

# The New Path to Value: Business Analytics and Optimization

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Global Strategist, BAO Center of Competence



Partnering for Growth

## How Are Companies Turning Data into Dollars? From Business Intelligence, to Business Analytics and Business Optimization



- 1 How well do you understand that you are being commoditized?
- 2 How well do you know the channels and business partners?
- 3 How well are you constantly present with the customer ?
- 4 How well do you adapt business models?

••• *There are four key questions you need to answer to survive the future*

## What is Watson

- Takes the question in Natural (human) Language
- Reads a Corpus of Documents with 200 Million Pages/second
- Finds the Answer
- Replies based on Confidence
- Applies Game Strategy
- Presses the Buzzer
- Can Assist Humans

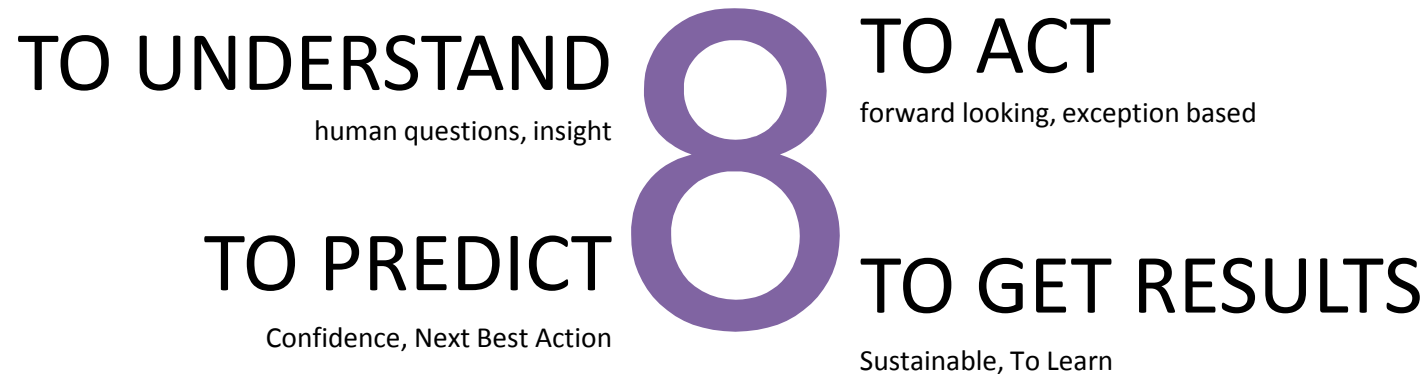


- Helps Humanity to win !

## What is Analytics Applicability of Watson

- **"Any situation that needs to find an answer to a question to solve a problem that we struggle with"**
  - Government trying to wade through a myriad of rules and regulations or
  - Doctors who will be supported during the diagnoses or deeper and faster analyses or
  - Business, by service and reputation improvement by having companies faster and more relevant providing accurate answers to their customers."
- *"No longer sifting through books, manuals or the web yet to be able to truly concentrate on the task that matter - and making fast accurate decisions"*
- *"Customer service and knowledge-intensive jobs will never be the same following Watsons spectacular victory!"*

## The Analytic Building Blocks of Watson



❖ *how smart organizations are embedding analytics to transform insights into actions that drive productivity and growth*

## Why does Analytics Matter



IBM Institute for Business Value

+

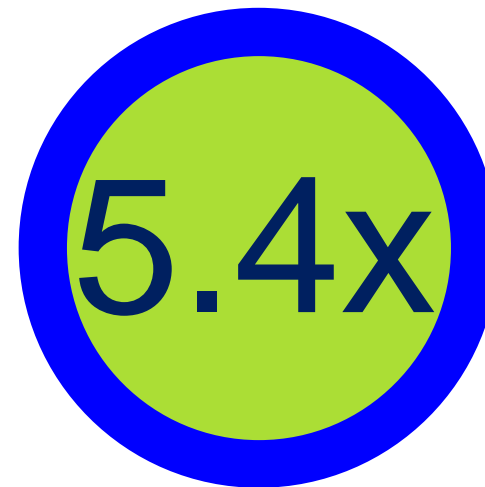
**MIT Sloan**  
Management Review

- Surveyed 3,000 executives, managers and analysts plus extensive interviews
- Respondents represent more than 30 industries in 108 countries
- Interviews with IBM and MIT thought leaders
- Analysis by IBM and MIT SMR team

