

Advisory Outlook

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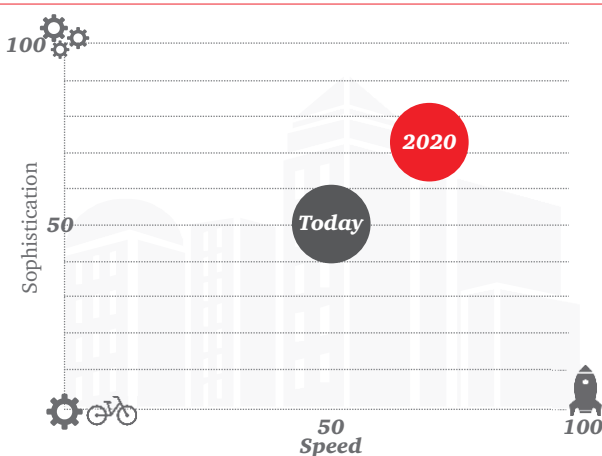
Data and Analytics: Staying relevant in a changing world

In most surveys taken over the last two years, executives say their companies need to be faster and more sophisticated when it comes to decision-making capabilities. They seek the right mix of mind and machine to leverage data, understand risk, and gain competitive edge. However, most of these executives say their ambition is greater than what their organisations are ready for.

Our world is moving at a very fast pace, faster than anyone ever imagined. In such a dynamic world, industry players are constantly seeking to embrace change and new ways of gaining competitive advantage.

Looking at the global landscape, several companies are investing sizeable amounts into initiatives to drive data and analytics. These investments are geared towards solving many business problems especially complex ones. A case in point is UPS, a leading logistics company that has pushed analytics out to support its delivery routing process. The company captures information on the 16 million packages it delivers daily. It gathers data through telematics sensors installed in over 45,000 company trucks, which track metrics including speed, direction, braking, and drivetrain performance. The data gathered not only shows daily performance but also helps in the redesign of drivers' routes. The ORION initiative (On-Road Integrated Optimisation and Navigation) as it is called, is a major project with tremendous benefits. By reducing drivers' routes, it is estimated to save about 10 million gallons of fuel annually and USD 300 -400 million in cost avoidance. (Source: UPS company website)

Executive wants to increase decision speed and sophistication



source: PwC's Global and Analytics Survey, July 2016. Q: What best describes decision-making capabilities in your organisation today? Global base: 2,106 senior executives.

9 in 10 LEADERS think that big data will directly affect their business in the future.

99% ALL LEADERS (99%) agree on the important role big data will be playing for their companies in the near future.

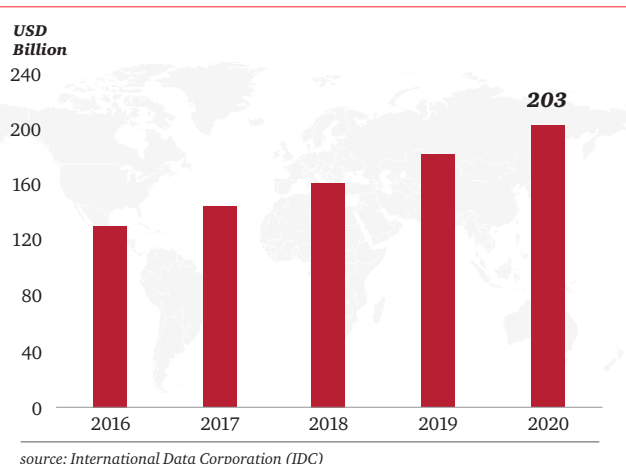
Big data clearly represents an opportunity for LEADERS (96%)

source: DNV GL International Big data Survey

Data and analytics are definitely not buzzwords which will slowly fade into extinction. Rather, these two concepts are Siamese twins which companies across all industries would have to embrace to stay relevant in a changing world. These concepts provide a definite path towards growth in revenue, profit and overall shareholder value. According to the International Data Corporation (IDC), the global data and analytics market is expected to grow at a cumulative annual growth rate of 12% to reach about USD 203 billion by 2020.

