Businesses Need to Use Analytics Carefully

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The Advantage of Analytics is the Norm

A joint collaboration between the MIT Sloan Management Review and the SAS Institute, Inc. conducted the 2014 Data & Analytics Global Executive Study and Research Report, named ‘The Analytics Mandate.’ Their findings are based on the survey of 2,037 professionals and interviews with more than 30 executives. It reveals the pressure that companies are under to both improve their analytics capabilities and find unique and relevant insights in their data. Increased investment in business analytics had an annual average 8.5% growth rate between 2009 and 2013. Now, many companies already, are using analytics to gain an advantage but such advantages have become the norm and is a more ‘common path to value’ (Kiron, Prentice, & Ferguson, 2014).

Businesses can make proactive decisions with predictive analytics

Reactive decision-making has proven ineffective in recent times. Traditional reporting and analysis techniques provide a “rear-view” perspective of what has happened in the past. Organizations can no longer wait to make critical choices after an opportunity arises or a problem is uncovered. They must take a more proactive approach to running their businesses by anticipating important changes, events, and trends, and taking action before they occur (Avoiding Worst Practices in Predictive Analytics, 2011).

Predictive analytics enables the discovery of patterns and trends in historical data to determine what will likely occur in the future. This eliminates the need for decision-makers to rely solely on intuition, giving them valuable, forward-looking insight that improves the effectiveness of plans, strategies, and decisions (Avoiding Worst Practices in Predictive Analytics, 2011).

Legal and Ethical Concerns

There could also be legal and ethical concerns in using data analytics. The Health Care industry is a prime example. Predictive analytics can be used to improve the health of patients and lower the cost of health care. However, this opportunity raises policy, ethical, and legal challenges raised in the four phases of the life cycle of a predictive analytics model: acquiring data to build the model, building and validating it, testing it in real-world settings, and disseminating and using it more broadly. For instance, it is recommended that model developers implement governance structures that include patients and other stakeholders starting in the earliest phases of development. In addition, developers should be allowed to use already collected patient data without explicit consent, provided that they comply with federal regulations regarding research on human subjects and the privacy of health information (Cohen, 2015).

# References

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