# Analytics correlates to performance



Organizations that lead in analytics outperform those who are just beginning to adopt analytics



Top Performers are more likely to use an analytic approach over intuition\*

\*within business processes

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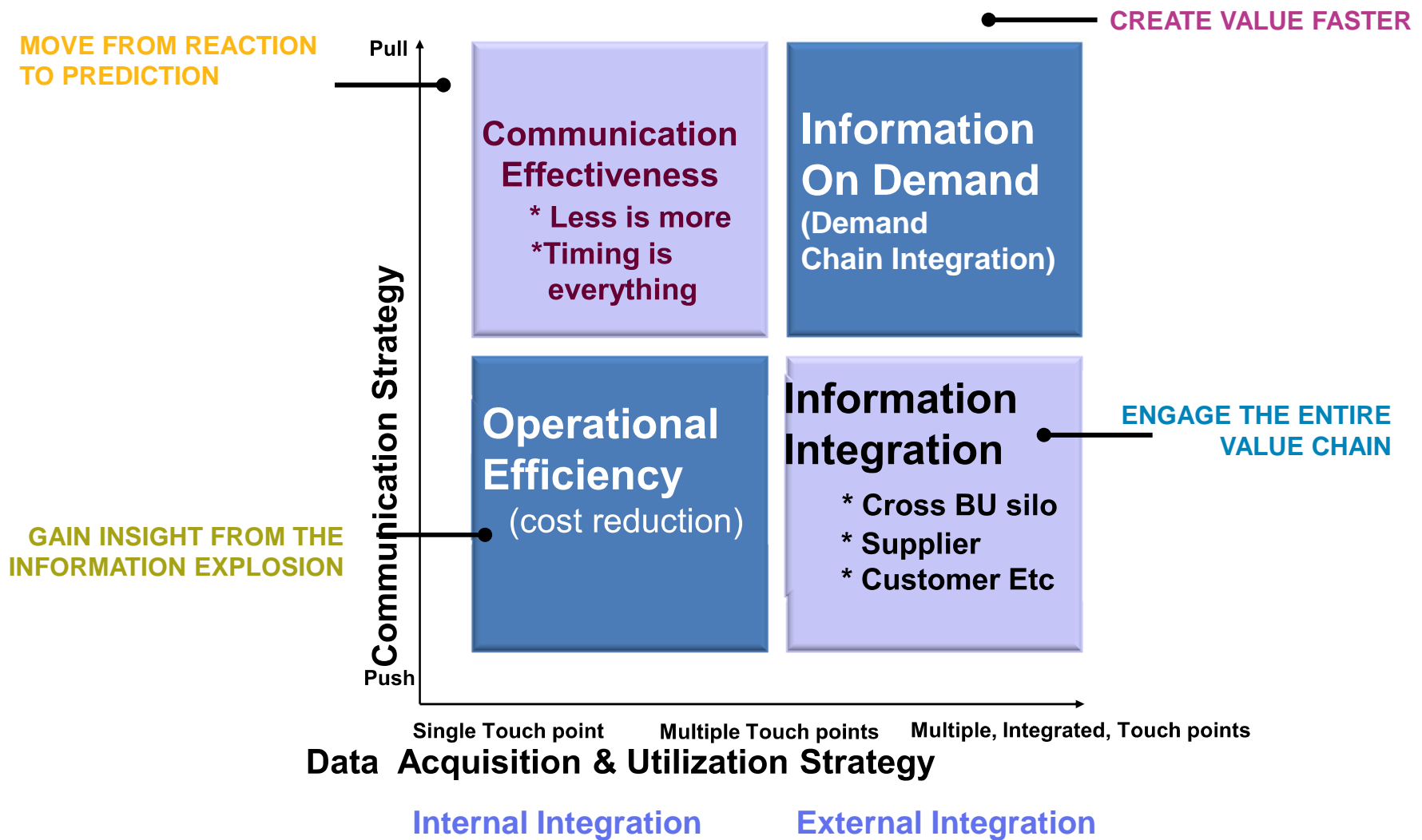


