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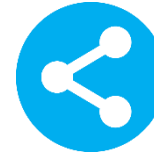
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# How Analytics Will Change Every Part of Your Business



**Kurt Schlegel**

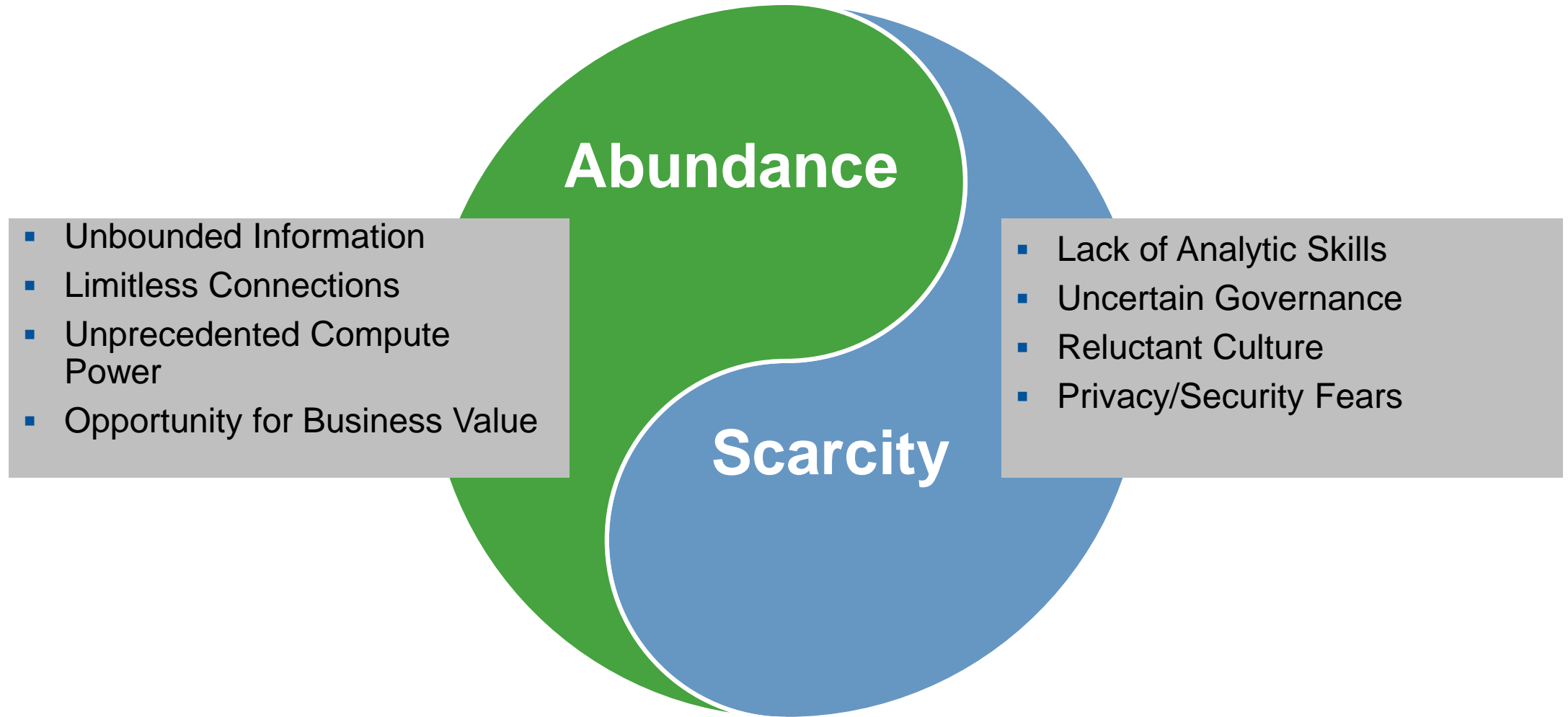
Research Vice President

23 years at Gartner, 22 years industry experience

@KurtSchlegel 

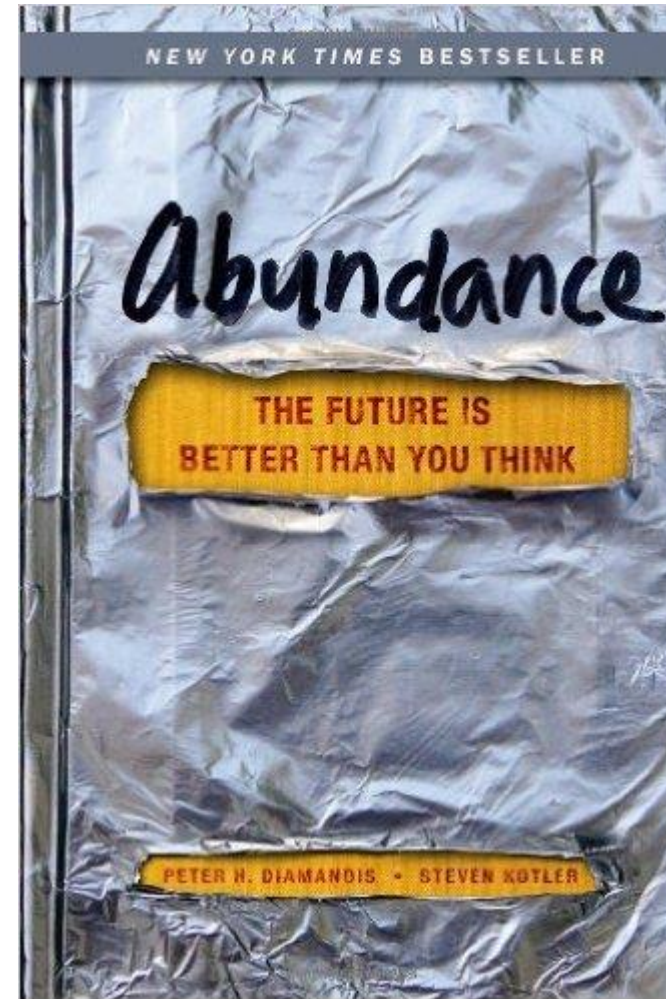
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# Analytics: Lead in the Age of Infinite Possibilities



# With Science Abundance Conquers Scarcity

- Aluminum used to be a precious metal. Now we throw it away.
- 16 Terawatts of energy hit the Earth's Surface every 88 minutes.
- All the elements exist in nature.
- The problem is not about Scarcity but Accessibility.



# Analytics Will Dramatically Improve Your Ability to:

## Measure

- Identify Key Performance Indicators
- Set Goal/Target Values for Performance
- Assiduously Monitor Actual Values
- Determine Leading Indicators
- Forecast Performance Measures

## Understand

- Identify the Most Important Attributes
- Find Associations
- Create Custom Groups
- Blend Disparate Data Sources
- Drill into Details
- Build Taxonomy and Ontology

## Decide

- Identify Creative Choices
- Build Transparency into Who and How Decisions are Made
- Provision: Simulation, Optimization, Experimental Design, & Driver Based Planning
- Extreme Devil's Advocacy

**Warning: Improving These Skills Has a Profoundly Positive Impact on Your Business**



# What Business Objectives Can Analytics Achieve?



# Business Objectives

## Resource Allocation

- Precise Forecasting to allocate resources such as headcount, budget, inventory to result in a quality outcome while keeping costs low.

## Customer Segmentation

- Identify more granular customer segments to personalize the customer experience and therefore improve conversion ratios (e.g. prospects to customers, unhappy to happy).

## Comparative Benchmarking

- Create comparative benchmarks across a peer group of individuals or workgroups to find positive and negative outliers. Learn from the positive and remediate the negative.

## Customer Facing

- All relationships are based on upon trust, especially business relationships. Externalize Analytics to customers (and partners/suppliers). Embed analytics in external business processes to create stickiness.



# Resource Allocation: California Independent System Operator (ISO)





# Granular Customer Segmentation: Progressive Insurance



## Snapshot:

- 1) Plug in a little device in your car — like 900,000+ other drivers
- 2) Drive like you normally do
- 3) Get a personalized rate

