

CUSTOM RESEARCH

Business Intelligence

ADVANCED DATA ANALYSIS CAPABILITIES CRITICAL TO SUCCESS

Consumer goods (CG) manufacturers are surrounded by data, both internally-generated transactional data as well as retailer-provided downstream data. How companies turn that data into actionable insights is what separates leaders from laggards.

This month, CGT partners with Cognizant to explore how data is used throughout various business processes, and what we found was a little disappointing. Despite the focus that the industry places on business intelligence and data insights, not many companies are truly leveraging this valuable resource to its full potential.

Is Data Leveraged Appropriately?

With technology advancements over the last few years, CG companies have access to more data at more granular levels of detail, but where is it being used? When we ask to which

business processes is data critical for decision making, we heard supply chain planning, followed by sales, then corporate reporting. No surprises there, however, when we dig deeper into those functions, the top processes within sales and marketing are trade promotions and category management. The top areas for supply chain are demand forecasting and S&OP. These processes are the primary focus of most business and technology initiatives. They align with the move toward the customer and consumer in addition to the desire to become more demand driven. More tactical processes are secondary.

So now that we have established that data is important, do business users utilize and trust it? This is where there is definitely room for improvement. Only 19 percent of survey respondents rate the confidence of their business users as "very high." Figure 1 breaks

down the usage of data by the type of analysis leveraged for various business categories, and then ranks it by how well it is being used. Let's start with the good news: the basics seem to be in place with standard and ad hoc reports viewed as average to above average for sales and marketing, supply chain and corporate functions. Pre-built reports for supply chain are ranked highest at 3.64, and ad hoc reports for sales and marketing were next with a respectable 3.46. More advanced analytics, including optimization and modeling, rated substantially poorer, the lowest being predictive analytics for sales and marketing at a 2, which we would expect to improve over the next few years as the technology becomes more accessible.



To read the research in its entirety, visit: www.consumergoods.com

EXPERT PERSPECTIVE • BY PARTH S. MUKHERJEE, SENIOR CONSULTANT, COGNIZANT'S DWBI&PM PRACTICE

MARKETERS MOVE FROM THE 4 PS TO THE 3 PS

As organizations shrug off the shackles of the recession and regroup, technology and business processes are more closely intertwined than ever before. IT leadership is redefining strategies to win in the reset economy. As part of this overall strategy, organizations are enhancing sales and marketing information management technology. Cognizant recommends organizing around three key areas: People, Process and Premise.

PEOPLE: Global product development, brand management and sales necessitate a centralized approach

to information management and analysis. Therefore, organizations are increasingly committing themselves to a Data Warehouse and Business Intelligence Competency Center (BICC), which requires specific skill sets and enhanced focus on talent management and partnerships. Recently, a toy manufacturer needed to design a BICC across three continents with detailed roles, responsibilities, skills and recruit-



ment needs. Cognizant provided the BICC strategic insight and skill sets to support this global business intelligence capability.

PROCESS: As with all successful initiatives, process is paramount. Analyzing underlying data and making it actionable will define success as organizations focus on new markets and try to predict customers' buying behavior. By implementing a store-level analytics project, one major brewer gleaned targeted customer data in new ways, enabling it to respond to customer changes and needs.

PREMISE: Business users' confidence regarding information is based on the premise of impeccable data quality. Data quality issues can not only create IT-business disharmony but also result in large dollar losses. A large travel intermediary conducted a data quality assessment of its customer data, which resulted in identification of more than 11 million duplicates. At an average spend of \$2.00 per target, the organization saved \$22 million in its direct marketing expenses by inspecting records and eliminating duplicates.

Next Steps

With all of the emphasis placed on data why aren't the rankings higher? Unfortunately, barriers still exist and many of them just haven't been addressed. Figure 2 shows the similar frustrations across sales and marketing and supply chain: data mining to derive insights and data availability are the biggest challenges. Data timeliness is a bigger issue for sales and marketing since most of the downstream data is sourced externally. Ironically, data quality is more of an issue for supply chain processes, where most transactional data is sourced internally.

The most promising finding is that business and IT are working together and sharing responsibility for leveraging data and garnering insights.

The good news here is that we are headed in the right direction and the industry recognizes the need to improve in this area. All of our respondents have some sort of initiative in place to better leverage data, with 42 percent at the enterprise level and 32 percent by department. The most promising finding is that business and IT are working together and sharing responsibility for leveraging data and garnering insights. Few companies have dedicated organizations, with the majority leveraging business users with IT counterparts and super users.

