insight-driven organizations (IDOs) that put data at the heart of business strategy development and decision-making. Data enables companies to achieve a competitive differentiation by pursuing a deeper understanding of its customer requirements through analyzing data, monitoring trends, patterns, and reporting on key performance indicators (KPIs). Information is power, but only in so far as the insights they reveal. Figure 2<sup>2</sup> highlights the advantages of pursuing data analytics initiatives in a mature market, such as the US where analytics has driven success for top companies leading to faster innovation cycles, improved business efficiency, more effective R&D, and better product or service.

Although organizations across the globe, and particularly in the Middle East, recognize the benefits of using data analytics, each organization's challenges with implementing data analytics initiatives are unique given the various maturity levels and several other external and internal factors. Where some organizations struggle with foundational concerns, such as data quality and trust, others are unable to look beyond historical data and towards forecasting and predictive analytics. CXOs want to gain real-time visibility to shed light on complex business problems without a million-dollar price tag.

In a world that has been grappling with the pandemic and several economic trends, digital transformation has forced



Source: Deloitte's 2019 becoming an insight-driven organization survey

Figure 1: Correlation between culture and business performance

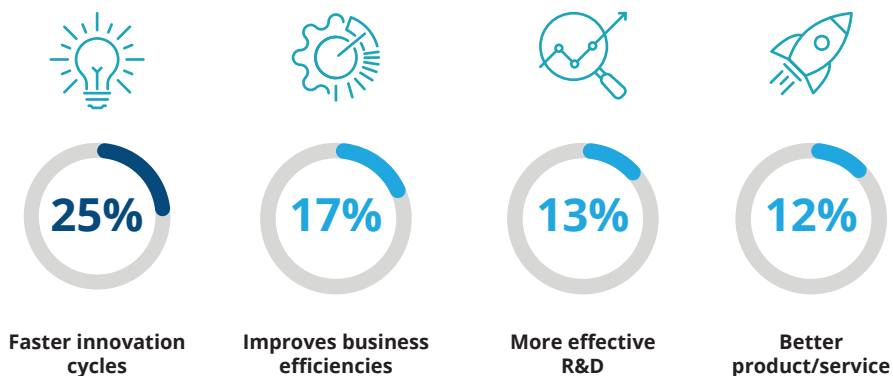


Figure 2: Top benefits of data analytics

companies to unleash the potential of data to make informed data-backed business decisions pertaining to customer retention, productivity measurement, marketing efforts, and profitability trends. According to a Forbes 2021 article<sup>3</sup>, only 12% of companies had a chief data officer (CDO) less than 10 years ago, compared to 65% that claim to have now appointed one. Although the pandemic has magnified the importance of data, a 2022 report from Harvard Business Review<sup>4</sup> states that only 40.2% of companies that have a role of chief data and analytics officer consider the role as successful and well established within their organization. This is because analytics isn't a one-size-fits-all solution. An organization is required to have a clear vision of what it wants to gain out of the available data, understand the structure

and quality of the data, and ensure that the culture of the organization is one to embrace, rather than resist, change in technology.

Digital technology, big data, social media metrics, and the Internet of Things (IoT), all produce vast amounts of data that businesses and organizations can tap; however, it takes more than just a combination of software and data to generate the market and consumer insights that will drive business strategy and innovation. Deloitte continues to leverage its data, analytics, and artificial intelligence (AI) capability to help clients on this journey in becoming an insight-driven organization by establishing five pillars of success when using analytics to pave the path forward:

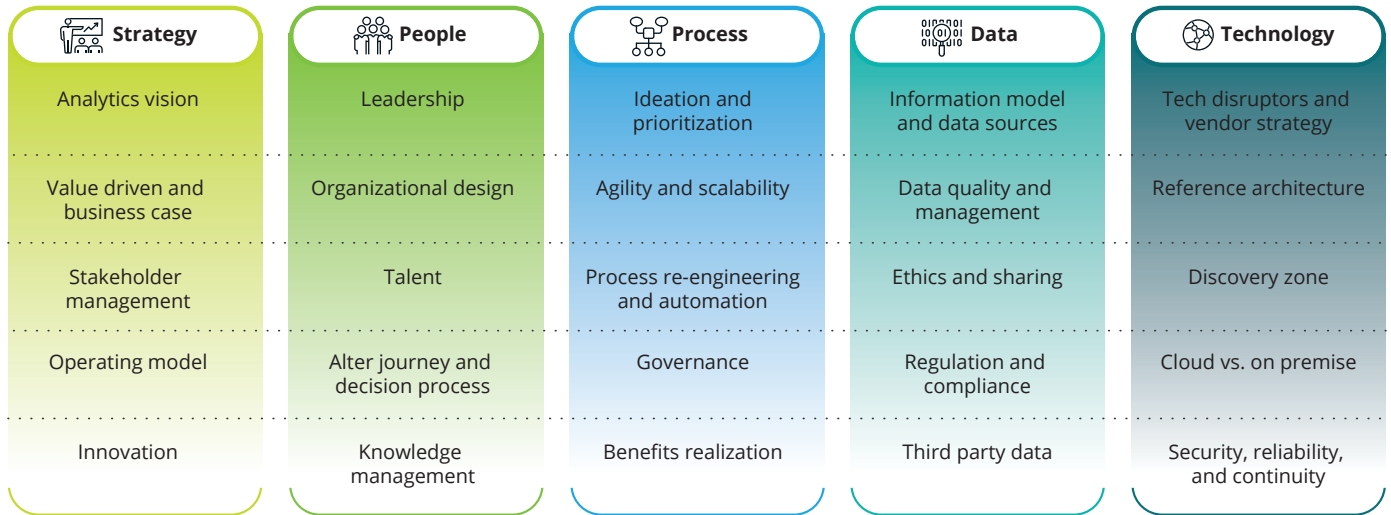


Figure 3: Pillars of successful IDOs

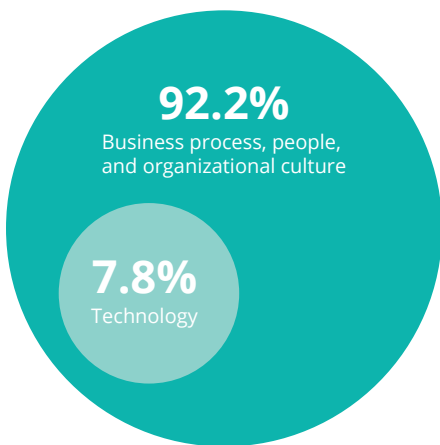


Figure 4: Challenges in becoming a data-driven organization

A NewVantage survey<sup>5</sup> identified the principal challenge in becoming data-driven was not the technology (7.8%) but the people, business process, and cultural aspects (92.2%) making it more important to incorporate not one, but all five pillars to drive home the goal of becoming an IDO. With the technology boom and a multitude of affordable analytics tools and platforms available in the market, most companies have joined the movement of embracing analytics without understanding the core of its existence and how it can be effectively used to positively impact the bottom line.

According to an article from Nasdaq<sup>6</sup>, Netflix saves US\$1 billion each year by

using big data to its advantage, and most successful IDOs focus on the following primary strategies to achieve competitive differentiation:

1. Strategic alignment - A well-defined data strategy is a key contributor to relevant, useful data needed for key business objectives and important decision-making.
2. Data quality - According to a 2022 Yahoo Finance article<sup>7</sup>, 82% of companies are making decisions based on stale information, and 85% state this stale data is leading to incorrect decisions and lost revenue. It is crucial for a company to resolve ongoing data quality issues and to have confidence that there is a pertinent single source of truth to progress with data analytics initiatives.
3. Change management - For most firms, becoming data-driven requires a significant shift in people's existing mindsets and behaviors. Enough attention needs to be paid to preparing managers and employees for the transition to a more data-driven culture.
4. Adequate collaboration - A sharp focus on business use cases is required to drive home the goal that is to be achieved by the designed data strategy. The analytics team should be involved early in the process, so measurement is a core component of each project, not just an afterthought.

Benefits from data-backed decision making

are continuous and effective when the insights are forward-looking rather than historical. Large volumes of data need to be transformed into trends and outliers to help filter out business value that is measurable. When insights are brewed constantly, decision-making is speedy and cost-effective leading to lasting competitive advantage from existing data assets. Now more than ever, at a moment when data, science, and facts have been challenged from many quarters, becoming a data-driven organization matters.

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**Endnotes**

1. <https://www2.deloitte.com/us/en/insights/topics/analytics/insight-driven-organization.html>
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3. <https://www.forbes.com/sites/brunoaziza/2021/03/29/calling-on-all-cios-have-you-hired-a-cdo-yet/?sh=52d55d41e859>
4. <https://hbr.org/2022/02/why-becoming-a-data-driven-organization-is-so-hard>
5. <https://www.forbes.com/sites/brentdykes/2021/06/01/10-reasons-why-your-organization-still-isnt-data-driven/?sh=72fc378d7d80>
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