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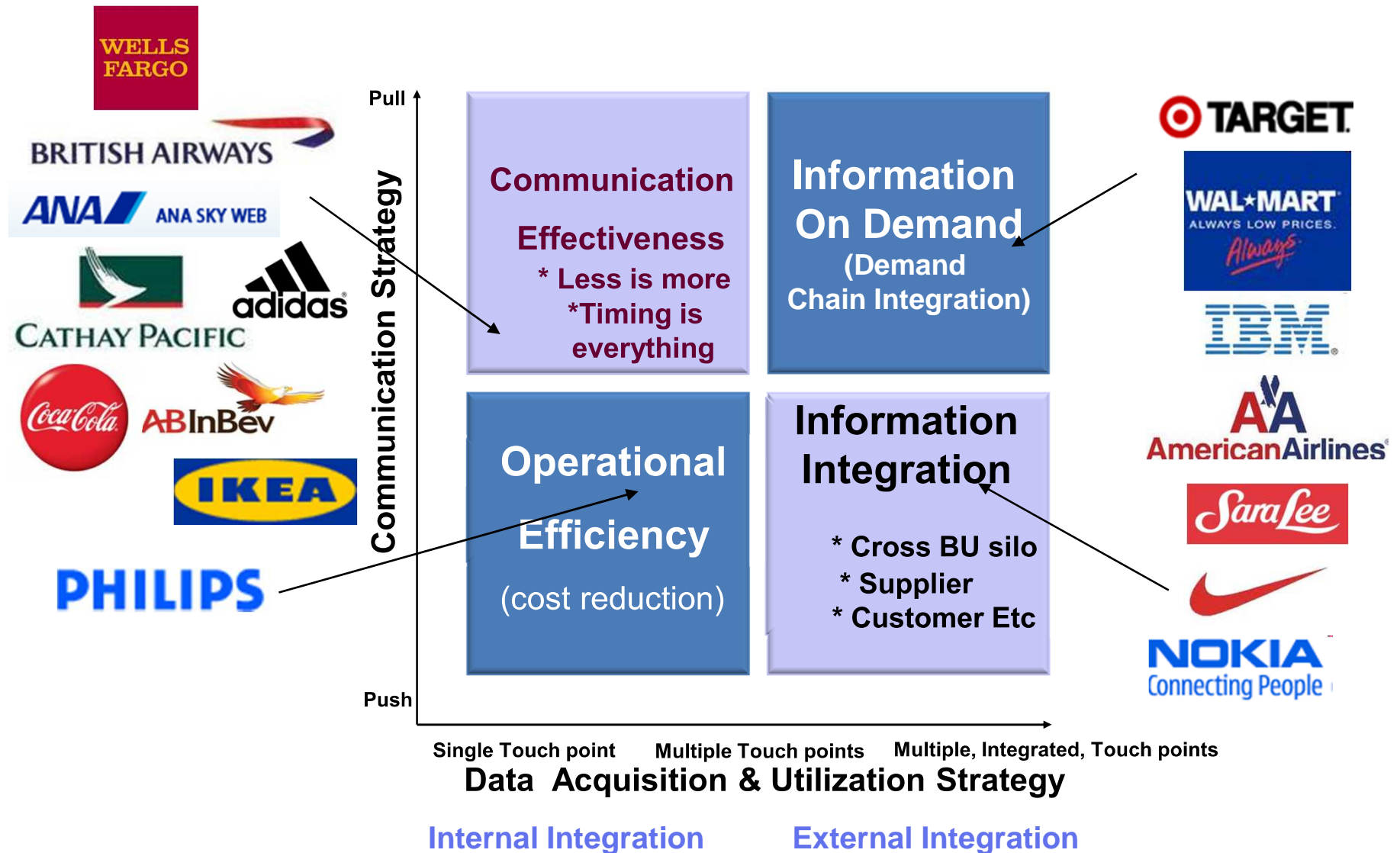
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## D2\$ Framework: How Are Companies Turning Data into Dollars?

