Decide with Confidence

TOWARDS THE DATA DRIVEN BUSINESS

AN ANALYSIS OF INTELLIGENT DATA USAGE IN UK BUSINESSES

Decide with Confidence

Executive summary

While concepts such as a 'single view of the customer' and the 'Data Driven Business' have been around for quite a while, our latest snapshot research suggests that for UK businesses these are still far from the norm. For those organisations that are implementing increasingly intelligent data strategies, however, the benefits are significant.

The research we carried out at the beginning of 2011 made one thing abundantly clear. Those organisations which make good use of the data that lies within their systems are flourishing. Where people felt that their company was performing above market expectations, a full 66% of them also believed that data was being used effectively. We weren't surprised, given their increased ability to, for example, generate more, better qualified leads, optimise the balance between use of Telesales and Field Sales, introduce more high-level strategic consultancy selling and deliver better Customer Service thanks to a greater understanding of the customer.

However, it was not just using data to good effect which made a difference. So was the ability to access it – and unfortunately, all too often, data was simply not accessible in the right way. Where businesses saw themselves as performing at or below the market average, there was more chance that they had information residing in silos or otherwise fragmented. To make matters worse, it was frequently available only in batch form, instead of in real time. Just 17% of those interviewed had access to the data in a way that would allow their business to be intelligence-led.

In short, the infrastructure needed for using data effectively simply isn't in place, preventing companies from taking advantage of the benefits of intelligent data usage.

We've also been able to more tightly define the characteristics which determine whether a company is information-, insight-, or intelligence-led at a far more granular level. The value to you? You'll be able to assess your own organisation's status and use of data more accurately.

We believe that 'Towards the Data Driven Business' will provide you with a highly useful guide on which actions, your business should take if it is to optimise its performance by taking decisions based on true real-time business intelligence. And remember, if you should want to discuss any of the points it raises, we'll be only too glad to help.

Some data about our data

Before we get down to the key findings of our research, it's important for you to understand the context within which it was undertaken. It'll only take a minute to review this, and will make the key findings much more meaningful.

In early 2011 we undertook a snapshot survey into attitudes towards, and the usage of, corporate and B2B data within UK businesses. We did this because we wanted to gain a clearer understanding of the role that data plays within organisations, and its impact on business success.

To find answers to these questions we spoke to Directors, Managers and Executives. People involved in Marketing, Sales and Operations, from organisations ranging in size from fewer than ten employees to more than 1,000, involved in a diverse range of activities, but primarily related to Business Services, IT, Manufacturing, Financial Services and Retail.

We asked these people whether they viewed their business as:

- **'Information led' – in which people have access to the information they need to be able to make decisions.**
- **'Insight led' – where people have access to the analysis they need for decision making.**
- **'Intelligence led' – where people can base their decisions on real-time access to all types of customer information.**

We also asked:

- **How effectively they think their business uses data to gain a competitive advantage.**
- **Which systems they store their data in, how these systems are linked, and the extent to which they allow direct access to data and analysis for different departments to different systems.**

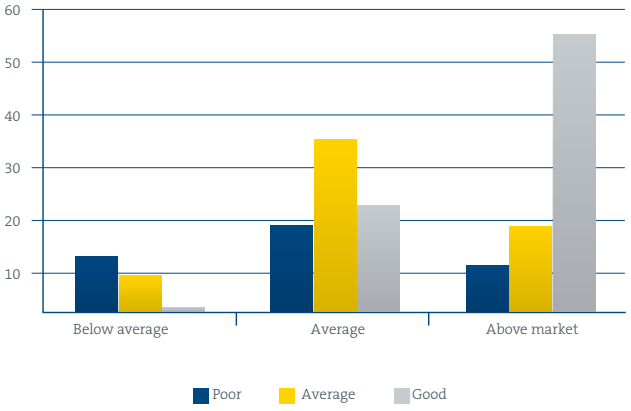
We concluded by asking a series of questions to gain an understanding of exactly how their business enables access to data either for information, insight or intelligence, the most revealing answers to which you'll find referenced in the key findings.

We received nearly 200 responses to our questions which, when analysed, delivered some fascinating insights with significant implications for many kinds of business.

Key Finding #1: The more effective its use of data, the more successful the organisation

When asked how effectively respondents felt their business was using data to gain a competitive advantage, and also how they rated the performance of their business compared to others in their market, the results suggested a clear correlation between effective use of data and business performance.