Source: Progressive Insurance

# Comparative Benchmarks: Ford



# Customer Facing Transparency: Guy Carpenter

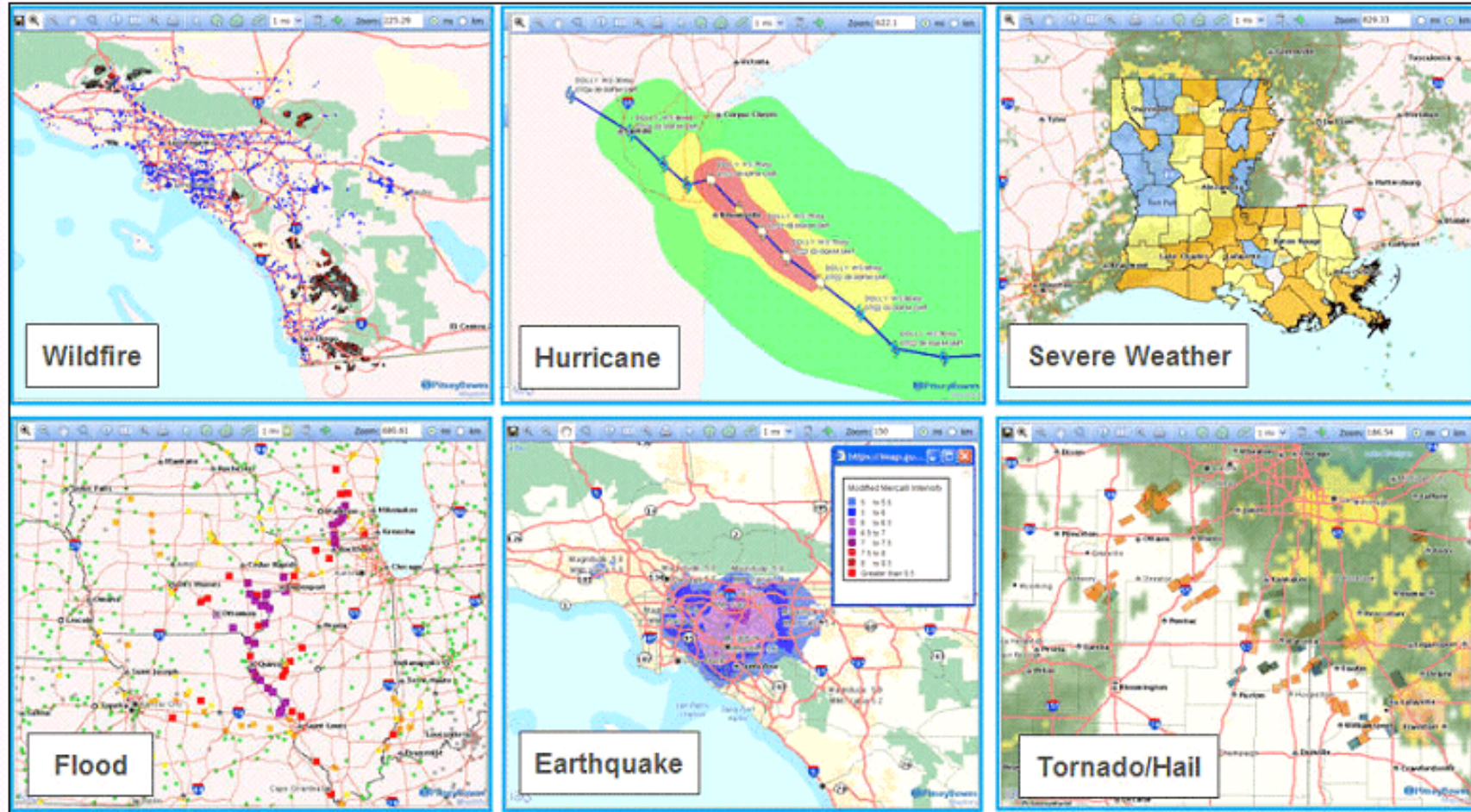


Figure 2. Sample Event Tracking Maps

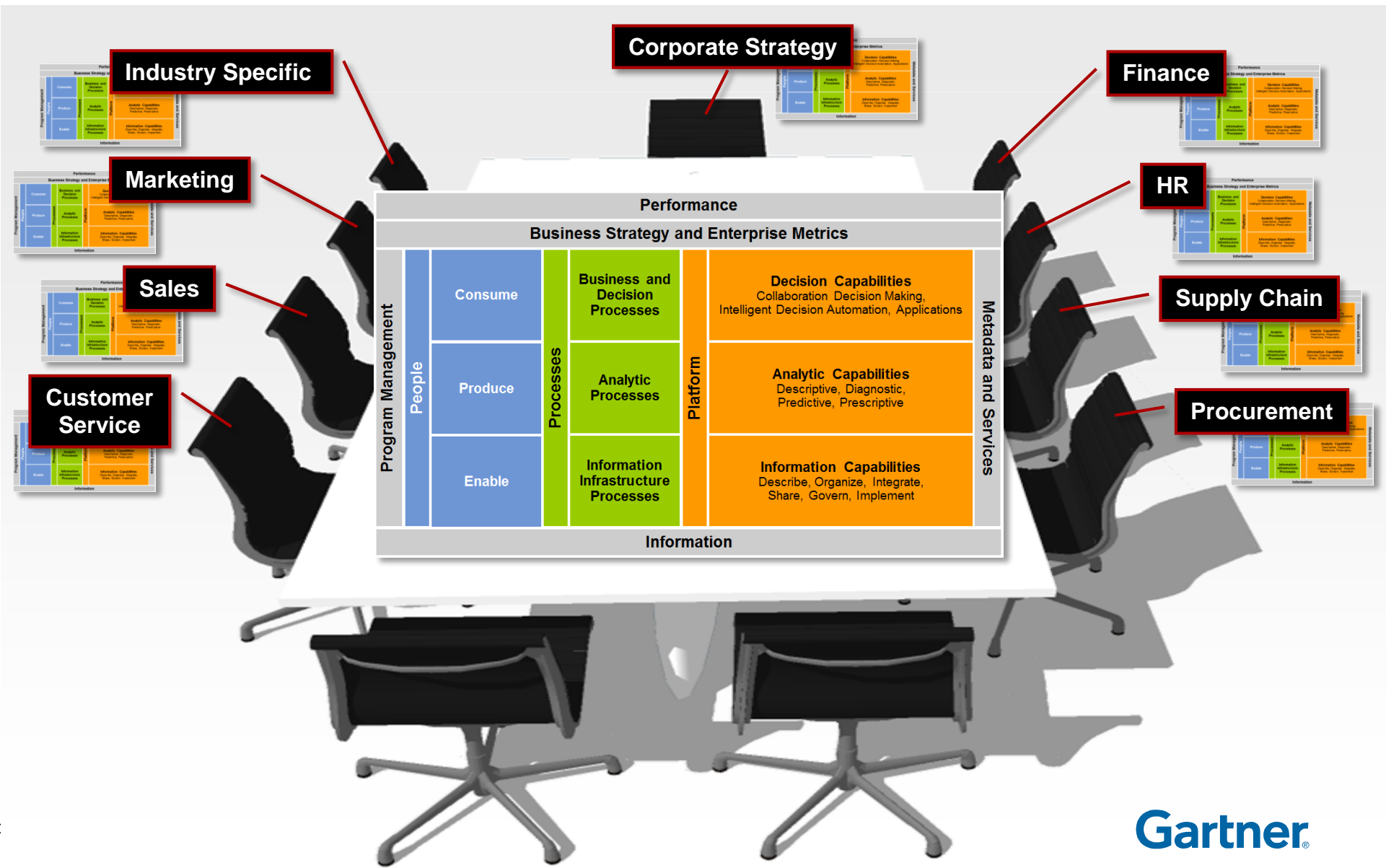


# Who Will Drive Analytics: Getting the Org Model Right!





# Include Decentralized Teams



# Establish Cross-Functional Teams Blending IT and Business Skills!

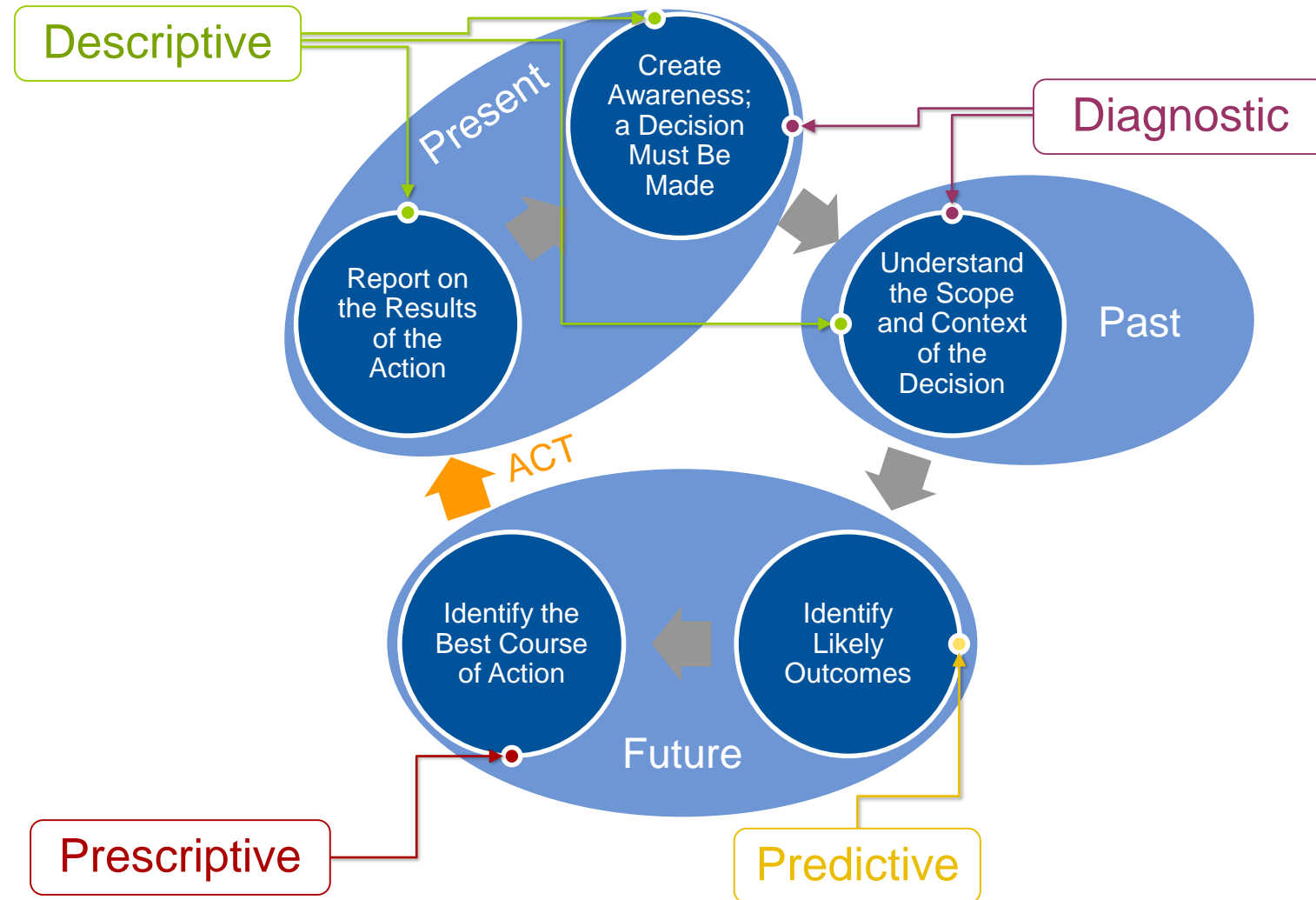




# How to Do Analytics: Provision the Right Capabilities the Right Way.



# Analytics Capabilities Are Used Together in a Decision-making Process





# Which Analytic Capabilities Should We Adopt

Capability	Visual Data Discovery	Classification	Association	Simulation	Optimization	Estimation	Anomaly Detection
Components	Data Prep, In Memory, Interactive Viz	Clustering, Bayesian, Decision Trees,	Association Rules, Link Analysis	Monte Carlo, Markov Chain	Linear Programming	ARIMA, Holt Winters,	Nearest Neighbor, Support Vector Machine

# Certification of Self Service Analytic Content

- Published:
  - Information that has gone through a rigorous validation process can be disseminated as official data.
- Limited Production:
  - Information that has been created by end users and is worth sharing but hasn't been validated.
- Prototype:
  - Information is created by end users with little to no oversight. Users are empowered to integrate different data sources and make their own calculations.

# Recommendations

## ✓ Articulate the Business Objective:

- Use **comparative benchmarking** as a way to find outliers and take remedial action.
- Analyze customer data to create more **granular customer segments** and personalize the customer experience.
- Improve **resource allocation** with more precise systems of measurement.
- Make analytics part of your business model with **customer facing analytics**.

## ✓ Build the Right Organizational Model and Provision the Right Capabilities:

- ✓ Build capability to provide all four styles descriptive, diagnostic, predictive, and prescriptive.
- ✓ Prototype First. Then Promote to Production.
- ✓ Build Cross Functional Teams that blend technical, analytical, and business domain expertise.
- ✓ Create a Central and Decentral Organization Model.

# Recommended Gartner Research

- ▶ [How Chief Data Officers Show Leadership in Influencing the Data-Driven Culture](#)  
Alan Duncan Frank Buytendijk Valerie Logan (G00304771)
- ▶ [The Life of a Chief Analytics Officer: A High-Wire Balancing Act](#)  
Valerie Logan (G00300083)
- ▶ [The Chief Analytics Officer's Vision Sets the Narrative for the Business Analytics Strategy](#)  
Jamie Popkin (G00291972)
- ▶ [Extend Your Portfolio of Analytics Capabilities](#)  
Lisa Kart Alex Linden Roy Schulte (G00254653)
- ▶ [Three Steps to Yield the Most Value from Your Customer Data Using Analytics](#)  
Melissa Davis (G00304141)
- ▶ [Create a Centralized and Decentralized Organizational Model for Business Intelligence](#)  
Kurt Schlegel Frank Buytendijk Dan Sommer (G00261728)
- ▶ [Six Styles of Customer Analytics](#)  
Gareth Herschel and Melissa Davis (G00308283)





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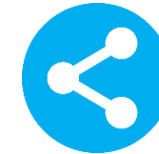
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