In Nigeria, data and analytics is still quite nascent but it holds significant potential for the future. It offers a tremendous opportunity to improve decision-making and it can play a role across several industries. In the not too distant future, we are eager to see utility service providers and consumer industries leverage the depth of data and analytics to unlock the 'Voice of the Customer' hidden in the various webchat conversations. This will drive real-time, contextual, personalised and better services to their customers. We are also eager to see commercial banks redefine banking with keen application of customer analytics to set key retail banking priorities.

Worldwide revenue for big data and business analytics



source: International Data Corporation (IDC)

Benefits of Data and Analytics (Use cases of data and analytics in our world today)

Descriptive Analytics:

Descriptive Analytics refers to the technologies, applications, and processes that help a business understand, analyse, and use critical information to make business decisions. Descriptive analytics has several capabilities. It can provide insights into the profitability of existing customer segments/products/locations, control lapses in processes, areas of waste etc. A critical advantage is the ability of descriptive analytics tools to pool information from multiple systems and present them in visually appealing and easy to understand formats. These tools are very key for organisations across several industries. They eliminate the time consuming manual reporting process and provide easier ways to record, aggregate and analyse data.

Descriptive analytics offers a retrospective view of the business—reporting on what happened and what is currently happening, and this provides real time insights for accurate and timely business decisions. It helps to improve the efficiency of resource allocation and aids fact-based decision making. Managers and executives are leveraging descriptive analytics to understand business trends and identify business patterns across several dimensions such as geography, time, products, customers, stores and marketing campaigns amongst others. This aids fact-based decision making and helps executives rely less on just intuition to make critical decisions.

Predictive analytics:

Organisations usually forecast a limited set of variables to predict future outcomes. Little is often understood of the interrelationships between variables and how they impact what is being forecasted. This sometimes leads to inaccurate predictions being made which can result in lost profit, an abundance of waste, disenfranchised customers, or inefficient usage of staff resources.

Data which can be used in decision-making is growing at an exponential rate. Understanding which data to harvest and analyse is critical in providing accurate forecasts or predictions. External data (e.g. weather predictions) can further increase the accuracy of predictions.

Predictive analytics uses machine learning and complex statistical modelling techniques on historical and current data sets to precisely predict future outcomes. This leads to improved business decision-making as you can make more informed decisions based on what is actually going to happen.

More and more, organisations are recognising the benefits and value that predictive analytics brings. Whether you are looking to increase knowledge of your customer base, optimise your resource profile or reduce inefficiencies in your business value chain, predictive analytics can support the decision making process.

Prescriptive analytics:

Prescriptive analytics provides management with answers to the question “What should we do?” in business situations. Unlike descriptive and predictive analytics which provide answers to “What has happened?” and “What could happen?” prescriptive analytics offers advice on possible outcomes and specifies the preferred course of action. Prescriptive analytics has been referred to as the next frontier of analytics because it not only predicts what will happen, but also why it will happen whilst providing recommendations on the best course of action that will take advantage of the predictions.

Although prescriptive analytics may be slightly complex, it can significantly improve an organisation's decision making process and overall performance. Large organisations are using prescriptive analytics to optimise production, scheduling and inventory in the supply chain to ensure the right products are delivered at the right time and customer experience is optimised.

Conclusion

The promise of data and analytics is alluring, but many organisations especially in Nigeria still fail to capture the full value. Better decision-making, exceptional customer insights, higher productivity and performance are bold promises which data and analytics holds for today and tomorrow. One thing is clear, data and analytics is fast becoming the path to gaining competitive advantage in this new data economy. To stay competitive and relevant, organisations must embrace ongoing disruption and change by leveraging analytics.

The competitive advantage today is for organisations that are able to be the first at learning about the customer and fastest at translating the knowledge into its commensurate value. Many organisations will be at the brink of danger if they continue with “business as usual”. Data and analytics is a “must-have” for all organisations and Nigerian organisations are not left out. Data and analytics is already changing the dynamics of several industries and forward thinking companies are embracing it.

The message is clear: **Organisations must embrace data and analytics to remain competitive and relevant in an ever changing world.**

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Our data and analytics practice

We use local and global knowledge to deliver strategies and solutions that are specific to you. Our subject matter experts have proven successes in areas such as data quality & governance, data analytics, data migration & integration, data monetisation strategies and data assurance. Our team brings experience and insights in the full range of data and analytics services to ensure your organisation captures the full value of data and analytics in this new data economy.

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