Figure 3 shows the split in responsibility for specific functions between business and IT, with IT taking the lead in managing infrastructure and working with vendors, and the business primarily managing data quality, requirements and advanced analytics projects. ❖

FIGURE 1
How successfully is data leveraged in each organizational area?

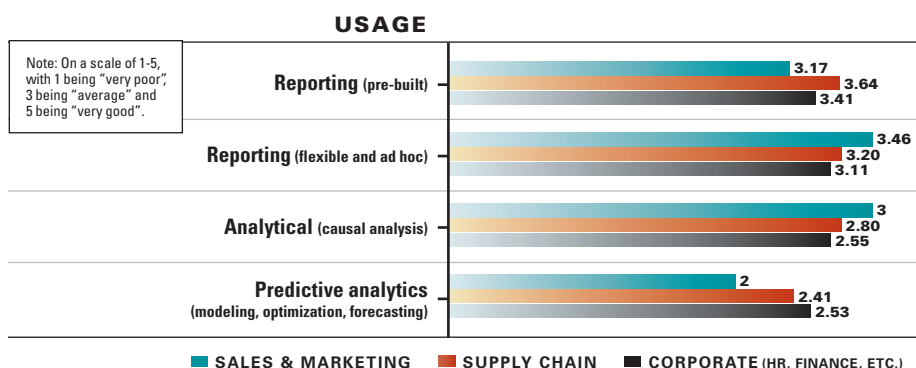


FIGURE 2
Biggest Barriers to Leveraging Data in Each Organizational Area

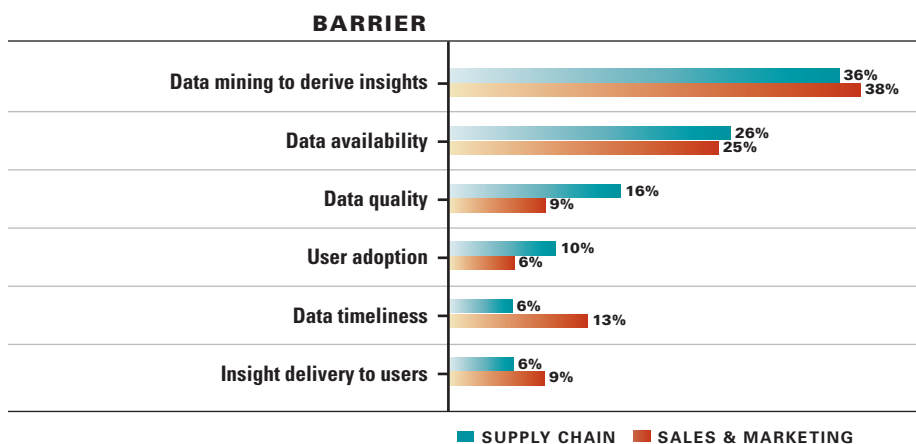
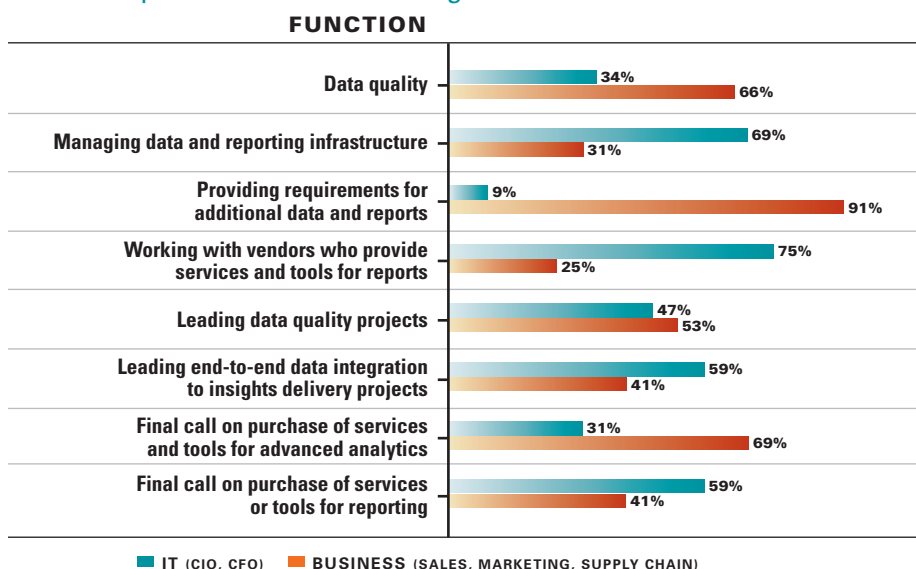


FIGURE 3
Who is responsible for the following functions?





