

*Harness the power
of your data
management,
business intelligence
and knowledge
management assets*

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Introduction

In today's demanding economic environment, businesses must be prepared to predict trends and react quickly to new challenges. Yet many organizations still struggle to provide managers and staff with the precise information needed to make smart, timely decisions.

Your company's decision-makers need useful, timely facts to move forward with critical imperatives, especially in this challenging market. Without this information, decision-makers are forced to pass decisions up the chain of command, set aside other work while they collect their own data, or make a judgment based on nonfactual information. These options slow your company's progress, and could possibly jeopardize its chances for a successful outcome.

Your company's decision-makers need useful, timely facts to move forward with critical imperatives, especially in this challenging market.

Many companies have tried to address these problems through data management, business intelligence, or knowledge management initiatives. And while these business functions are essential on their own, they don't bring about the changes that organizations need to align their decision-making processes with their business strategy. As a result:

- Business leaders may feel disappointed by the return on investment in data management, business intelligence, and knowledge management efforts.
- Companies that have embraced the concept of knowledge workers may not have realized the actual benefits: cost savings and flatter operating structures.
- Many companies are unprepared to collect, process, and analyze information harvested from emerging forms of data on the Internet—wikis, blogs, discussion boards, social networking sites, and so on.

In fact, many companies may find it difficult to articulate their challenges or objectives in this area, as they fall outside the typical definitions, processes, and goals of data management, business intelligence, and knowledge management.

What is clear, though, is that companies need to evaluate all of the tools, technologies, systems, and processes they use to collect, analyze, and distribute information, and to look for ways to converge and coordinate those myriad assets so that their decision-makers are equipped for today's increasingly complex business world.

A common problem for companies

Despite an overabundance of data, key business information doesn't reach decision-makers

Many companies take a fractured approach to data storage, management, analysis, and distribution. As a result, they may be unable to deliver valuable and timely information to managers and staff because:

- The existing data is scattered in too many locations, across disparate databases, and accessed through an unmanageable number of applications.
- In a rapidly changing business environment, information may be outdated by the time it reaches decision-makers because distribution processes and methods are slow or inefficient.
- Companies do not have effective processes and networks to share information generated by their business intelligence reporting framework.
- There is no coordinated effort to align the organization's data management, business intelligence, and knowledge management efforts.

Decision-makers at various levels of the organization may not have access to information they need and, as a result, their decisions may be based on intangible, inconsistent, or subjective evidence, instead of relevant factual information.

Faced with these issues, specific problems arise:

- Data management, business intelligence, and knowledge management programs may not provide the solutions they were designed to, as measured by project outcomes and executive expectations.
- Decision-makers at various levels of the organization may not have access to information they need and, as a result, their decisions may be based on intangible, inconsistent, or subjective evidence, instead of relevant factual information.
- Decision-makers may need to collect information from a multitude of sources, which detracts time and energy from more productive activities. This saps business unit resources.
- If decision-making support information and materials are available, they may not be timely, complete, or consistent

To address these challenges, companies will have to look beyond methods that merely produce better information. They will have to look at how they collect their data, analyze it to produce information that provides a distinct competitive advantage, and distribute it so that it is readily and easily available at all levels of the enterprise.

These solutions must incorporate clear, thorough policies to govern the information harvested from the raw data. Many companies have already established data governance policies to set standards and guidelines for collection, storage, and usage of facts and figures. An information governance policy performs a similar function for the knowledge derived from that data, such as business intelligence reports and documents designed to aid decision-makers.

Companies need to transform themselves into organizations that can collect and analyze data, and use the resulting data to make efficient decisions and set winning strategies.

Companies must abandon their piecemeal attempts to solve enterprise decision-making challenges, and embrace true, thorough, transformative change. Traditional approaches to problems of data management, business intelligence, and knowledge management are no longer valid in an increasingly technology-driven, information-rich world. Companies need to transform themselves into organizations that can collect and analyze data, and use the resulting data to make efficient decisions and set winning strategies. Old approaches will not work because organizations, and the business world itself, has changed dramatically in recent years:

- The global economy and flatter work hierarchies have increased the need for connectivity, collaboration, and knowledge sharing.
- Knowledge workers, who play an increasingly important role in all organizations, require access to reliable and timely data to help produce the reports, research papers, and other knowledge items.
- New technology and new modes of information transport, including social networking and the Semantic Web, pose new data collection and analysis challenges for all organizations.

In a challenging economic environment, these challenges are felt more acutely and should not be ignored. By coordinating data management, business intelligence, and knowledge management functions, the company invests itself into a transformative effort that can improve efficiency, speed up decision-making times, and empower knowledge workers.

Company leaders should ask:

- What processes and human capital do not yield significant return on investment? Where must changes be made?
- What interventions and modifications will supply the largest increase to the bottom line?
- Once elements of the transformation effort are implemented, how is progress monitored? How are success and progress measured?

Companies will need a well designed, thorough framework to achieve this kind of transformation.

Introducing the Enterprise Decision Management (EDM) framework

PwC's EDM framework uses management principles, procedures, behaviors, and technology to help companies align their decision-making with their operating strategies. The framework helps decision-makers reach smarter, faster decisions by providing precisely the information they need when they need it. To achieve this goal, EDM is designed to converge and coordinate the efforts of an organization's data management, business intelligence, and knowledge management functions.

