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Mid-Market Analytics in North America: Transforming Data into Insight

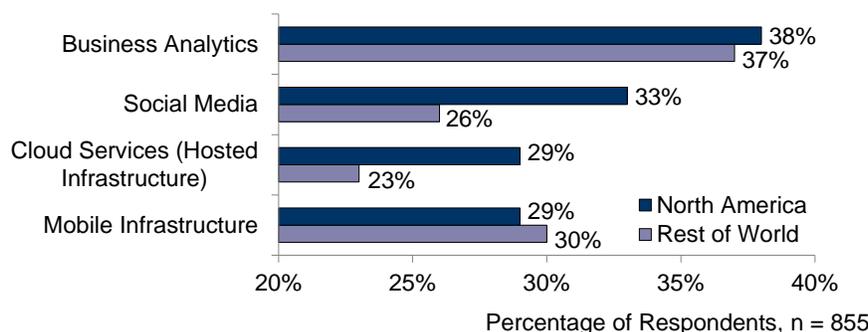
For mid-sized organizations, business analytics offers the crucial ability to transform data into insight and uncover opportunities for growth and competitive advantage. Specifically in North America, where the U.S. and Canada have long been global early adopters of technology, companies in this region have helped pave the way for the diverse IT backbone that supports our global business climate. Honing in on the mid-market (defined in sidebar) reveals an interesting side effect of this technology leadership, however. Having survived the pains of growing beyond small company status but not yet enjoying the economies of scale that many large organizations do, mid-market companies are left with volumes of complex data without the infrastructure to exploit it.

This Aberdeen Sector Insight explores the impact of business analytics in the mid-market. The research shows that Best-in-Class companies are leveraging analytics to gather the right data, create actionable insight, and deliver timely results to their key decision makers. Additionally, while many mid-market organizations struggle with complexity in their data environments, the research shows that an analytical solution to exploit this data need not be complex or technically overwhelming.

Business Context

Facing steady but tepid growth in the U.S. markets, economic concerns are still top of mind in the mid-market. According to data from Aberdeen's most recent [Quarterly Business Review](#), the top external challenge facing the mid-market is still economic uncertainty (83% of respondents). These companies however are still investing in technology to help support growth and business analytics is a top priority (Figure 1).

Figure 1: Technology Investment Priorities for 2012



Source: Aberdeen Group, January 2012

Sector Insight

Aberdeen's Sector Insights provide strategic perspective and analysis of primary research results by industry, market segment, or geography

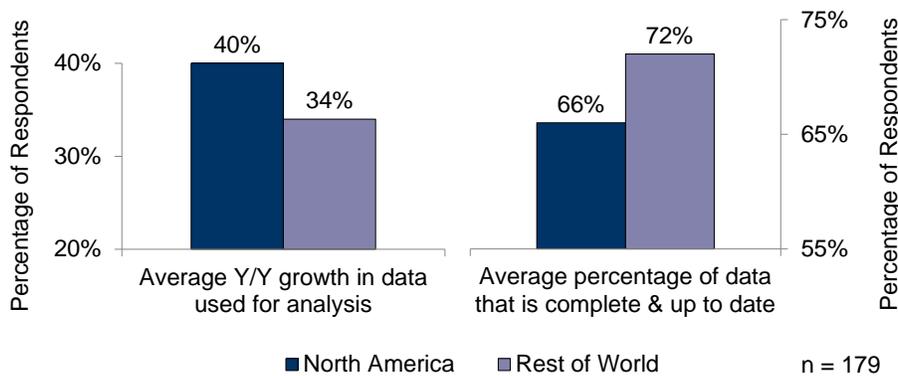
Sector Definition

This research is focused on medium sized or "mid-market" organizations, defined in this context as companies with a headcount **between 100 and 1,000 employees**.

The majority of data was taken from Aberdeen's [Business Analytics 2012 survey](#), which gathered data from 179 mid-market organizations.

Part of the reason for the high priority on business analytics is related to the data environment for these North American companies. According to Aberdeen's [Business Analytics 2012 survey](#), two of the top pressures driving the need for analytics were related to the complexity and quality of data (see sidebar). Additionally, the data shows that these companies are seeing a larger influx of sheer data volume (Figure 2).