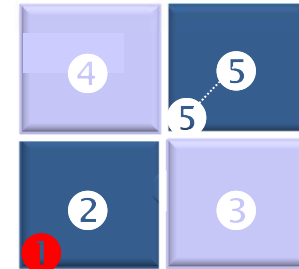


## D2\$ Framework: How Are Companies Turning Data into Dollars?



## Maturity Level & Proven Benefits

An excerpt from (updated) joint Erasmus University/Rotterdam School of Management research, Converted Response rates (n=394, Western Europe, 1999-2011)



### MATURITY LEVEL / APPROACH

① Mass Marketing	0.2 -- 2.7%
② Target Marketing	1.9 -- 4.9%
③ Integrated Marketing	6.2 -- 16.4%
④ Event-Driven Marketing	18.1 -- 36.2%
⑤ Demand Predictive Marketing	24.2 -- 62.1%

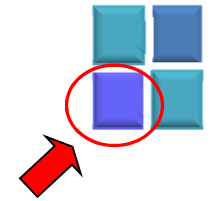
  
**From Understanding to Anticipating**

RSM *Erasmus*

Rotterdam School of Management  
 Erasmus Graduate School of Business

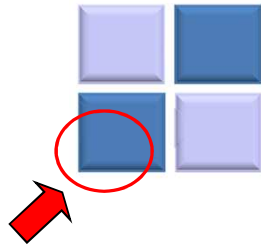
© 1995-2011 Marc Teerlink - Consumerism and Beyond

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## GAIN INSIGHT FROM THE INFORMATION EXPLOSION

Leverage Data Quality and Master Data Management to enable the transformation to Transparency, Accountability, Ownership, and Governance in order to be able to Manage customer relationships for profits, not for sales

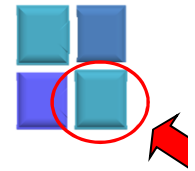
1

- How British Airways increased revenue opportunities in 18 months

2

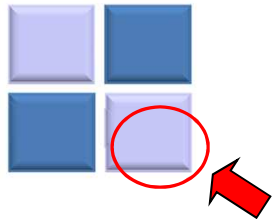
- How ANA is driving greater revenues through customer insights

