Capgemini RESEARCH INSTITUTE

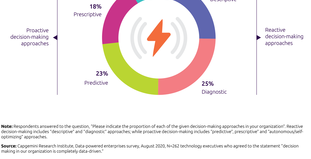
The data-powered enterprise

Why organizations must strengthen their data mastery

Where do organizations stand today on the journey to data mastery?

Organizations are making headway on data-driven decision making and actioning

Decision making in our organization is data-driven



Note: 38% of organizations agreed to the statement "We actively promote data-driven decision making" in 2018; 50% of organizations agreed to the statement, "Decision making in our organization is completely data-driven" in 2020.

Source: Capgemini Research Institute, Digital Mastery Survey, April–May 2018, N=1,338 respondents, 757 organizations; Capgemini Research Institute, Data-powered enterprises survey, August 2020, N=1,004 organizations.

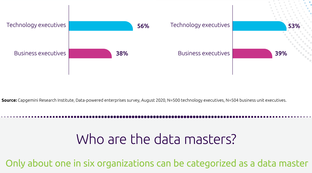
However, the decision-making approach remains reactive

- **26% of the time, organizations use a "descriptive" approach (what happened in the past)**
- **25% of the time, organizations use "diagnostic" approach (why something happened in the past)**

Note: Respondents answered to the question, "Please indicate the proportion of each of the given decision-making approaches in your organization". Reactive decision-making includes "descriptive" and "diagnostic" approaches; while proactive decision-making includes "predictive", prescriptive" and "autonomous/self-optimizing" approaches.

Source: Capgemini Research Institute, Data-powered enterprises survey, August 2020, N=262 technology executives who agreed to the statement "decision making in our organization is completely data-driven."

… and the ability to harness activated data for innovation remains low

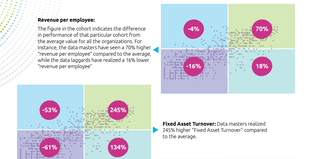


Note: By "activated data", we mean driving business value and outcomes through data-driven insights by using algorithms, insights, and intelligent automation for decision-making and actioning by the business.

Source: Capgemini Research Institute, Data-powered enterprises survey, August 2020, N=504 business executives.

Significant gaps exist between technology executives' perceptions and the expectations of business executives on data mastery

Business executives do not trust the data they receive

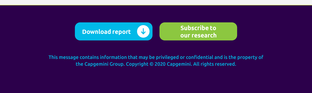


Source: Capgemini Research Institute, Data-powered enterprises survey, August 2020, N=500 technology executives, N=504 business unit executives.

Data quality is a huge concern for business

Source: Capgemini Research Institute, Data-powered enterprises survey, August 2020, N=500 technology executives, N=504 business unit executives.

Business and technology teams continue to differ on …



Source: Capgemini Research Institute, Data-powered enterprises survey, August 2020, N=500 technology executives, N=504 business unit executives.

Who are the data masters?

Only about one in six organizations can be categorized as a data master

Data masters exhibit strong capabilities both in

- Data foundations (the necessary tools and technologies with which an organization can use and leverage data)
- Data behaviors (these are part of the DNA of the organization and relates to people, processes, skills, and culture)

Source: Capgemini Research Institute analysis, Data-powered enterprises survey, August 2020, N=500 technology executives, N=504 business unit executives. Percentages are rounded off to the nearest integer and do not sum to 100.

Data masters outperform the other three cohorts on financial performance

Revenue per employee:

The figure in the cohort indicates the difference in performance of that particular cohort from the average value for all the organizations. For instance, the data masters have seen a 70% higher "revenue per employee" compared to the average, while the data laggards have realized a 16% lower "revenue per employee"

Fixed Asset Turnover: Data masters realized 245% higher "Fixed Asset Turnover" compared to the average.

Profitability:

Profitability is computed from both EBIT Margin and Net Profit Margin. Here, we found that the "data-aware" cohort lags the beginners in the profitability by 67% compared to the average. However, the data masters are 22% more profitable than the average.

Note: The figure in the cohort indicates the difference in performance of that particular cohort from the average value for all the organizations. For instance, the data masters have realized a 70% higher "revenue per employee" while the data laggards have seen a decrease of 16%.

*Profitability is calculated from EBIT margin and Net Profit Margin

Source: Capgemini Research Institute financial analysis of 739 unique companies (N=111 data masters, 41 data aware, 53 data enabled and 534 data laggards) for the FY 2019-20.

Building a data-powered enterprise: Learning from the data masters

Data activation

- Align the data and analytics strategy with the business strategy
- Build business users' trust in data
- Democratize AI and analytics CoE to assist business teams
- Foster a data-powered culture by strengthening data citizenship

Data enablers

- Strengthen the data collection processes and improve data quality
- Invest in data landscape modernization to get agility in data operations
- Operationalize data and analytics through DataOps and MLOps
- Adapt the data governance as data mastery evolves

Data advantage

- Leverage external data to enhance the insights

Source: Capgemini Research Institute analysis.

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