

ANALYTICAL EXECUTION FOR TODAY'S MID-SIZED ENTERPRISE

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Report Highlights

p2

Best-in-Class companies drove a 24% year over year increase in organic revenue.

p5

Companies using analytics in the finance department experienced 99% budgeting accuracy.

p5

Companies that integrated BI with ERP saw a 55% greater reduction in process cycle times.

p7

Best-in-Class mid-sized enterprises are almost 5 times more likely to use mobile BI.

Data-driven decisions through the use of business analytics aren't just reserved for the heavily-staffed and deep-pocketed large organization. This report examines how mid-sized enterprises, supported by a strong foundation of organizational capability and judicious use of technology, are delivering tangible and repeatable business outcomes across several critical areas of the business.

2

A new generation of decision makers have arisen who appreciate data-driven decisions but lack the technical expertise to create their own insight from scratch.

Definitions

In the context of this report, "**mid-sized enterprises**" are defined as organizations employing between 100 and 1,000 people.

Based on findings gathered from Aberdeen's [2014 Business Analytics survey](#) of 692 companies, this report focuses primarily on **169 organizations** fitting the description of a mid-sized enterprise. Those organizations were distributed geographically as follows:

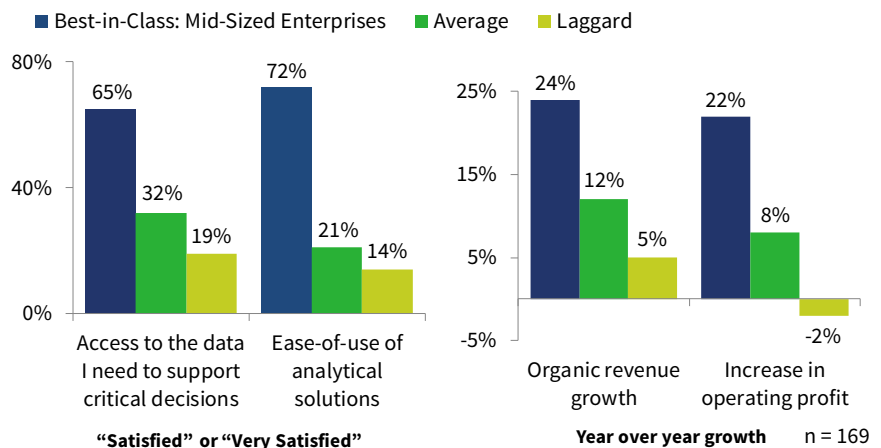
- North America - 59%
- Europe - 22%
- Asia / Pacific - 14%
- Rest of world - 5%

The Expanding Use of Business Intelligence

They say that a rising tide lifts all ships. This old adage certainly holds true when it comes to the usage and applicability of business intelligence (BI) and analytics in today's rapidly changing business landscape. On one end of the spectrum, the explosion in data has brought about many advances in technology for faster processing and digestion of enormous amounts of information. On the other end of the spectrum, a new generation of decision makers have arisen who appreciate data-driven decisions but lack the technical expertise to create their own insight from scratch.

Perhaps nowhere is this trend more evident than in mid-sized enterprises (defined in sidebar) that have achieved enough growth to validate a sound business model but aren't bogged down with a slow-moving IT bureaucracy. Aberdeen's research demonstrates that top performing mid-sized enterprises are able to tap into this non-technical line-of-business audience to provide easier BI solutions and deliver tangible business results (Figure 1).