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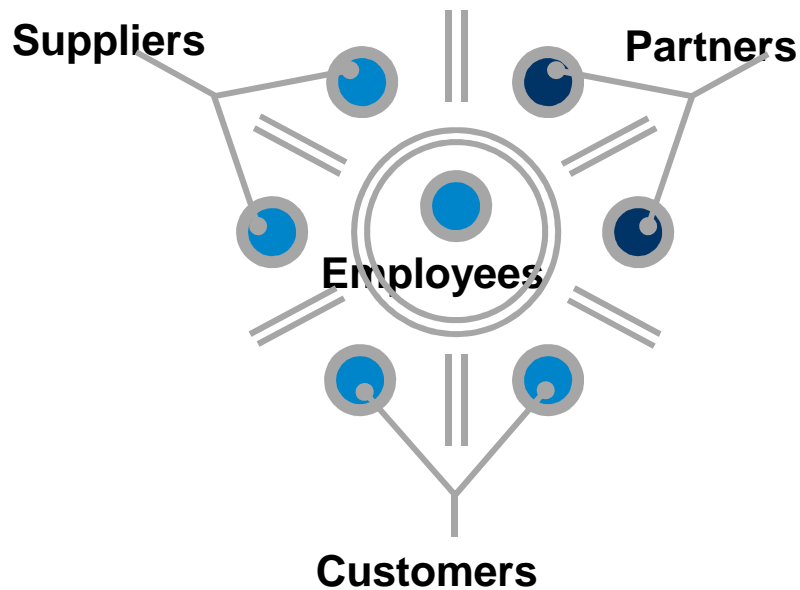
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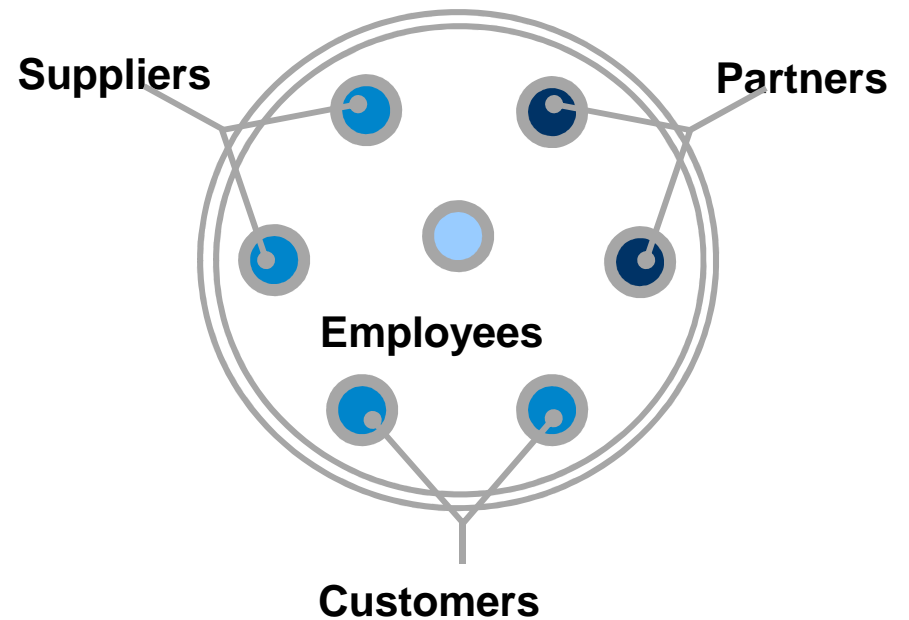
## Integrated Information ; Engage the Entire Value Chain

Visibility into every part of the value chain creates an ecosystem that enables an organization to capture and share collective wisdom, collaborate and make decisions with greater confidence.

LOW VISIBILITY

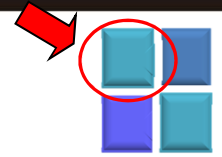


HIGH VISIBILITY



# BIG IDEA

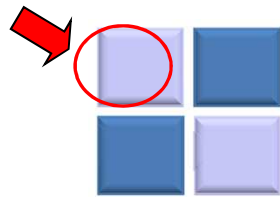
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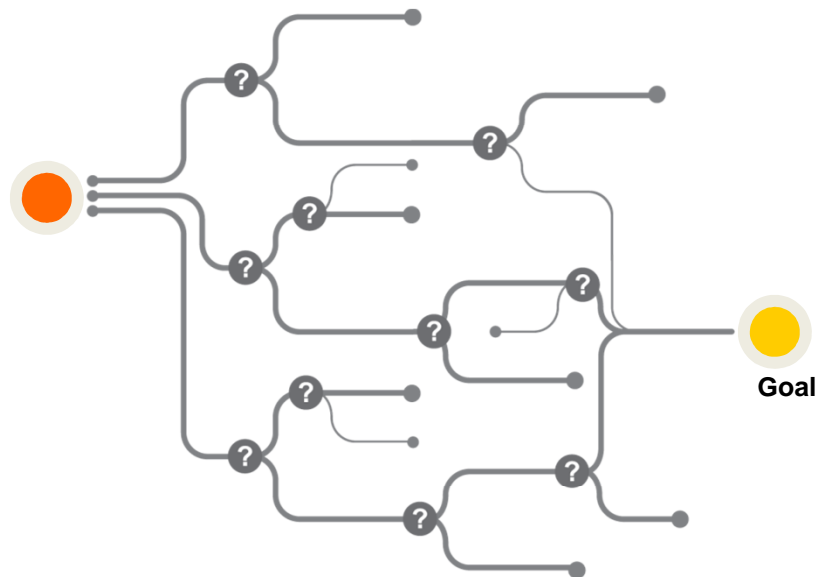