Figure 2: Data Challenges Abound in North America



Source: Aberdeen Group, February 2012

Compounding the challenge of volume and complexity is the issue of quality. Data that is old, corrupted, or just plain absent presents a challenge for any organization looking to generate business insight. North American companies face an additional challenge with the usability and quality of their data as depicted above.

Effective Analytics Knows No Borders

Across regions, industries, and cultures, implementing a strategy for analytics or business intelligence (BI) and realizing tangible business value is predicated on far more than simply investing in technology. A well-functioning analytical environment is one where the business users are actively involved in creating insight, where information is delivered in time to positively impact decisions, and where the most crucial business processes are tightly measured, managed, and continuously improved. With these concepts in mind, Aberdeen used the following three metrics to distinguish between Best-in-Class, Average, and Laggard organizations in the mid-market (framework depicted in sidebar).

- **Analytical Engagement:** Measured as the average percentage of business users that actively engage with business analytics at least once a week
- **Timeliness of Information:** Measured as an average percentage of actionable information delivered on-time, or within the so-called "decision window" (see sidebar)

Fast Facts

Top pressures driving the need for business analytics*:

- √ Too many business decisions are based on inaccurate / incomplete data - 51%
- √ Data is too fragmented / "siloeed" to develop a clear picture of the business - 29%
- √ Lack of operational visibility causing inefficiency - 28%

* - Mid-market companies in North America, percentage of respondents

Aberdeen's Maturity Class

Aberdeen divides survey respondents into three maturity classes based on their self-reported performance across several key metrics:

- √ **Best-in-Class:** Top 20% of respondents based on performance
- √ **Industry Average:** Middle 50% of respondents based on performance
- √ **Laggard:** Bottom 30% of respondents based on performance

- **Process Efficiency:** Measured as a percentage of organizations within each maturity class that drove a year over year "improvement" or "substantial improvement" in the cycle times of their most crucial business processes

Based on self-reported performance across these metrics, Aberdeen's three maturity classes were defined by the data shown below in Table I.

Table I: Top Performers Earn Best-in-Class Status

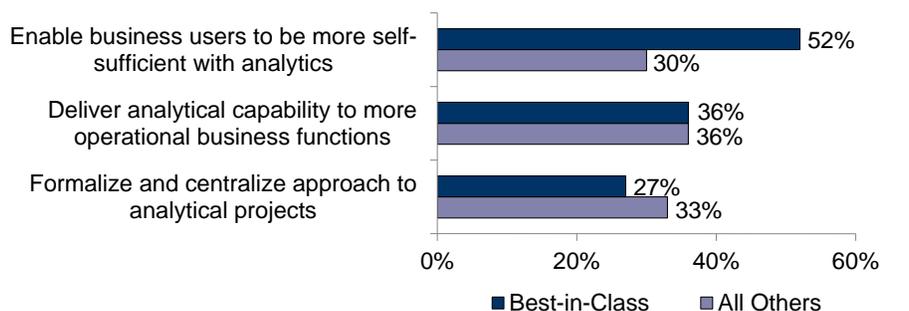
Definition of Maturity Class	Mean Class Performance
Best-in-Class: Top 20% of aggregate performance scorers	<ul style="list-style-type: none"> ▪ 62% of users are actively engaged with business analytics ▪ 89% of critical information is available "on-time" ▪ 73% of companies improved process efficiency
Industry Average: Middle 50% of aggregate performance scorers	<ul style="list-style-type: none"> ▪ 27% of users are actively engaged with business analytics ▪ 75% of critical information is available "on-time" ▪ 54% of companies improved process efficiency
Laggard: Bottom 30% of aggregate performance scorers	<ul style="list-style-type: none"> ▪ 8% of users are actively engaged with business analytics ▪ 32% of critical information is available "on-time" ▪ 27% of companies improved process efficiency

Source: Aberdeen Group, February 2012

Best-in-Class Strategies

In an effort to address their top business pressures and execute against a growing need for analytics, Best-in-Class companies employ a variety of strategies ranging from more formalized data management to driving more pervasive analytical culture across the organization. Far and away the top priority for Best-in-Class companies, though, is their effort to build a self-service environment for business analytics (Figure 3).

Figure 3: Top Actions to Support Business Analytics



Percentage of Respondents, n = 179

Source: Aberdeen Group, February 2012

Aberdeen Definitions

In the context of this research, the **decision window** is defined as the period of time during which the presence of actionable information can impact a business decision.