Figure 1: Empowering Line-of-Business Performance



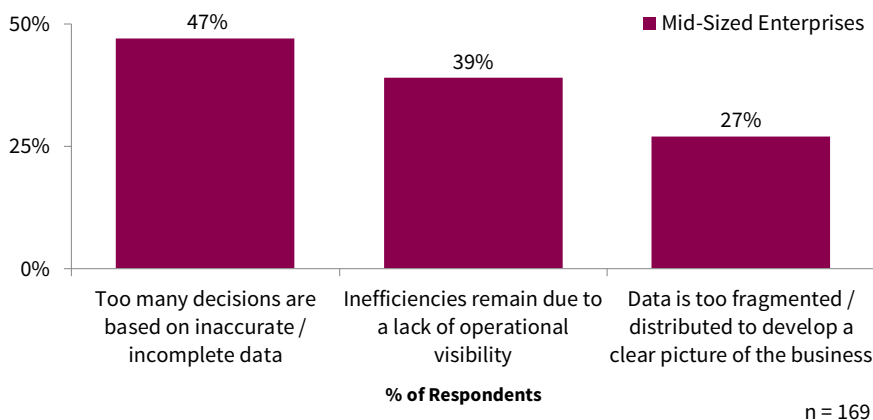
Source: Aberdeen Group, March 2015

3

Background: Too Much Data, Not Enough Time

Effective BI can be thought of as a process for transforming raw data into deliverable insight. Efficiency in this process can produce a variety of results across the business, but organizations without a sound analytical strategy might find themselves drowning in data with a stopwatch over their heads. Aberdeen's research shows that the top drivers of BI initiatives are largely related to growth and complexity of data (Figure 2).

Figure 2: Top Pressures Driving BI Initiatives



Source: Aberdeen Group, March 2015

Confounding these challenges is a very real and very rapidly increasing time urgency for the right kind of data. According to Aberdeen's research, 63% of business decision makers have a shrinking "decision window," the period of time during which timely information can impact a critical decision. In the face of this urgency, only 10% of respondents report that information is always available when they need it, resulting in late decisions based on inaccurate data. These reasons are highly instrumental in the urgency for better and easier analytics within mid-sized enterprises and other companies alike.

Fast Facts

Two critical metrics that determine success with analytics are adoption and engagement. The research shows that Best-in-Class mid-sized enterprises were able to deliver against these critical metrics relative to their peers:

Adoption - average percentage of employees with a need or desire for BI / analytics that have access to solutions they need:

- Best-in-Class: 69%
- All other mid-sized enterprises: 32%

Engagement - average percentage of BI users that are active with the solutions on a weekly basis or more often:

- Best-in-Class: 56%
- All other mid-sized enterprises: 21%

4

- [Related Research, "Analytics for the Mid-Market: Can You Survive and Thrive without BI?"](#)
- [Related Research "Analytics in the C-Suite: Fortifying the Executive Decision"](#)

Fast Facts

Top applications embedded with BI / analytics (% of Respondents):

- Enterprise Resource Planning (ERP) : 52%
 - Customer Relationship Management (CRM): 47%
 - Financial / Accounting applications: 29%
 - Supply Chain Management (SCM): 25%
 - Marketing Automation: 18%
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Spreading Insight across the Business

Perhaps the biggest trend revealed in Aberdeen's research is a growing contingent of non-technical business users who are trying to take ownership of more elements in the analytical process. CFOs are concerned with data quality and governance, marketers are looking for ways to develop predictive insights about their customers, and sales directors want to generate visual insights about their active pipeline.

Mid-sized enterprises, in particular, are in a unique position relative to this trend. Where a small company's leaders might wear so many hats as to preclude the time or availability to become active with analytics, mid-sized companies are typically large enough to have delegated responsibilities to more defined business functions. Conversely, mid-sized enterprises are generally not big enough to be encumbered by the red-tape and bureaucracy that might prevent a large organization from quickly and effectively enabling the line-of-business analytical capabilities.