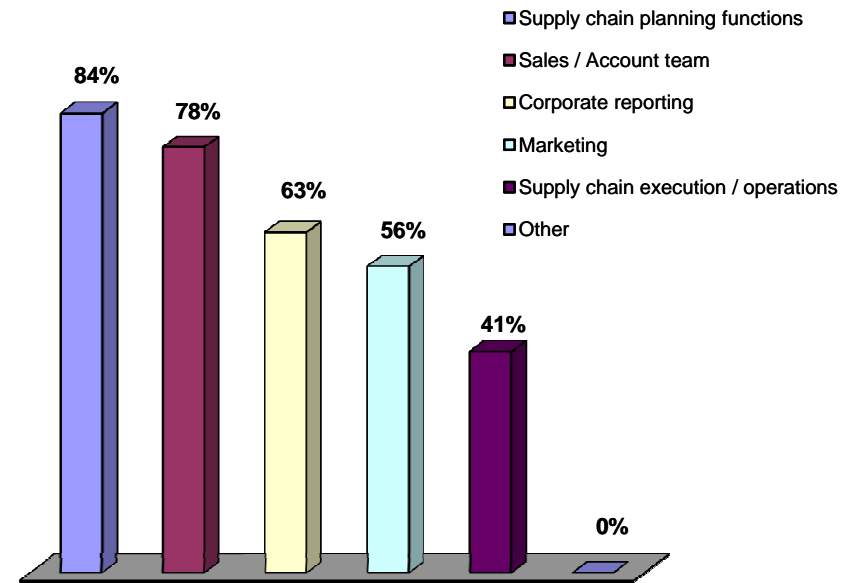
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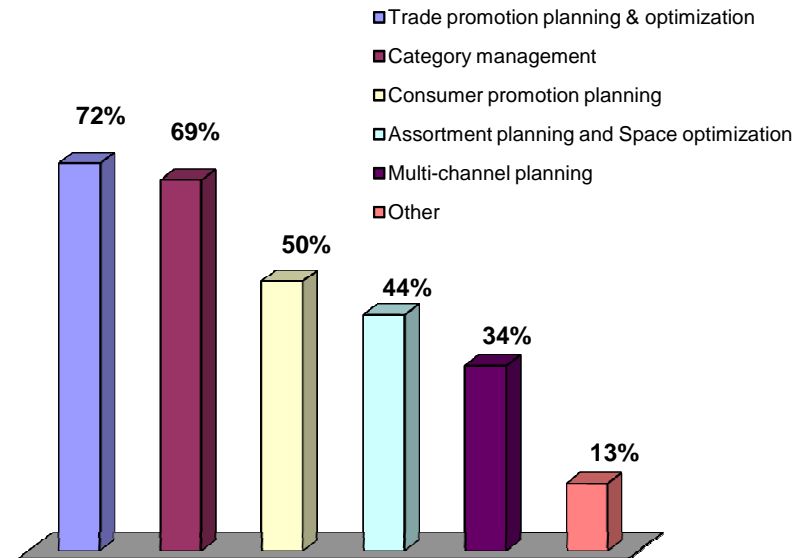
**1. Which are the areas of business in your organization where timely availability and interpretation of data is critical for decision making?
Please choose your top 3.**

Areas of Business	%
Supply chain planning functions (demand forecasting, sales & operations planning, distribution planning, supply planning, procurement planning)	84%
Sales / Account team (category insights)	78%
Corporate reporting (Top Management / Financial reporting)	63%
Marketing (Consumer insights)	56%
Supply chain execution / operations (transportation management, warehouse management, inventory management)	41%
Other	0%