EDM is a transformative effort that allows an organization to shift many of the data collection and analysis tasks that are handled manually in individual business units to its cross-functional units. EDM is designed to improve the quality of information used by decision-makers throughout the organization. It also makes companies more efficient at transforming raw data into useful material, disseminating information throughout the enterprise, and collecting results from those decisions to improve future outcomes.

EDM promotes the alignment of an organization's strategic and tactical business objectives to the operational decision processes of its Knowledge Workers.

The EDM framework involves people, processes, data, and technology. Here's how EDM aligns and converges existing business functions, and helps transform the organization:

- **Knowledge management** is the part of the EDM framework that most employees will interact with—the most visible facet of the framework. It serves as the access and presentation layer of the framework, responsible for responding to information requests, and disseminating information to decision-makers. The knowledge management function also creates and supports communities of practice, fosters collaboration, and provides tools to help decision-makers throughout the enterprise.
- **Business intelligence** runs the engine of the EDM structure, taking data and converting it into useful information.
- **Data management** forms the information technology backbone supporting the EDM structure,

EDM is a catalyst for organizational transformation

From	To	Objective
Industrial economy	▶ Knowledge economy	▶ Fostering innovation and creating the learning organization
Hierarchical organization	▶ Flattened organization	
Stovepipe systems and processes	▶ Collaborative systems and processes	
Intuitive decision-making	▶ Informed decision-making	
Reactive	▶ Predictive	
Poorly aligned and integrated	▶ Alignment of people, process and data to organizational objectives	

Exploring the value of EDM

One practical example

EDM can provide companies with the critical information they need to compete—especially in today’s competitive marketplace and challenging economy. Consider the recent example of a hospitality company that relied on its business intelligence operation to collect demographic data, such as customer ages, genders, and addresses. It combined data with historical information and market trends to target specific consumer segments for product offerings. However, this approach fell short because it used point-in-time analysis and historical trends, instead of incorporating the behavioural information, customer experience and folio information gathered at individual hotels and resorts and incorporating that knowledge into marketing decisions. Without that critical information, the marketing campaigns appeared generic, as they didn’t take into account individual customers’ preferences and tastes.

EDM is designed to help organizations gain knowledge about customers from multiple sources across the enterprise. The continual cycle of knowledge generation, collaboration, usage, results tracking, and regeneration makes organizations distinctive and distinguishes them from their competitors.

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The company began the process by defining its objectives, including:

- **Customer value:** The entire enterprise, including marketing, sales, and outbound sales functions, must be able to target prospective customers effectively by knowing their history with the company, behaviors, needs, and wants. Only with this knowledge can the company reach customers with the right products and services at the right time.
- **Marketing insight:** Marketing teams must know which customers, products, and campaigns make the largest contributions to the bottom line. Core data helps determine the net value of each product type, brand, location, or customer segment. With this information, the company can accurately measure and understand its profit and returns on investment.
- **Sales performance:** The enterprise must focus on the most effective sales activities and mechanics. To achieve this, it needs a clear understanding of the resources, activities, and tools needed to achieve targets for specific channels and accounts.
- **Finance effectiveness:** Finance teams must know which customers, products, and campaigns are making the largest contributions to the bottom line. Core data is needed to determine the net value of each product type, brand, location, or customer segment to better understand their profit, and to know and measure what reaps the highest returns.

By adopting these objectives, the organization was able to create business value maps to integrate business processes, decision points, and key performance indicators into its marketing strategy. The dynamic feedback and results created by these initiatives helped the company create an environment for continuous improvement of its marketing programs, thereby helping to:

- Increase marketing penetration
- Increase sales closure ratios
- Increase opportunities to up-sell or cross-sell—knowing your customer
- Reduce rescission rates
- Reduce cost per product

What this means for your business

For a more in-depth conversation about how Enterprise Decision Management may affect your business, please contact PwC:

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The EDM framework represents a rebalancing of resources, especially for decision-makers, knowledge workers and front-office staff, away from practical tasks related to collecting information and analyzing data manually, and toward value-adding activities such as collaboration, innovation, sharing, and learning. The framework is designed to supply rich, fact-based, and actionable information across the enterprise that will help predict customer needs and market demands, and not merely react to trends once they develop. It also helps organizations leverage their existing investments in data management, business intelligence, and knowledge management by helping overcome the boundaries often placed around these disciplines.

The EDM framework also prepares an organization for the future. Researchers and engineers continually work to overcome the many limitations of current Internet search technology, which are primarily related to the code used to differentiate text and data on the Web, and which was created primarily to serve people, not computers. Their new vision centers on what is known as the Semantic Web, which they expect will help computers become more adept at linking and filtering Web-based data. The Semantic Web promises to extend data management and business intelligence functions, and decision-makers at companies with an EDM framework already in place will be able to take advantage quickly of this exciting new technology. An EDM framework is designed to embrace the new technologies, such as the Semantic Web, that can help people make smarter, faster, more predictive decisions.

For today's companies, the economic climate presents dire new challenges. Organizations may be able to improve effectiveness, agility, and resourcefulness while leveraging their existing infrastructure, technology and talent investments. They can do this by adopting a coordinated framework to collect, analyze, and share information—one that is designed to provide decision-makers at all levels with dependable, timely access to accurate, relevant, information.