The Analytical Trojan Horse

One increasingly common way to get BI into the hands of these decision makers more quickly and painlessly is by leveraging an existing deployment of another enterprise application, such as Enterprise Resource Planning (ERP) or Customer Relationship Management (CRM). While larger organizations might have an advanced data warehouse to collect information from a variety of sources, a mid-market enterprise is more likely to derive the bulk of its data from an application like ERP. Prior Aberdeen research demonstrated that [integrating or embedding BI](#) in an existing deployment helped improve adoption and engagement in analytics, and led to a faster return on investment as well. Additionally, recent findings from Aberdeen's [2014 ERP](#)

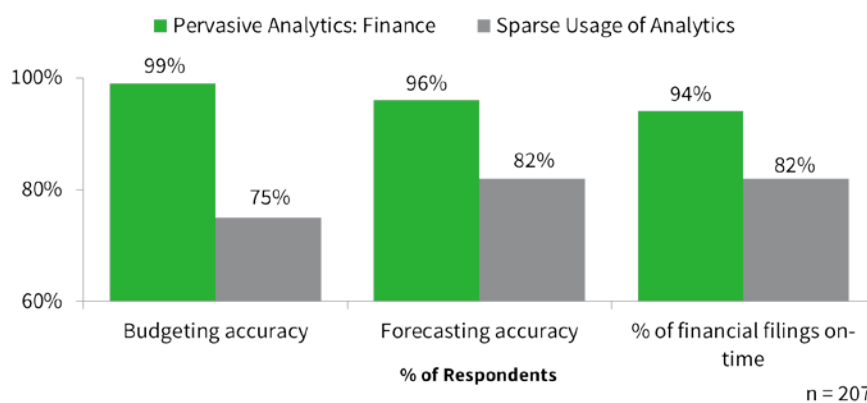
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[Benchmark Survey](#) revealed how companies that have integrated ERP and BI capabilities saw a 55% greater improvement in process cycle times and a 22% greater reduction in inventory turnaround, compared to all other companies.

Better Line-of-Business Outcomes

The overall P&L improvements that Best-in-Class companies (defined in the sidebar) enjoy are the end result of solid execution across many areas of the business. However, that execution is not a guaranteed result of BI implementation. Top performers put in place the right processes and tools to empower their decision makers with well-tailored solutions that are easy to use, and fit well with the decision process of a typical function. Moreover, top companies recognize the value of pervasive BI within these business areas as opposed to just one-off, infrequent use of simple reports or dashboards. Findings from Aberdeen's [2014 Business Analytics Survey](#) demonstrate that pervasive use of analytics in the finance department produces significant performance discrepancies compared to organizations with a less formal approach to analytics (Figure 3).

Figure 3: Financial Results with Pervasive Analytics



Source: Aberdeen Group, March 2015

Best-in-Class Defined

Analytics performance for mid-sized enterprises was measured against three key metrics:

- Percentage of respondents that reported being "satisfied" or "very satisfied" with the **quality and relevance of data**
- Average percentage of users **actively engaged** in analytical activity on a weekly basis or more often
- Average year over year increase in **operating profit**

Respondents were scored against the above metrics and fell into one of two categories based on performance:

- **Best-in-Class** - top 20% of respondents
- **Industry Average** - middle 50% of respondents
- **Laggards** - bottom 30% of respondents

6

Analytical Snapshot: Manufacturing

Recent research from Aberdeen's manufacturing practice explored the impact of connecting product development with manufacturing operations management (MOM).

The research discusses the impact of harnessing sensor / machine data and other operational data to produce timely insights and deliver efficiencies in a manufacturing environment.

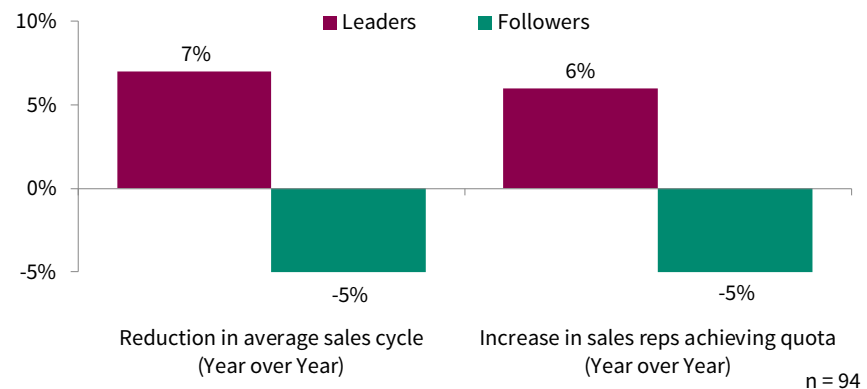
Findings from this research demonstrate that companies employing analytics experienced the following performance relative to their peers:

- **87%** rate of overall equipment effectiveness (OEE) *(82% for all other companies)*
- **10%** year over year increase in operating margin *(4% for all other companies)*

These companies not only have a focus on delivering the right analytical tools, but also place a high value on building a data-driven analytical culture as well. As opposed to relying solely on experience or "gut-feel," data-driven decision makers in the finance department are able to budget and forecast more accurately, as well as deliver their most critical financial filings in a more timely way.

Looking at the sales function, the research once again demonstrates how the effective use of BI can transform different business functions. Having the right information more readily accessible enables sales managers to target their accounts more accurately, move prospects down or out of the sales funnel more productively, and produce quicker answers for prospects, ultimately leading to a shorter sales cycle, a more proficient sales force, and faster business growth. Aberdeen's April 2014 report, [Sales Analytics: Data-Driven Forecasting for Better Quota Attainment](#), revealed how top performing companies were able to leverage analytics to deliver tangible sales results (Figure 4).

Figure 4: Top-Notch Analytics in the Sales Department



Source: Aberdeen Group, March 2015

While the finance department and sales function are typically the most common use case for analytics in line-of-business roles,

7

Best-in-Class companies are expanding activity into some of the less-traditional areas of the business. From supply chain management and procurement to manufacturing operations and human resources, the right analytical approach can produce substantial and repeatable business outcomes across the organization.

Bringing Insight to the Front Lines

With the right implementation strategy in place and analytical activity starting to permeate into more functional areas, Best-in-Class companies then look for ways to bring intuitive and business-friendly BI capabilities to their most critical decision makers. While the general level of analytical skill is increasing in the typical organization, most people are visually inclined by nature. Best-in-Class companies seek the ability to present information using the right metrics and taxonomy for a particular business area while providing a platform for these users to drill down and explore the underlying data. The research shows that companies leveraging tools for [interactive data visualization](#) were not only able to collaborate and engage business users more effectively, but were also able to deliver information quicker and improve time-to-information.

On a similar note, when looking for ways to engage the line-of-business in analytical activity, few things resonate more powerfully than mobile-enabled capabilities. Given the ubiquity of today's smartphones and the significant presence of mobile and remote employees, more organizations these days are exploring the performance implications of mobile-enabled analytics. According to the research, Best-in-Class mid-sized enterprises are almost five times more likely than all others to use mobile BI, an approach that contributes substantially to their increased adoption and engagement in analytics, and ultimately, their enhanced business performance as well.

Fast Facts

Aberdeen's April 2014 report, [Mobile BI: Portable Firepower for Line-of-Business Insight](#), demonstrated:

- Companies using mobile BI get late information **68% less often** than all other companies
 - Mobile BI users are **twice as likely** to have strong analytical engagement in the sales department
 - Leaders in mobile BI are **86% more likely** to be satisfied with access to key data for decision support
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8

Analytical Snapshot: Supply Chain Management

A [recent report](#) from Aberdeen's Supply Chain Management (SCM) practice explored a control tower approach to supply chain visibility and segmentation.

This research demonstrated that leading organizations are **3.5x more likely** to employ an analytically-driven cost-to-serve modeling approach at the item / product / customer level.