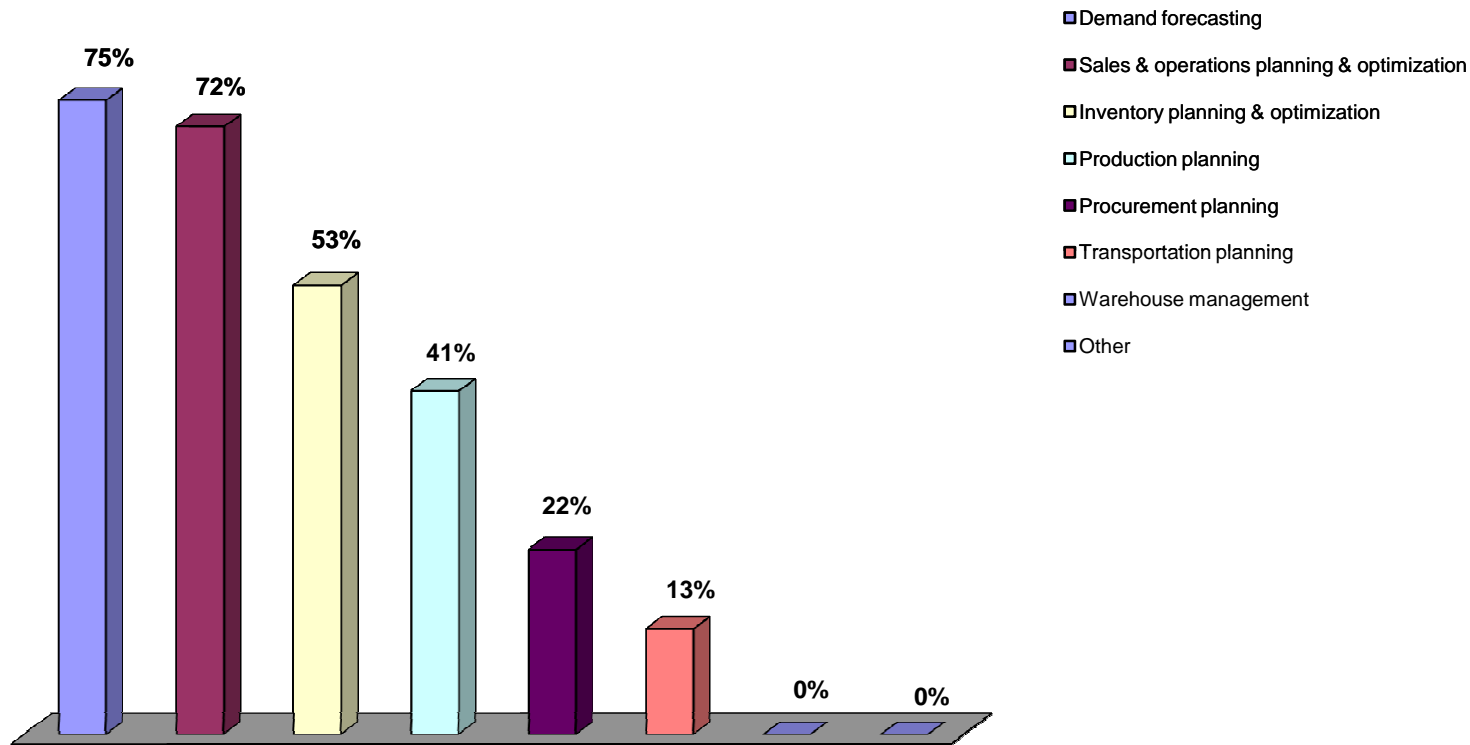
2. Which are the sales and marketing areas in your organization which have the greatest need for timely availability and interpretation of data for decision making? Please choose your top 3.

Sales and Marketing Areas	%
Trade promotion planning & optimization	72%
Category management	69%
Consumer promotion planning	50%
Assortment planning and Space optimization	44%
Multi-channel planning	34%
Other	13%



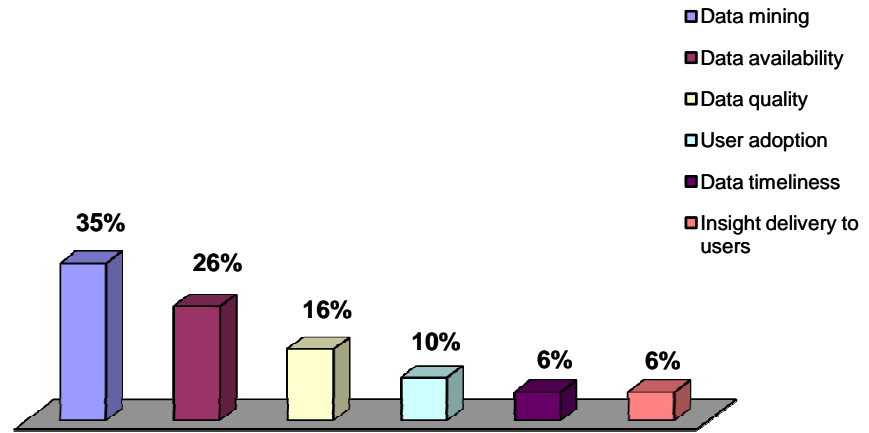
3. Which are the supply chain planning & execution areas in your organization which have the greatest need for timely availability and interpretation of data for decision making? Please choose your top 3.

