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# Analytics for Driving Business Process Improvement

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*The ability to harness information in the enterprise will be a key differentiator for organizations in the next five years. For that reason, IDC notes that applications that access, manage, and analyze all types of information at an operational business level can constitute a significant competitive advantage and are, therefore, being adopted quickly. New technologies are enabling pervasive access to relevant information and, most importantly, making the analysis of that information available and actionable within the context of business processes.*

The following questions were posed by Lavastorm Analytics to Dan Vesset, program vice president of IDC's Business Analytics research, on behalf of Lavastorm Analytics' customers.

**Q.** **What are the benefits of adding a discovery-based audit analytics solution to an organization's business analytics portfolio?**

**A.** An organization needs to empower its employees with the tools needed for finding answers to business problems buried within an ever-growing mass of data. Organizations that rely on reports for business information will put strain on their IT departments with change requests and react to business events much more slowly than they could with a self-service ad hoc query solution in place. There is no way for IT to anticipate all of the information and analytics needs of the line of business and be expected to have a report for every possible inquiry.

By integrating data from multiple domains and putting the proper access controls in place, an IT department can provide a trusted source of information that can be accessed through a variety of tools most appropriate to the business employee's requirements.

**Q.** **Which companies can benefit from a discovery-based audit analytics solution, and where does it fit best within an organization?**

**A.** We see organizations of all sizes and across all industries benefiting every day from data discovery solutions. They are able to find answers to business problems rapidly and take action before a risk is realized or before an opportunity is missed.

The greatest operational gains come as an organization shifts the point of analysis closer to the business process where action can be taken rapidly when there is an exception in an otherwise automated process. Typical installations of business intelligence tools lack the capability to enable an action to be taken in near real time and rarely have the capability to analyze data from a cross-departmental perspective, especially if the underlying data warehouse is in a silo, collecting information relevant to a single department or line of business.

**Q.** **What are the potential pitfalls to be aware of when implementing a data discovery analytics solution?**

**A.** The pitfalls to success tend to occur when an organization fails to make analytic decision making a key component of its culture. This can be overcome in several ways, but by making analytics actionable and relevant to an employee's daily tasks, an organization can develop that culture organically. Furthermore, IT must be able to maintain control and consistency of any organizational data. When IT can maintain control and empower the business user, the organization can begin to move to a more analytically oriented culture.

Flexibility is also key because when users run into barriers repeatedly, they will seek a workaround, including continuing to base decisions on data silos where individual departments try to manage a subset of organizational data that is out of context with other organizational data or business processes. This leads to poor decisions and inaccurate data, as well as an inability to arrive at insights, such as root case determination, especially across interdepartmental processes such as financial and strategic planning, customer experience management, and supply chain optimization.

Finally, organizations that implement data discovery solutions while considering both business and IT needs have the greatest success. Rather than cutting the business loose from IT, organizations can select solutions that fit within the IT infrastructure so that an IT department can provide the source of data to the lines of business to build trust through visibility into the data's lineage and the meaning of any calculated data fields.

**Q.** **How do data discovery analytics solutions improve business processes and auditing effectiveness?**

**A.** Data discovery solutions can improve business processes and auditing effectiveness if they can automate audits and if they can be positioned close to the source/business process being audited. When it comes to automation, not all data discovery solutions require a user to pose a query to find an answer to a problem. They can also have an automated or rules-based means of serving up key discoveries as a process is occurring, which can create additional business value to customers, suppliers, and line-of-business employees as decisions are executed faster and with greater accuracy.

For example, a data discovery solution monitoring financial transactions can look for transactions that may be fraudulent based on certain patterns and alert a user to this fact. In another example, a telecommunications company could monitor the usage patterns of its customers and make service-change recommendations to best suit the customers and avoid churn. If the same organization relied on historical reporting to see what churn rates were for the prior month, it would already be too late to attempt to retain those customers.

Anytime a process has an inherent service-level agreement, an organization should consider what applying a data discovery solution could bring by better ensuring the agreement is met. For example, an insurance company could state that it will pay a claim within 24 hours. Without analytics in the process, it would pay all claims, including fraudulent claims, and later discover which claims were fraudulent and attempt to get the money back. With analytics working within the process, it can analyze the claim for flags of potential fraud before deciding to pay the claim within the 24-hour period. Placing analytics within a process results in shortening the time between measurement and analysis and action.

**Q.    What are the most important aspects of a discovery-based audit analytics platform for improving business processes or improving auditing effectiveness?**

A.    From a user's perspective, a data discovery solution must first provide actionable, relevant analytics to a business user, or it will never be widely adopted. That means insight into a full process as it occurs, the ability to take action when exceptions arise, and the ability to adjust the process to automatically handle similar exceptions in the future. An intuitive, easy-to-use interface is key to adoption as well. It should have the ability to perform analysis in real time across both events and transactions to enable actions to be taken in real time.

Not all business problems are solved in this manner, however. They often require additional workflow, multiple analytic outputs, and the participation of more than one employee. This means a data discovery solution would benefit from providing workflow and case management capabilities as well as a mechanism for creating and storing a library of business controls used across analytics.

From IT's perspective, a data discovery–based analytics solution should not interfere with the data infrastructure; instead, it should provide a point of access to that data. Auditing capabilities for tracing decisions and maintaining data quality are key to governance and compliance, as well as root cause analysis that moves beyond the reporting and presentation layer.

A B O U T   T H I S   A N A L Y S T

*Dan Vesset is program vice president of IDC's Business Analytics research. Mr. Vesset's research is currently focused on the business intelligence and analytic applications markets, which encompass multidimensional analysis, end-user query and reporting, data mining and other related business intelligence tools, and supply chain and operational analytic applications.*