Survey respondents were asked to define their own decision window; the breakdown for all participating mid-market companies was as follows*:

- √ Real / near real-time: 14%
- √ Within the hour: 13%
- √ Within the day: 36%
- √ Within the week: 24%
- √ Within the month or longer: 13%

* Percentage of Respondents

While other actions are elemental to a Best-in-Class strategy, these top performers distinguish themselves most in regards to self-service analytics. In the world of business analytics, reducing reliance on IT and making business users more self-sufficient creates a wave of positive impact in two main areas. First, without a constant flood of low-level requests from business users to make minor alterations to reports and views, IT resources can be repurposed to focus on activities more strategic to the business such as ensuring the reliability of the infrastructure and creating a more accessible data environment. Second, with self-service access to analytical capability, business users across multiple functions within the organization (e.g. finance, sales, marketing) are able to ask better questions of their data and magnify the business impact of analytics.

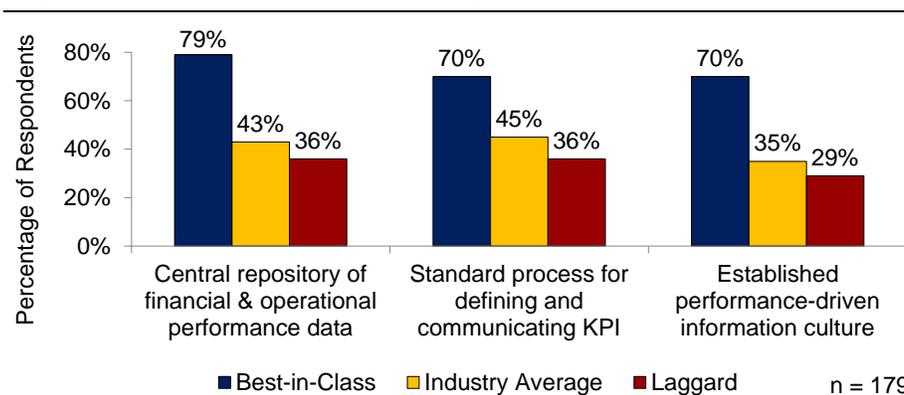
Anatomy of a Best-in-Class Company

Aberdeen's research has long supported the notion that effective business analytics is born out of execution in one or more of three areas of activity:

- Data capture and optimization
- Assembly of information into actionable insight
- Delivery or dissemination of business insight

However, the ability to leverage business analytics for faster and more informed decisions is not predicated upon a simultaneous focus in all three areas. Mid-market companies don't need to invest exhaustively in data management technologies to derive insight from its analysis. Nor is extensive domain expertise a prerequisite for driving a tangible return on investment (ROI) from business analytics. Best-in-Class companies start by demonstrating organizational maturity with several internal capabilities related to these three main aspects of business analytics (Figure 4).

Figure 4: Best-in-Class Internal Capabilities



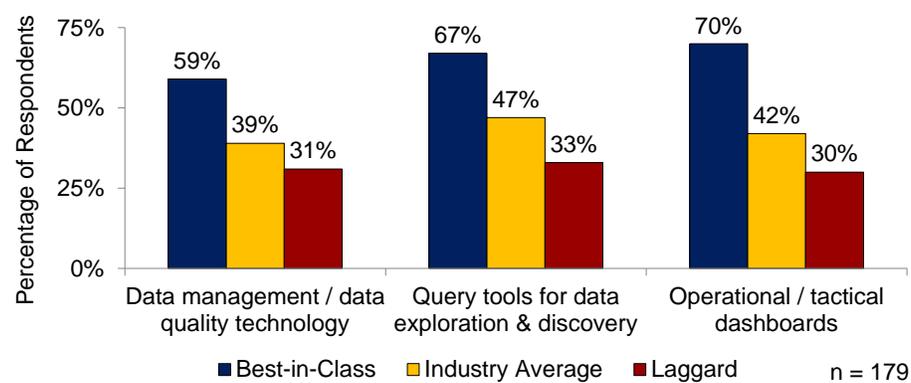
Source: Aberdeen Group, February 2012

On the data side, Best-in-Class companies are almost twice as likely as all others to create a central repository of performance data in order to measure, manage, and improve the metrics most critical for driving business

growth. Having a standard process in place to define and communicate those metrics is also a key element of creating business insight. Additionally, the Best-in-Class are more than twice as likely as all others to report a performance driven culture that values the timely delivery of actionable information. These capabilities used in concert help form the foundation of a holistic strategy for business analytics, ultimately supporting the performance described in Table I.