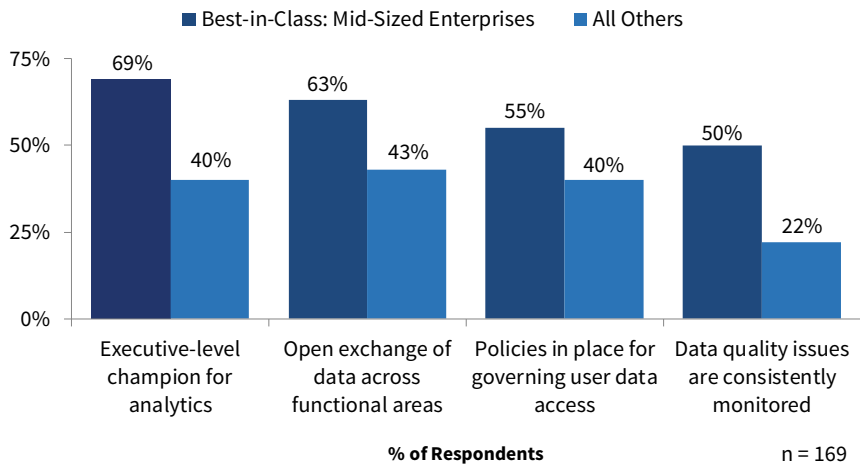
Leveraging this and other critical analytics capabilities, leading organizations enjoyed the following performance:

- **95%** of inbound orders from suppliers received complete and on-time. *(87% for Followers)*
- **95%** of outbound orders to customers delivered complete and on-time. *(85% for Followers)*
- **7.5%** decrease in out-of-stock frequency *(0.9% increase for Followers)*

Emulating the Best-in-Class

Focusing attention back on mid-sized enterprises, several questions arise, naturally, chief among them – what constitutes a Best-in-Class approach to analytics? In other words, what do these top performing companies do differently to help support their use of analytics and deliver outstanding business outcomes? The first part of the answer to that question has to do with their focus on the right internal competencies that set the table for analytical performance. Best-in-Class companies employ a variety of different organizational capabilities that facilitate elevated performance (Figure 5).

Figure 5: Best-in-Class Organizational Maturity



Source: Aberdeen Group, March 2015

While most analytical projects these days are driven from a line-of-business need, most of them will fail to get off the ground without support from senior management. Top mid-sized enterprises understand this phenomenon and are much more likely to find themselves an executive level sponsor or champion that can help remove roadblocks and accelerate the implementation of analytics.

9

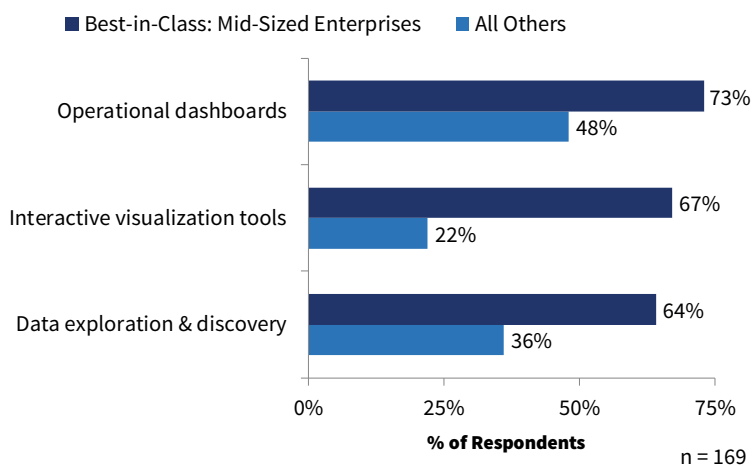
Another interesting differentiator for Best-in-Class companies is their two-pronged approach to data management and distribution. It is rare that a business insight will originate from just one area of the business, so top companies are more likely to remove barriers to cross-functional data exchange.

Simultaneously, though, top mid-sized companies are more likely to provide a strong level of governance and oversight to their data and maintain a high level of quality as it is exchanged across business silos.

Secondary to their elevated organizational maturity, but also important, is the breadth of Best-in-Class technology usage. While not all of these are necessarily deployed simultaneously or in the same package, top companies lean on technology to make analytics more approachable and consumable (Figure 6).

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Figure 6: Enabling Technologies in Use



Source: Aberdeen Group, March 2015

At the top of the list, Best-in-Class companies use technologies to empower the full decision process for their key employees. Data exploration and discovery tools not only help companies find the answers to their most critical pressing questions, but also develop new questions to see the business in a new light.