Supply Chain Planning & Execution Areas	%
Demand forecasting	75%
Sales & operations planning & optimization	72%
Inventory planning & optimization	53%
Production planning	41%
Procurement planning	22%
Transportation planning	13%
Warehouse management	0%
Other	0%



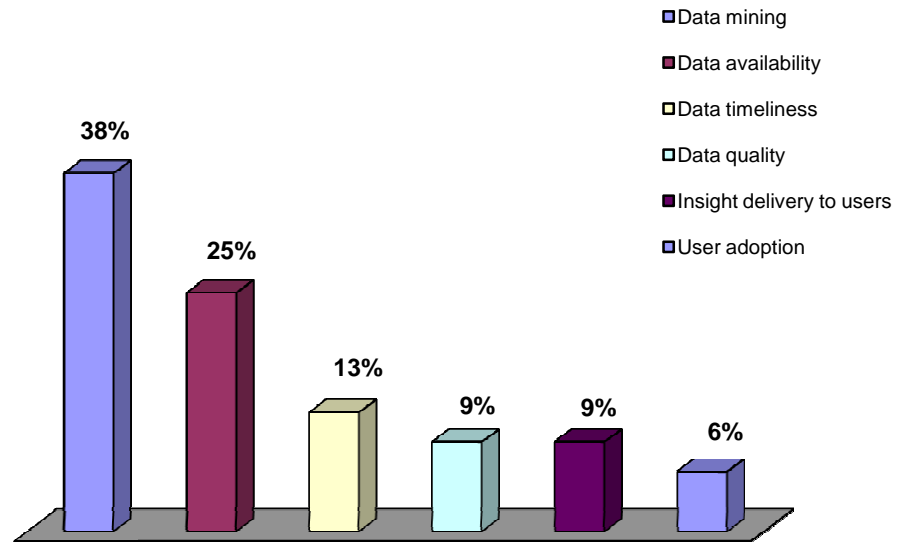
4. Which of the following is the biggest barrier to leveraging data for supply chain planning & execution?

Biggest barrier: Supply Chain Planning & Execution	%
Data mining to derive insights	35%
Data availability	26%
Data quality	16%
User adoption	10%
Data timeliness	6%
Insight delivery to users	6%



5. Which of the following is the biggest barrier to leveraging data for sales and marketing functions?

Biggest barrier: Sales and Marketing Functions	%
Data mining to derive insights	38%
Data availability	25%
Data timeliness	13%
Data quality	9%
Insight delivery to users	9%
User adoption	6%



6. Who is responsible for each of the following functions in your organization?

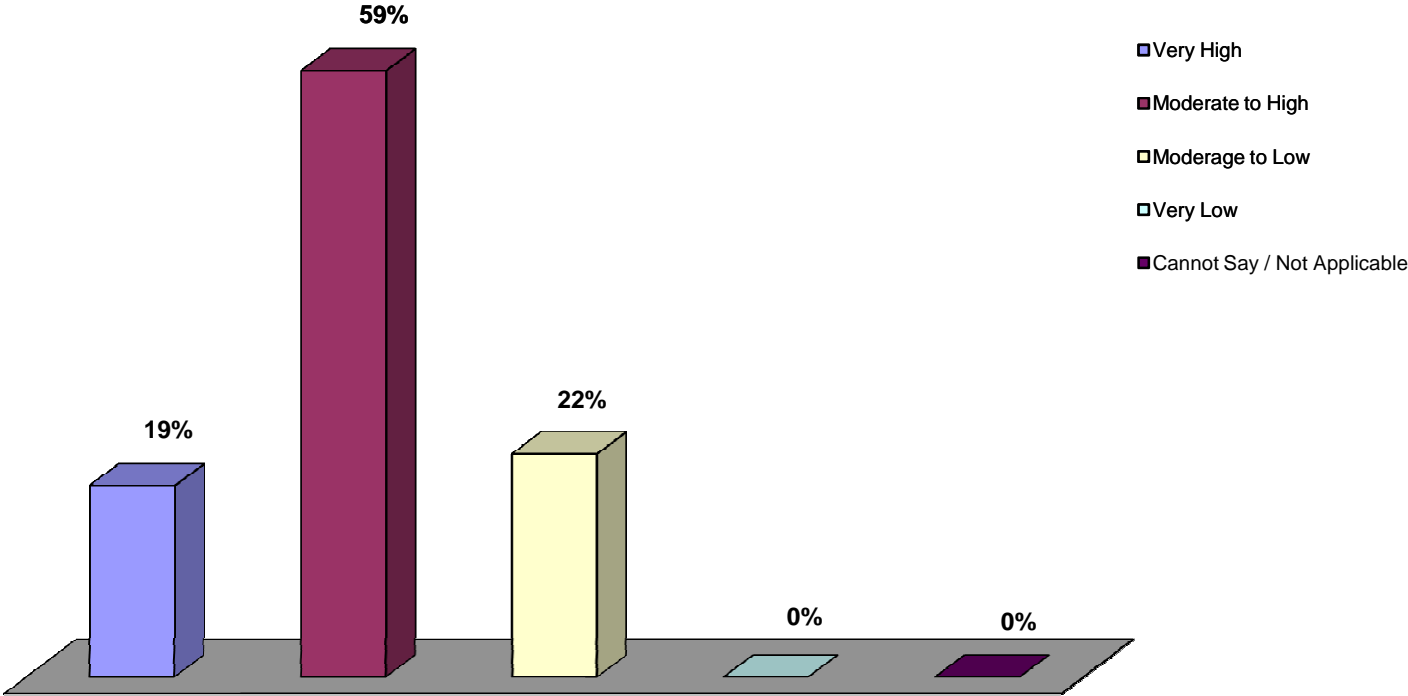
Responsible	IT (CIO, CFO) %	Business (Sales, Marketing, Supply Chain) %
Data quality	34%	66%
Managing the data and reporting infrastructure	69%	31%
Providing 'requirements' for additional data and reports	9%	91%
Working with vendors who provide services and tools for reports	75%	25%
Leading data quality projects	47%	53%
Leading end-to-end data integration to insights delivery projects	59%	41%
Final call on purchase of services or tools for advanced analytics (modeling & optimization)	31%	69%
Final call on purchase of services or tools for reporting	59%	41%

