Improve Your Business Performance

Why Meaningful Data is more important than Big Data
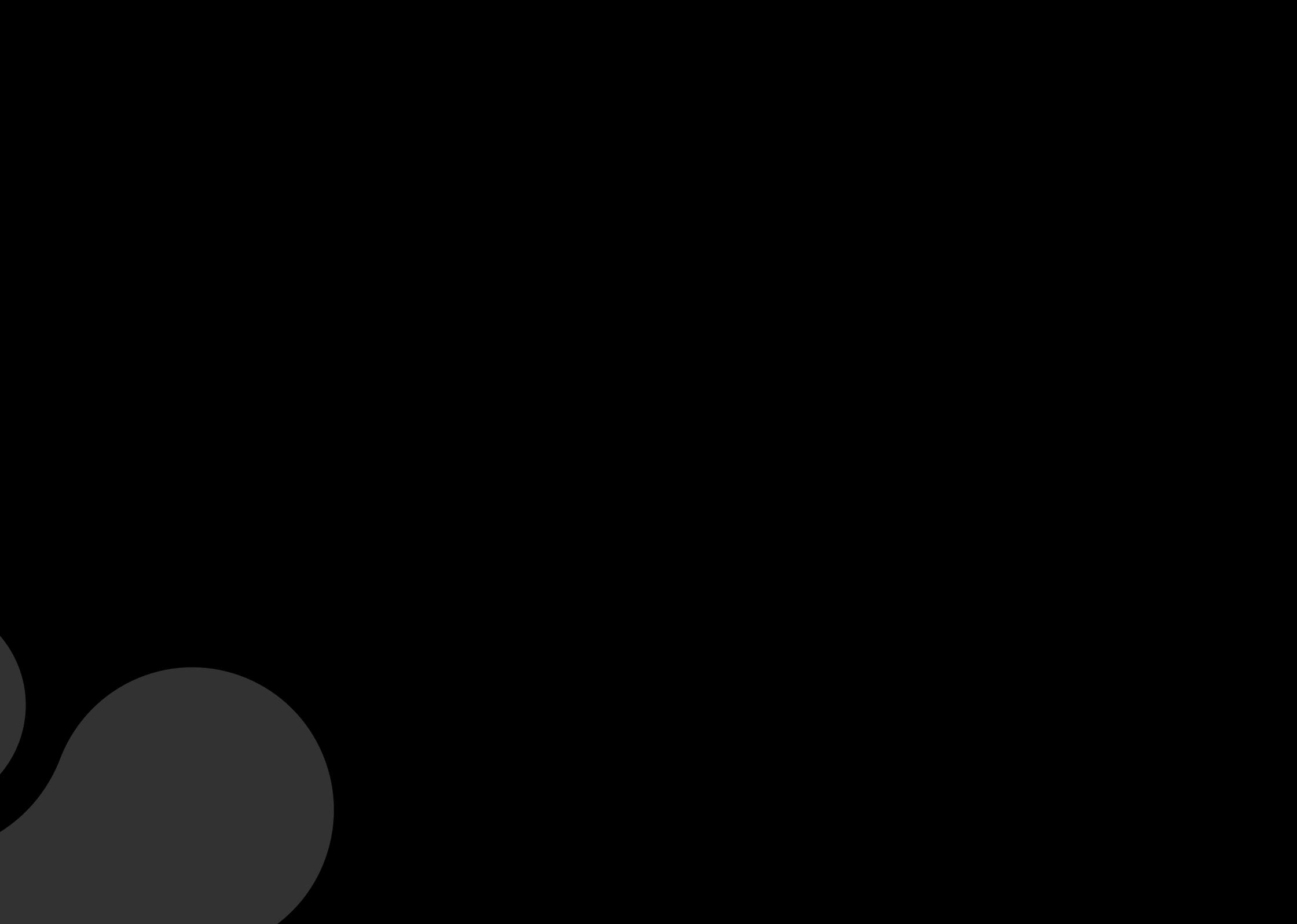
BrightNorth
illuminating business

1. Executive Summary

Successful business optimisation is grounded in understanding. Any business looking to sell more, spend less or build better relationships with customers first needs to understand how their organisation really operates.

