What does “advanced analytics” really mean... and why should enterprises care?

- Applying advanced analytical techniques to data to solve problems that were previously difficult (if not altogether impossible) to solve.

For example:

- The propensity of customers to choose one action over another, or to predict who among current customers will no longer be customers six months from now, or to predict which prospects are most likely to become customers.

- Advanced analytics are more encompassing than data mining.

- This empowers enterprises to optimize their efforts on the most-likely-to-be-profitable customers.
Advanced Analytics

• The difference between advanced analytics and business intelligence?
  – BI helps us understand the here, the now, and some of the why of business
  – Advanced analytics goes far deeper into the “why” of a given situation, and likely outcomes.
  – This ability means business managers can ground their here-and-now decision-making in context of their effect
Advanced Analytics

Traditional Business Intelligence

- What happened?
- How many, how often, where?
- Where exactly is the problem?
- What actions are needed?

Performance Effectiveness vs. Degree of Intelligence
Intelligence Through Analytics

- What’s the best that can happen?
- What will happen next?
- What if trends continue?
- Why is this happening?
- What actions are needed?
- Where exactly is the problem?
- How many, how often, where?
- What happened?

Performance Effectiveness vs. Degree of Intelligence
• How can advanced analytics impact an enterprise and its customers?
  – Advanced analytics can provide a compelling, even significant, advantage
  – Does a better job of attracting the right customers, and positioning the right products to those customers. Increase customer base with the focused attention
  – Cost savings: Identify the appropriate supply, no wasted warehousing etc
  – Customer Retention: Identifies potential churn and allows for preventive action
  – Merges data and analysis for insight in the present and foresight into the future
  – Helps in customer management strategy, developing acquisitions modeling, discern fraud,
  – Application of Advanced Analytics vary from enterprise to enterprise, based on specific needs and goals.
The role that advanced analytics will play in industries as well as in individual enterprises in the next 3 to 5 years?

- Less need for specialized software for trend analysis – Analyze on the data within DW
- Help us move toward true real-time decision making in terms of how we work with customers
- Analysis of Unstructured Data will result in improved medical applications, scientific applications, or even military applications
  - for example non-structured data such as CAT scan images
Advanced Analytics – Challenges faced

• How can an enterprise best face challenges and turn them into opportunities?
  – Requires application of specialized technology, gather and then organize data, and then take a fresh look at the best way to run the enterprise.
  – External challenges are even more plentiful
    • increased competitiveness
    • increased business regulations
    • increased customer fluctuations, etc
  – An opportunity to bring together business and analytic technology for sophisticated insight and forecasting
  – These challenges represent an opportunity for an enterprise to differentiate itself from the competition.
Advanced Analytics - Benefits

- Near Term and Long Term Benefits of adoption
  - Perhaps foremost, key benefit is competitive differentiation
  - Customer Engagement
    - The right set of product offerings
    - Customer Retention
    - Marketing programs that fit projected outcomes and budgets
  - Inventory Management
  - ....It’s a long list
  - Real value is that it provides an integrated approach for enterprises to forecast or model outcomes, and thus make proactive decisions in advance of those outcomes
The purpose of Business Intelligence (BI) and Business Analytics (BA) is to support better business decision making.

Business Intelligence refers to skills, knowledge, technologies, applications, quality, risks, security issues and practices used to help a business to acquire a better understanding of the market behavior and business context.

Business analytics extends through the knowledge stage with analysis and understanding, which in turn support decision and action.

BI value chain – the sequence that begins with data and ends by delivering business value.
• “BI in India”