7. Who is responsible for getting insights from data in your organization?

	Business Users	Super Users	Dedicated Organization	IT
Responsible	%	%	%	%
Sales and Marketing functions (data refers to POS data, syndicated data, sales data)	44%	44%	13%	0%
Supply Chain functions (data refers to transactional data - shipment, inventory, orders)	41%	34%	16%	9%

8. How will you rate the confidence of business users in the information from the reporting & analytical systems environment?

Confidence of Business Users	%
Very High: All business decisions are made based on this	19%
Moderate to High: Business users take the information but get it validated before using it for their important decisions	59%
Moderage to Low: Business users only use it for their routine decisions while prefer to use date from other sources for critical decisions	22%
Very Low: They never use the information from these systems for any meaningful decisions	0%
Cannot Say / Not Applicable	0%



9. How is Sales and Marketing data (POS data, syndicated data, sales data) leveraged in your organization?

Rank on a scaled of 1 to 5. (1 - Very Poor, 5 - Very Good)

	1 - Very Poor	2	3 - Average	4	5 - Very Good
Sales and Marketing data leveraged	%	%	%	%	%
Reporting - Prebuilt	4%	22%	39%	22%	13%
Reporting - Flexible and adhoc	4%	13%	33%	33%	17%
Analytical (causal analysis, Why)	8%	27%	31%	27%	8%
Predictive analytics (modeling, optimization, forecasting)	48%	26%	11%	7%	7%

10. How is Supply Chain data (transactional data - shipment, inventory, orders) leveraged in your organization?

Rank on a scaled of 1 to 5. (1 - Very Poor, 5 - Very Good)

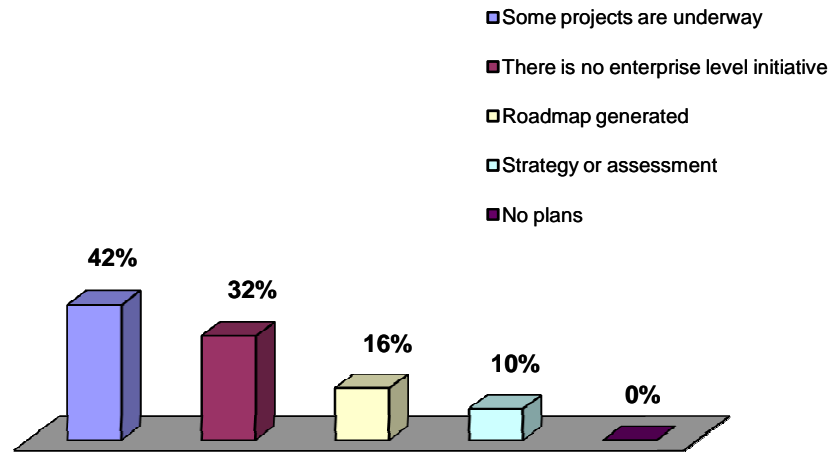
	1 - Very Poor	2	3 - Average	4	5 - Very Good
Supply Chain data leveraged	%	%	%	%	%
Reporting - Prebuilt	5%	14%	23%	32%	27%
Reporting - Flexible and adhoc	5%	20%	35%	30%	10%
Analytical (causal analysis, Why)	12%	24%	36%	28%	0%
Predictive analytics (modeling, optimization, forecasting)	27%	36%	14%	14%	9%