By far the most accurate way of doing that is by analysing data. Thanks to the prevalence of digital technology over the past 15 years, there is now an abundance of data readily available to most companies. As well as CRM and transactional systems, each company's online transactions, mobile interactions and social media posts leave a data footprint that can be interpreted and acted upon.

The Business Intelligence (BI) industry has been built around the premise of capturing and presenting this data. Ultimately it is failing because much of the information ends up stagnating in expensive data warehouses and the reports and outputs are complicated, backward looking and used by few decision makers.

A global survey by Avanade found that the majority of respondents felt overwhelmed by the volume of information being thrown at them. Many businesses also report a lack of communication within their organisation about how to use the data they are capturing.

All these factors contribute to the generation of bad data, which costs companies between 10% and 25% of their revenues to clean up, according to the Data Warehousing Institute.

One solution to this modern set of business problems is Big Data.

Advocates argue that Big Data will change the way companies operate, with systems like Hadoop capturing huge swathes of data and opening up previously undreamed of possibilities to drive business innovation.

However, in reality the concept is becoming a catch-all term and is irrelevant to many companies. What decision makers really need to help improve their business performance is Meaningful Data: giving people the information they want in a way they can easily understand it. Only then can they make truly informed choices, educated predictions and decisions that can save time and money across their business.
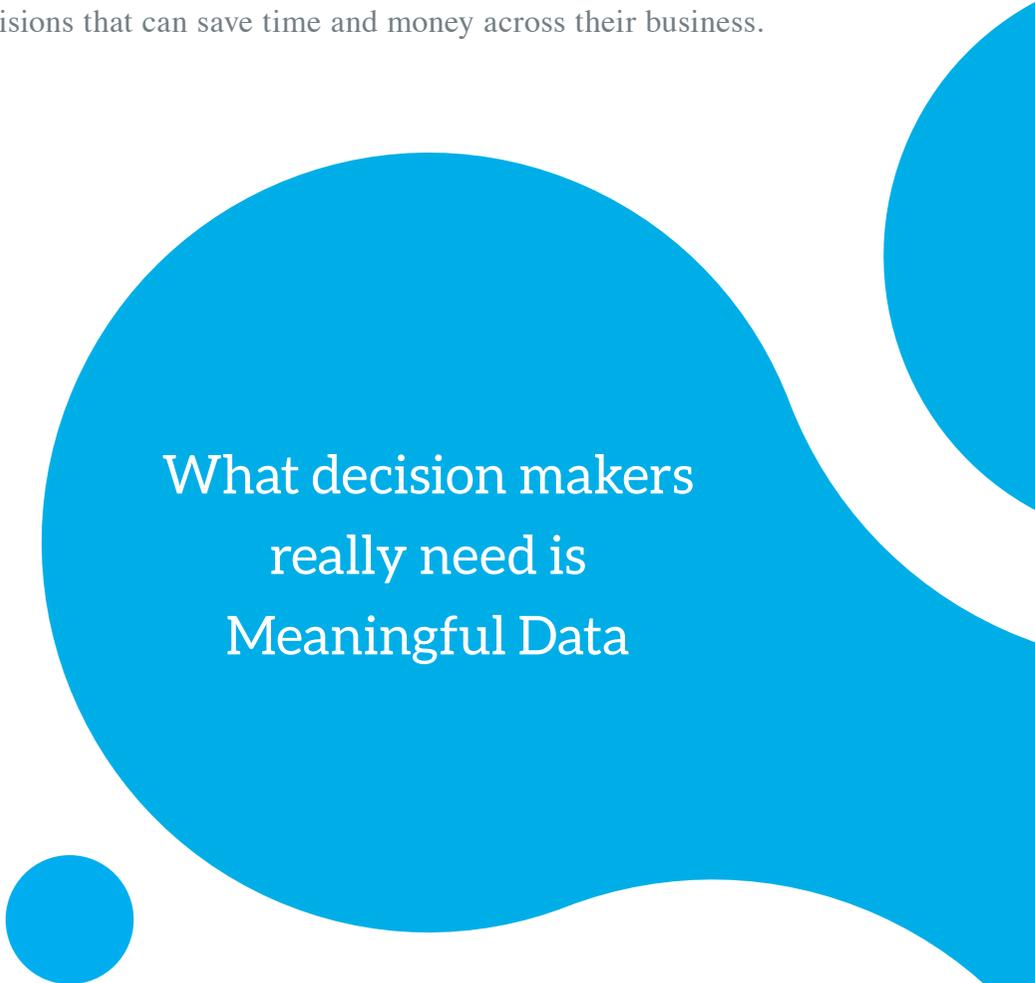
What decision makers really need is Meaningful Data

2. The failure of BI

Research analysts Gartner estimate that fewer than 30% of BI projects meet business objectives. Despite the often massive costs involved in licensing software for multiple users and buying hardware to support multiple data warehouses, many users still report frustration at the time it takes BI reports to arrive and the way information is presented.

