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Capgemini study: Organizations shifting analytics 'focus' away from customer experience towards operations

Global report reveals 70 per cent now prioritize back office analytics initiatives over front office, but only 29 per cent are reporting success

Paris, 23 March 2016 – A new report conducted by Capgemini Consulting's Digital Transformation Institute reveals the extent to which the search for competitive advantage has driven organizations to shift the focus of their analytical efforts away from customer facing processes to back office operations, over the last three years. Over two-thirds (70 percent) now put more emphasis on operational analytics initiatives than on consumer-focused processes. However, broad deployments remain limited and success even more so, with only 18 percent having both implemented analytics widely across operations and achieved desired objectives.

"Organizations are pivoting towards operational analytics as it can both increase the efficiency and performance of the back office as well as boost the customer experience in the front office." comments Anne-Laure Thieullent, Head of Big Data in Europe, for Capgemini's Insights & Data global practice. "However, despite the focus, there are factors limiting the success of these projects; specifically siloed datasets, fragile governance models, inability to harness third party data sources, and an absence of a strong mandate from leadership teams."

['Going Big: Why Organizations Need to Focus on Operations Analytics'](#) from Capgemini Consulting's Digital Transformation Institute mapped organizations based on the extent to which their analytics initiatives were integrated with core operations processes and their success rate with initiatives, identifying four stages of operational analytics maturity:

- **Game Changers** – 18 percent of organizations – have integrated most of their analytics initiatives with their business processes and have realized the anticipated benefits from their analytics initiatives.
- **Optimizers** – 21 percent – have typically realized early benefits from their analytics initiatives in a limited number of areas within their operations but have not yet scaled up to more complex initiatives.

- **Strugglers** – 20 percent – have integrated analytics in most of their business processes but struggle to realize the benefits.
- **Laggards** – 41 percent – are introducing analytics initiatives in their operations. They have mostly implemented proof of concepts but lag behind in terms of deriving benefits.

Capgemini Consulting's Digital Transformation Institute applied the four stages of operational analytics maturity to build up a geographic picture of adoption and success rates around the world.

US companies are not only the most advanced with their analytics initiatives but also the most successful; 50 percent have successfully realized the desired benefits from operational analytics compared to only 23 percent of Chinese respondents, despite China ranking highly for level of implementation. A strong contributing factor of the success of US companies is their focus on setting up effective data and governance processes. 47 percent of US-based companies have made analytics an integral part of their decision-making process compared to just 28 percent in Europe. The prominence of US organizations tallies with a recent resurgence in US manufacturing and will drive US manufacturing competitiveness in the coming years.

European companies are falling behind their US counterparts, with German firms lagging behind in operational analytics compared to not only the US but also the UK and the Nordics. This is surprising given the initiative in Germany towards Industry 4.0. The research indicates this is not just an operational issue – German companies are less likely to have integrated data sets or use external data sources - but it is also a issue of leadership. In the UK, nearly 41 percent of companies had operations analytics initiatives led by C-level executives; in the US this figure stood at 33 percent. By comparison, in Germany, only 14 percent of initiatives were led by key executives.

Further analysis of the four stages of operations analytics allowed Capgemini's Digital Transformation Institute to identify four key organizational attributes that have enabled the 'Game Changers' group to leap ahead of other companies:

- **Integrated data approach:** Leaders in operations analytics are integrating datasets across their organizations to gain a holistic view of operations. 43 percent of Game Changers have completely integrated datasets compared to only 11 percent of Laggards.
- **Using a wide variety of data:** Successful companies enhance the quality and scope of their operations data by using external and unstructured data – 59 percent for 'Game Changers' compared to 27 percent for 'Laggards'. Similarly, 48 percent of Game Changers use external data to enhance insights compared to only 23 percent of Laggards.
- **Making analytics an essential component of their decision making process:** Within operations this is reported by 58 percent of 'Game Changers' compared to 28 percent for 'Laggards'.

“We have only scratched the surface of operational analytics. More elements of the demand chain, from the factory floor to the products sold to customers, are becoming connected and are producing data. Cognitive computing is helping organizations to make sense of all of this data, while machine learning and Artificial Intelligence is enabling increasingly complex decision-making and operational optimization. Few organizations are well set up to take advantage of these technology developments; those that aren’t need to work out now how they catch up or face diminishing competitiveness,” added Jerome Buvat, Head of Capgemini Consulting’s Digital Transformation Institute.

[‘Going Big: Why Organizations Need to Focus on Operations Analytics’](#) findings are drawn from a quantitative survey of 600 operations executives, all involved with executing or managing operational analytics initiatives within their organizations. A second phase involved qualitative interviews with senior executives either leading operations or leading the implementation of operational analytics for their organizations. The sample was split evenly across five sectors – consumer products, automotive, life sciences and pharmaceuticals, manufacturing and electricity production. Organizations were headquartered in the US, China, UK, Germany, France, The Netherlands and the Nordics¹. Conducted by Capgemini Consulting’s Digital Transformation Institute all respondents represented \$1billion plus revenue organizations.

The **Digital Transformation Institute** is Capgemini Consulting’s in-house think-tank on all things digital. The Institute publishes research on the impact of digital technologies on large traditional businesses. The team draws on the worldwide network of Capgemini experts and works closely with academic and technology partners. The Institute has dedicated research centers in the United Kingdom and India.

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