**11. How is data for Corporate functions (HR, Finance, Regulatory, etc.) leveraged in your organization?
Rank on a scaled of 1 to 5. (1 - Very Poor, 5 - Very Good)**

	1 - Very Poor	2	3 - Average	4	5 - Very Good
Data for Corporate functions leveraged	%	%	%	%	%
Reporting - Prebuilt	0%	14%	50%	18%	18%
Reporting - Flexible and adhoc	11%	28%	17%	28%	17%
Analytical (causal analysis, Why)	20%	25%	35%	20%	0%
Predictive analytics (modeling, optimization, forecasting)	18%	35%	24%	24%	0%

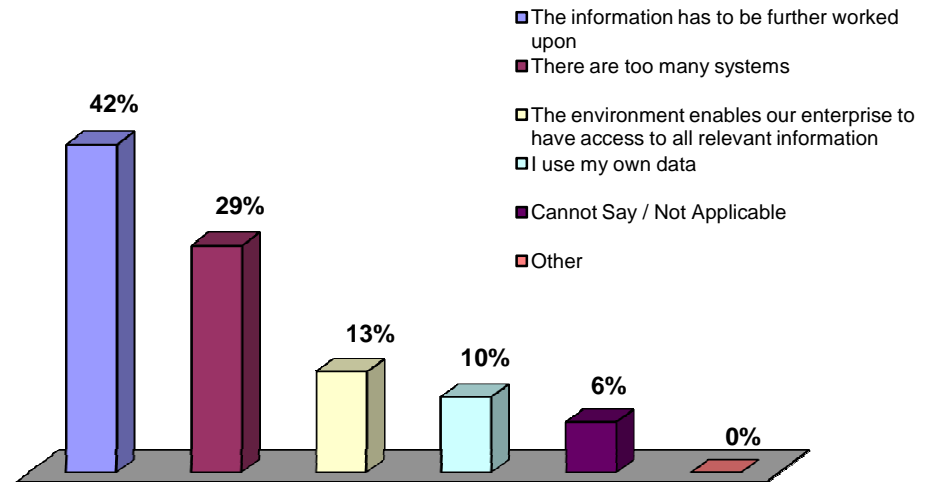
12. At what stage is the initiative for leveraging data in your organization?

Stage: Initiative for Leveraging Data	%
Some projects from the enterprise roadmap are underway	42%
There is no enterprise level initiative; Data / BI / analytics are being undertaken in pockets	32%
Roadmap generated - sequence of projects planned	16%
Strategy or assessment	10%
No plans	0%



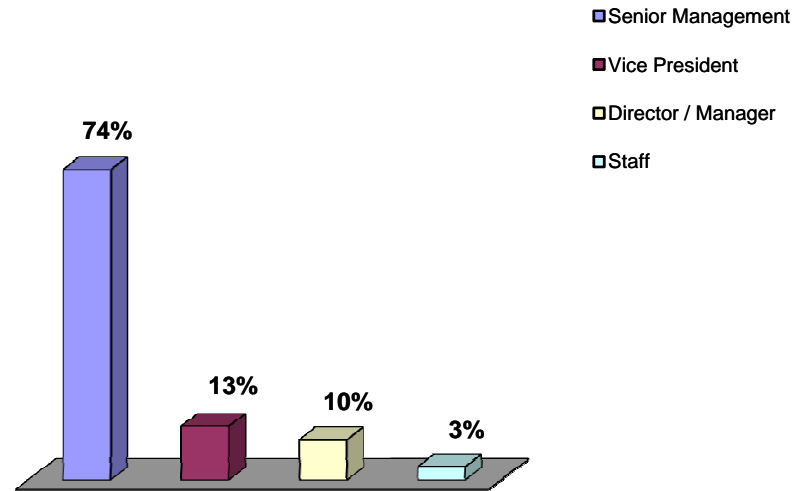
13. Are you getting information in the right form and at the right time to make business decisions from your reporting and analytical systems environment?