Additionally, from a technology standpoint Best-in-Class companies are utilizing the right tools to facilitate efficiency when it comes to data optimization, information assembly, and insight delivery (Figure 5).

Figure 5: Putting the Right Tools in Place



Source: Aberdeen Group, February 2012

Data quality tools help ensure the foundation for effective business analytics. Mitigating the amount of corrupted, outdated, or simply incorrect data allows for a cleaner input into the process of data transformation inherent in any analytical environment.

Best-in-Class companies are also more likely to utilize data discovery tools to help their business users ask questions of and explore data, and ultimately create their own personalized version of business insight. This enables business users to apply their own domain specific knowledge to their analysis and deliver results that are more actionable and have a greater potential of affecting business performance. Finally, the use of tactical or operational dashboards is a powerful way to render business insight in a relevant and meaningful way to business users. By displaying key metrics and data views on a day-to-day operational basis (often times even near real-time), top mid-market companies are enabling business users to become more inquisitive about their business and develop the answers they need to facilitate more effective decisions.

Conclusion & Recommendations

In a world consumed with information in all its many forms, companies are rewarded for their ability to transform raw data into actionable business insight and deliver it to their decision makers in a timely fashion. The mid-

market is an important economic engine within North America and will help shape the future of our business landscape. As such, mid-size companies that embrace the analytical methodology are better positioned for more effective decisions, enhanced business performance, and entry into the next generation of enterprise-level organizations.

The issues specific to North America relate largely to the complexity and disparity of their data environments. In addition to the growth in data volume discussed above, Aberdeen's January 2012 research on [Data Management](#) demonstrated that mid-market organizations were struggling to manage an average of 12 unique data sources. Best-in-Class companies use this data to their advantage within their strategy for business analytics and are able to extract usable business insight. For mid-market companies seeking a more effective analytical environment, the following recommendations should be taken into consideration:

- **Start by focusing on the data.** While the challenges of data volume and complexity are borderless, Figure 2 demonstrated that North American companies are seeing a particularly sizeable influx of data. Best-in-Class companies in the mid-market are more likely to think strategically about their data environment by identifying their most critical data sources, ensuring their quality and viability, and improving their accessibility across the organization. This more manageable and usable foundation of data is what sets the stage for more effective analytical activity against that data.
- **Build the analytical mindset, don't be overwhelmed by technology.** Business analytics is just as much a philosophy as it is a technology. Aberdeen's research continually shows a correlation between active engagement in analytical activity and enhanced business performance. Best-in-Class companies are more than twice as likely to report an ingrained culture of curiosity that values data-driven decisions and encourages exploration of business data. These mid-market leaders rely on this culture to drive adoption and engagement in their analytical solutions, not only leading to enhanced business performance, but a higher return on investment in business analytics as well.
- **When expanding analytics, fill the need... and the want.** Prior Aberdeen research on the [total cost of ownership \(TCO\) of BI](#) demonstrates how building adoption and engagement with analytics leads to a lower total cost of ownership and a higher ROI. The first logical step toward this adoption is by enabling the users with the most direct need for analytics, be it Sales, Marketing, Finance, or other areas. However, taking it a step further involves delivering analytical capability to the users with the greatest creative urge to ask questions of their business and perform their own analysis. While budgets are finite, as are IT resources, the users willing and able to get creative with their own application of business analytics are the ones most likely to uncover vital hidden

insights in the data and leverage those insights to boost business performance.

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

Related Research

<i>Managing the TCO of BI: The Path to ROI is Paved with Adoption</i> ; May 2012	<i>Beyond Agile Analytics: Is Agile Data Integration Next?</i> ; May 2012
<i>Embedded BI: Boosting Analytical Adoption and Engagement</i> ; March 2012	<i>2012 Strategies: Putting the Intelligence in Mobile BI to Work</i> ; January 2012
<i>BI in the SMB Market: Delivering Measurable Business Results</i> ; July 2011	<i>The Analytical SMB: More Data, More Users, Less Time</i> ; November 2011

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