Effective use of data Vs Market Performance



When asked how effectively their business was using data to gain a competitive advantage (on a scale of 1 to 10, where 1 was 'not at all' and 10 'completely'):

- **Respondents replied with a mean score of 5.7 and median of 6.0.**
- **In terms of sector breakdowns, Financial Services led the way with an average of 7.7, followed by IT (5.7), and Manufacturing and Retail (both 4.8).**
- **The scores also varied according to whether respondents felt their business was information-, insight- or intelligence-led – with scores of 5.4, 6.0 and 6.0 respectively.**

Another interesting finding was that businesses whose respondents viewed their use of data as 'poor' were typified by two key characteristics:

- **The management team does not have access to a detailed analysis of who their customers are.**
- **The sales team does not have real-time access to market intelligence for their customers and prospects.**

Although we would not necessarily suggest that effective use of data is a direct cause of business success, the implications of these findings are clear:

- **If you're working for an insight- or intelligence-led business in a sector such as Financial Services or IT, then your use of data appears to be one of the keys to gaining competitive advantage.**
- **If, on the other hand, yours is an information-led business in a sector such as Manufacturing or Retail, more effective use of data could provide a major opportunity to improve your business's performance.**

Key Finding #2: The more intelligent a business's use of data, the better connected its systems

So, which comes first – the intelligence or the connections? Does the desire to make better use of data encourage businesses to increase integration and data sharing between resources such as Finance, Marketing, CRM and third party systems? Or does the fact of this integration drive increased insight by enabling corporate and B2B data to be better shared and leveraged?

Corporate information systems tend not to establish interconnections by themselves. It requires effort to take systems that have no links between them and then enable batch or ideally real-time information sharing. So it's our view that it's the desire to create integrated data environments, and belief in the business benefits of doing this, that has to come first.

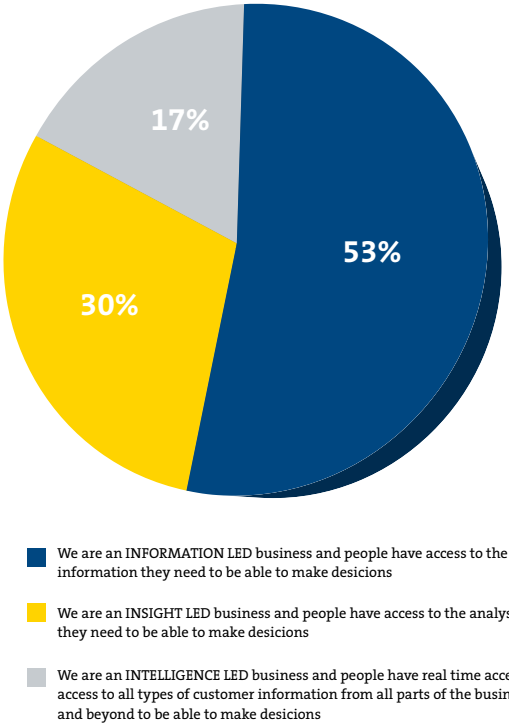
Whichever the answer, the results of our survey suggest that while a 'single view of the customer' is a concept that has been around for many years, customer data is not as widely accessible as would be expected if this were the case. The 'Data Driven Business' is also still far from becoming the norm.

In fact, large numbers of respondents reported that users had no access to systems outside their own department. Of those that did, some departments were much better provided for than others:

- **Marketing fared better than Finance, Sales, Customer Service and Operations, with the most widespread access to systems and analysis – including third party systems.**
- **CRM systems, meanwhile, enjoyed the broadest use – but even for these, just 38% of users from other departments were able to access them.**

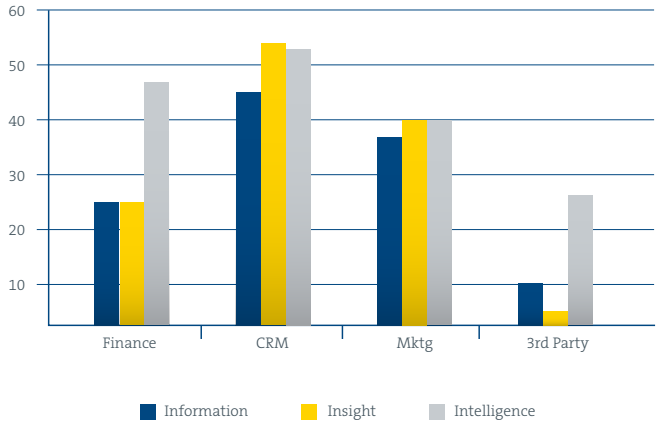
Think about the implications of this for a moment. We've already established a clear link between the effective use of data and market performance. Yet in many organisations, the links between systems needed for more effective data usage simply aren't in place. Among the consequences we can therefore expect from this are poorer business decision making, less well informed sales people, and less effective CRM projects and marketing campaigns.