Mark Smith, CEO and Chief Research Officer at Ventana Research, notes in his article Why Business Intelligence Software Is Failing Business.

"The pathetic state of dashboards and the stupidity of KPIs illustrate some of the obvious ways the software needs to improve for businesses to gain the most value from it."

"We need smarter business intelligence and that means not just more advanced sets of capabilities that are designed for the analysts, but software designed for those who need to use BI information."

"We can read summary paragraphs about the news; business should be able to see similar communication about the analytics that matter to an individual's role, yet today's business intelligence software lacks any way of presenting data in readable text or their natural language."

70% of BI projects will fail between 2012-2014

(source: Gartner)

3. Data Overload & Data Silos

Advances in technology have led to an explosion of data. Between 2005 and 2012 the amount of data in the digital universe grew from **130 billion gigabytes to 2.8 trillion**, according to market research company IDC. By 2020 they predict that business transactions on the internet will reach 450 billion per day.

This is good news for businesses that utilise the information in the right way as the data can help decision makers draw successful conclusions, optimise their business and make predictions based on hard facts.

However, the results of this increase in data can have an adverse effect if not managed properly. A global survey by Avanade found that 55% of respondents said their IT systems were slowing down under the data deluge and a majority felt overwhelmed by the amount of data being thrown at them.

This can lead to data silos – people ploughing away at their own stream of data who are unable to connect what they are doing with what is happening elsewhere in the business. Whether it is caused by lack of time or the incapability of systems to operate together, this breakdown in communication is a huge stumbling block in the successful use of data.

90% of the world's data was created between 2011 and 2013

(source: IBM)

4. Bad Data

The only thing worse than having no data is having bad data. System failures, human errors and bad business processes can all lead to the generation of data that is incorrect.

Having bad data results in people making bad decisions. That can mean the difference between keeping and losing customers, launching a product at the wrong time and missing opportunities to sell more.

These kinds of mistakes are common and cost an estimated 10% - 25% of total company revenues to rectify. In the US alone, poor data quality costs businesses $600 billion a year, according to the Data Warehousing Institute. Artemis Ventures suggests the knock-on cost to the economy is $3.1 trillion.

**Bad data costs 10% - 25%
of total revenue to rectify**

(source: Data Warehousing)

5. Meaningful Data
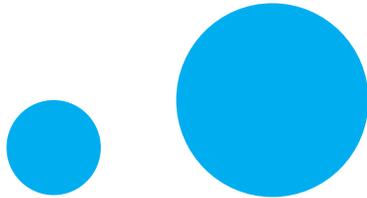
The key to successfully overcoming data problems lies in data science. A relatively new discipline, data science essentially fuses statistics and advanced computing with commercial awareness to help businesses find new opportunities to improve their performance.

Data science is eclipsing traditional BI because it allows people to look forward instead of back and react quicker to business opportunities. An example of the possibilities this opens up comes from Amazon, which uses existing data to generate personalised recommendations to display to new customers.

One area of data science currently generating a lot of excitement is Big Data. In 2011 a report by MGI and McKinsey's Business Technology Office noted that, "analysing large data sets — so-called Big Data — will become a key basis of competition, underpinning new waves of productivity growth, innovation and consumer surplus."

The basic premise is that by harnessing the enormous amount of data in the world using new technology like Hadoop, companies can transform the way they do business. One example from Wal-Mart shows how the company is able to cross-reference a person's mobile phone location and past buying patterns with their current stock lists to send them appropriate vouchers for their nearest store.

Although the possibilities for Big Data are exciting, there are drawbacks. Firstly, the term remains largely undefined. What the general public think of as Big Data – thanks to what they've read in the media – and what a data scientist understands of the term can be vastly different. Perhaps even more importantly, Big Data is exclusive. Not many companies have the need to use vast swathes of data or the money to invest in employing the people and technology to make it work for them.