Information for Business Decisions	%
The information has to be further worked upon to make it in the form where decisions can be taken	42%
There are too many systems and it adds to the confusion	29%
The environment enables our enterprise to have access to all relevant information in a user friendly and timely manner	13%
I use my own data, most directly from the source data systems, to make decisions	10%
Cannot Say / Not Applicable	6%
Other	0%



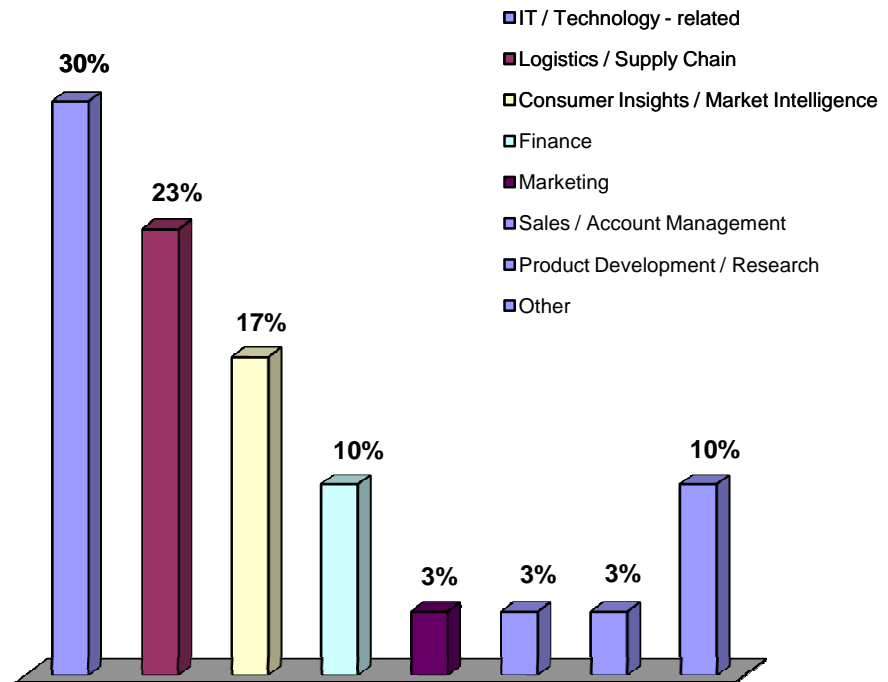
14. What is your position with the organization?

Position	%
Director / Manager	74%
Vice President	13%
Staff	10%
Senior Management (e.g., President, CEO, CFO, COO)	3%



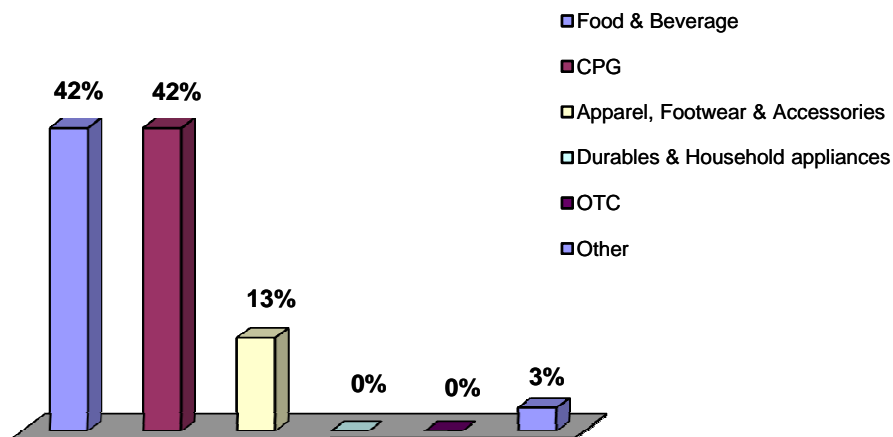
15. What is your functional area of responsibility?

Functional area of responsibility	%
IT / Technology - related	30%
Logistics / Supply Chain	23%
Consumer Insights / Market Intelligence	17%
Finance	10%
Marketing	3%
Sales / Account Management	3%
Product Development / Research	3%
Other	10%



16. What is the nature of your company's business?

Business	%
Food & Beverage	42%
CPG	42%
Apparel, Footwear & Accessories	13%
Durables & Household appliances	0%
OTC	0%
Other	3%



17. What was your company's annual revenue for 2009?

2009 Revenue	%
Less than \$100 million	3%
\$100 million to \$499 million	19%
\$500 million to \$1 billion	10%
\$1 billion to \$5 billion	29%
\$5 billion to \$10 billion	13%
Over \$10 billion	26%