How well connected is your business?

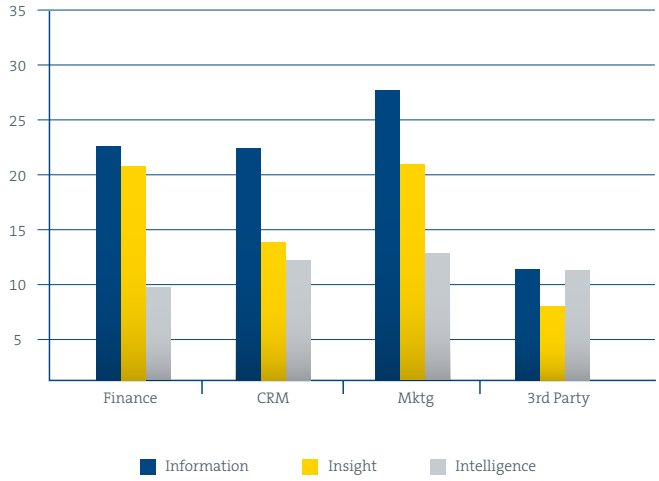


Perhaps unsurprisingly given the above results, just 17% of respondents perceived their business to be intelligence-led, 30% insight-led and 53% information-led. And interestingly, there was a clear difference between how these businesses connected their Finance, CRM, Marketing and third party systems, by providing either live or batch links to other systems.

Live links with other systems



Batch links with other systems



To return to our conclusions from Key Finding #1, if yours is an information-led business that uses batch links between its systems, one interpretation of these findings is that a switch to live links could be a key step in increasing the levels of insight and intelligence promoted by your data usage.

Clearly, this transition will lead in turn to smarter business decision making, better informed sales people, more effective CRM projects and more intelligent marketing campaigns.

Key Finding #3: In terms of innovative use of data - size matters

So where is all the innovation in data usage coming from? Is it concentrated in small, nimble companies that can more readily adapt their business models and go-to-market activities, or large corporate enterprises that possess the resources needed to make their data a strategic asset?

No. According to our survey, the category that scored consistently high in questions aimed at understanding exactly how businesses use data for information, insight and intelligence, were mid-sized organisations with between 200 and 499 employees. Not only that, these businesses outscored those of other sizes most markedly for the questions designed to identify intelligence-led businesses – especially the question 'Your Sales team has real-time access to market intelligence for their prospects and customers'.

So why is this happening? One answer may be that as smaller companies typically have less data to deal with, they do not see their use of data as an issue. Larger companies, on the other hand, can have extremely complex infrastructures, making data integration more difficult to achieve. For major enterprises, a first step towards more effective data usage, particularly for CRM, is therefore (as a minimum) to link their Sales and Marketing data, before embarking on more ambitious targets for integration involving functions such as Finance, HR etc.

While you can draw your own conclusions from this, one interpretation is that if your business has fewer than 200 employees and doesn't provide its Sales team with real-time access to this type of data, you may be in danger of being left behind. If, on the other hand, you have 500 or more employees and have yet to consider how to make more intelligent use of your data, you may soon find yourself looking over your shoulder.

Key Finding #4: You can see the wood for the trees

So where is all the innovation in data usage coming from? Is it concentrated in small, nimble companies that can more readily adapt their business models and go-to-market activities, or large corporate enterprises that possess the resources needed to make their data a strategic asset?

Our analysis of Key Findings #1 to #3 has hopefully given you an insight into whether your business is information-, insight- or intelligence-led, and the possible implications for its future success. If you're still unsure precisely which category your business falls into however, you can find a quick and easy answer by considering the following characteristics:

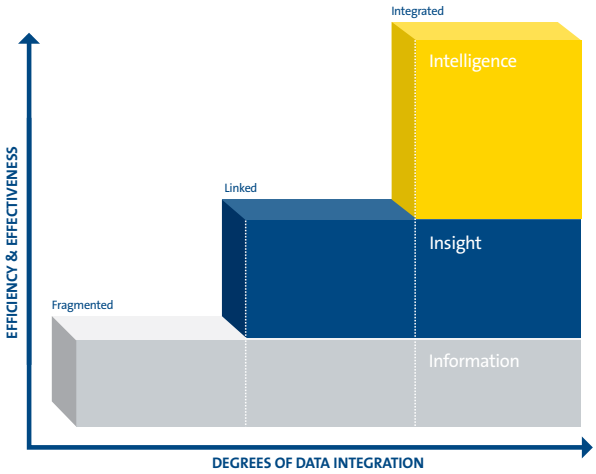
- **If the available data within your organisation is limited to tools and processes that allow you to identify which leads should be prioritised, then the chances are that yours is an information-led business.**
- **If, however, your Marketing team regularly summarise and analyse your market size and key characteristics, and/or your Sales and Marketing teams have implemented a competitive analysis/competitor tracking programme to alert you to relevant news and activities, then yours will have progressed to become an insight-led business.**
- **But if your Sales team have real-time access to market intelligence for their prospects and customers; you have access to an analysis model that will provide predicative analytics based on real-time information feeds; and /or your organisation is able to predict the value of future business based on the intelligence available in real time through your systems; then you can already consider yours to be a truly intelligence-led business.**

So why, apart from the reasons we've already highlighted in this report, does this matter?

The bigger picture

Take a look at our model of the three stages of data integration.

THE 3 STAGES OF DATA INTEGRATION



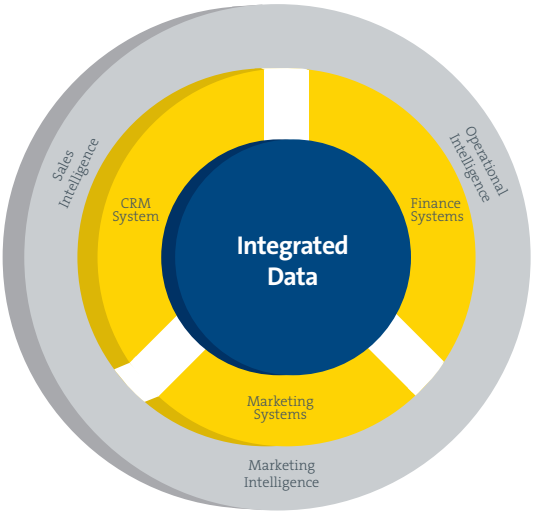
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In our experience, most UK businesses unwittingly take a 'fragmented' approach to data. Customer information is used within the department that created or sourced it for a specific purpose, and the value the data brings to the business is limited to that original use.

Increasingly, however, there is a move towards a 'linked' approach. Customer information held by one department can be leveraged elsewhere in the business to deliver real insight instead of just information. This insight allows better decisions to be made, and enables the business to extract greater value from the data held.

But if companies wish to release the full value of customer data, they need to consider a fully 'integrated' approach. In this scenario, all decision makers are empowered by true business intelligence because they have constant real-time access to all types of customer information from all parts of the business and beyond. An intelligence-led organisation therefore has a clearer view of its opportunities and challenges, is able to make better decisions at all levels, and also benefits from far greater efficiencies since investment in data is shared across departments.

THE DATA-DRIVEN BUSINESS



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The result is a true Data Driven Business. With data at its heart, decisions can be based on true business intelligence. Because all customer data is accessible in real time to all parts of the organisation, decision makers at all levels get an accurate and multi-dimensional perspective of customers and prospects. This compound and live view enables them to decide with confidence how they should approach, manage and invest in each prospect or customer, based on the best possible business intelligence at all times.

Just some examples of how this can help a business develop, grow and succeed include:

- **Supporting the Marketing team, by helping to generate more, better qualified leads, and enabling marketing in longer sales cycles.**
- **Reorganising the Sales team to more effectively target customers and prospects.**
- **Reorganising sales territories to maximise the impact of Sales resources.**
- **Greater use of Telesales and less reliance on Field Sales operations.**
- **Improved quality of sales, through more high-level strategic consultancy selling.**
- **Better Customer Service, through more effective progression of customer engagement into the most appropriate areas of the organisation.**
- **The 'single customer view' is superseded by a 'dynamic customer view', in which all information about a customer helps to establish - in real time - where they are in their buying cycle, their preferred channels and their likely future purchases.**

Most importantly of all – and as our research has clearly highlighted – the further down this route to becoming a Data Driven Business an organisation is, the more likely it is to meet its objective.

Want to take the next step?

To assess how your business performs in relation to the issues discussed in this report, click the link to complete our survey.

Or, to find out more about the data-related services available from D&B, and how we can assist you along the path to becoming an intelligence-led, Data Driven Business, please contact us on **01628 492299** or visit **http://salesmarketing.dnb.co.uk**