A more useful aspiration for companies to strive for is the generation of Meaningful Data. It doesn't matter if the data set is big or small, complex or simple, the important thing is that the data being collected is relevant to the business that wants to use it. For that to happen, the right analysis needs to be applied to the collected data and it must be presented in the right design for decision makers across the company to be able to understand it.

Analysis encompasses everything from simple counts and averages up to complex predictions of future trends. What constitutes the right analysis will vary between companies and even departments and individuals. That's why consultation is so vital in the early stages of planning a Meaningful Data project, to make sure only information that is relevant

is included in the analysis. This helps to eradicate the problem of data overload.

Information is only truly valuable if it can be understood. BI is failing because traditional software often presents information in ways that only analysts can understand. A basic tenet of Meaningful Data is that once the right analysis has been established for a situation, it must be designed specifically for decision makers.

Meaningful Data has the potential to be the most powerful asset any company can have. Used correctly it can help solve business problems, optimise performance and make accurate predictions about future behaviour.
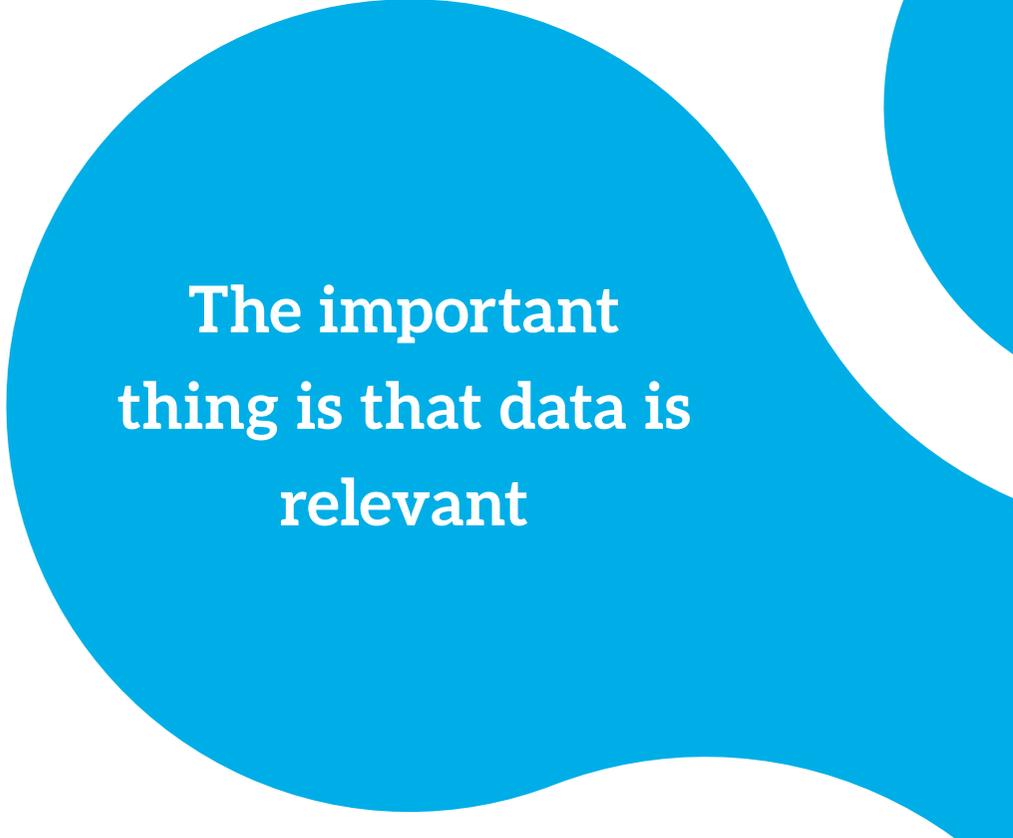
The important thing is that data is relevant

6. How we can help

Bright North is not like any other company. What sets us apart from the crowd is that we understand data must be designed for decision makers. That's why ours is the only business of its kind to be made up of data scientists, designers and experience consultants – so we can ensure that every one of our clients gets the right analysis presented in the right design.

If you'd like to find out more about how we can help you harness the power of Meaningful Data to improve your business performance please contact us on:

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