10

→ [Related Research, "Speeding up and Cashing in with Financial Analytics"](#)

→ [Related Research "Predictive Analytics: Exploiting the Past for Future Reward"](#)

Interactive visualization technology will enable a line-of-business manager to drill-down into a report or dashboard to discover the underlying root cause of problems or other interesting insights.

Conclusion & Recommendations

It's not entirely clear if the advancements in analytical technology have brought about the expanded interest among non-technical users or the growth in usage among this audience has forced technology vendors to follow suit with the appropriate tools. Regardless of the answer to this "chicken-or-egg" riddle, the fact is that business analytics has grown in relevance to fit the needs of a wide variety of users in small companies, mid-sized enterprises, and large organizations alike. Mid-sized companies, in particular, sit in an interesting position to exploit the value of business analytics. These companies typically have the organizational structure in place to support the needs of a variety of different job functions, but are less encumbered by large company red-tape and bureaucracy. Mid-sized enterprises looking to implement analytics or expand on an existing deployment should take the following recommendations into consideration.

- **Build a culture of user empowerment.** Nothing kills analytical success faster than tools that are a misfit for the organization. Whether thrust upon users by the IT department, or blindly mandated by the executive ranks, tools that are forced upon end-users without thought or consideration to the varying needs of these employees are typically doomed to underutilization and, ultimately, failure. Best-in-Class companies are more likely to put processes in place for understanding and communicating end-user needs for analytics. These top performers are also more likely to develop analytical skills in-house and

11

drive towards a data-driven culture. Understanding and delivering on user needs is the key to building higher adoption and engagement with analytics, thus paving the way for enhanced business execution from its usage.

- **Set the IT department free.** IT specialists have no more desire to pore through a three-week backlog of report requests than business users have to wait three weeks for a report they need. If the business users feel empowered to ask questions of their data and develop their own views of what matters, the IT staff is free to focus on maintaining an accessible but well-governed environment. A strong IT staff is hard to build and maintain, and the key to keeping these people engaged and satisfied is keeping them focused on projects with direct or indirect revenue implications to the organization. Removing the burden of tedious report generation from the shoulders of the IT staff will free up this talent to focus on activities more strategically critical to the business like maintaining the quality and accessibility of the data or ensuring the speed and reliability of the networks, among other things.
- **Weave analytics into the fabric of the organization.** At the end of the day, companies achieving the most success with BI are the ones that not only use the technologies effectively, but are more actively engaged in analytics as a mindset or philosophy for decision making. Achieving this elevated analytical mindset doesn't necessarily happen overnight, but certain actions and approaches can help accelerate the process. Taking steps to improve the quality and relevance of data will help build trust and independence on the part of business users. More business-friendly technologies like

IT specialists have no more desire to pore through a three-week backlog of report requests than business users have to wait three weeks for a report they need.

12

interactive data visualization and mobile BI will also promote a culture of self-reliance when it comes to analytics. The research shows that Best-in-Class mid-sized enterprises are 53% more likely to have developed a self-service BI environment. Finally, mid-sized enterprises should consider leveraging their existing infrastructure as a conduit for analytical success. Companies using analytics as embedded or integrated functionality within other applications like ERP saw faster implementation times, higher BI adoption rates, and greater return on investment from analytics.

For more information on this or other research topics, please visit www.aberdeeen.com.

Related Research

[Introducing the Analytical Mind Map: The BI Personality Test](#); June 2014

[Analytical Detectives: Solving Data Mysteries](#); June 2014

[Analytical Gunslingers: The Quick and the Dead](#); June 2014

[Analytics in the C-Suite: Fortifying the Executive Decision](#); February 2015

[Predictive Analytics: Exploiting the Past for Future Reward](#); December 2014

[Analytics for the Mid-Market: Can You Survive and Thrive without BI?](#); August 2014

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