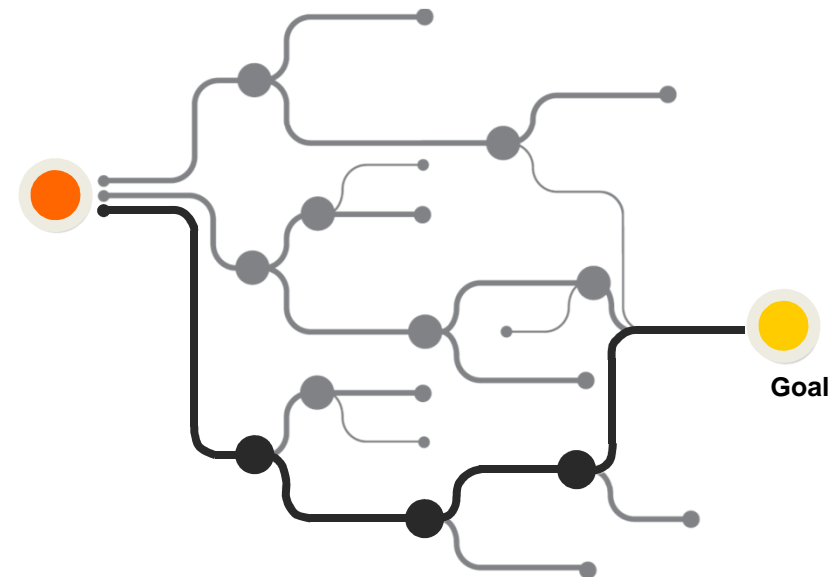
## Move from Reaction to Prediction

Apply advanced analytics and industry expertise to a wealth of information in order to more precisely predict—and continuously act on—risks and opportunities.

### REACTION

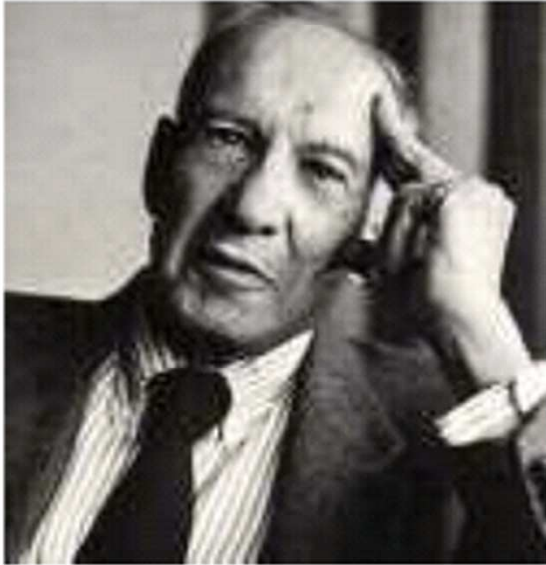


### PREDICTION



- ❓ Unforeseen Decision Point
- Predicted Decision Point

# BIG IDEA



“ ***The purpose of a business is to create a customer*** ”

– Peter Drucker

# The purpose of a business is to create a customer who creates customers

- Marc Teerlink - Consumerism and Beyond (1995-2010)



## Tom Cruise opens a Sina weibo account

*"Tom Brother" ("阿汤哥") officially enters the world of Chinese microblogs*

By Anita Xu 24 February, 2011

★★★★★

EMAIL TWITTER FACEBOOK SHARE

新浪微博  
sina.com.cn

我的首页 我的微博 好友 模板 搜索微博、找人 搜索

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Everyone is so kind here, we are so appreciative of you all, thank you.  
//@萨默姐:Really? I like you, Welcome to china.....

个人资料  
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更多>>

officialtomcruise的标签  
他还... FROM T.SINA.COM.CN

## Mission Control



## What's Next ?

This is driving some novel approaches to consumer centricity



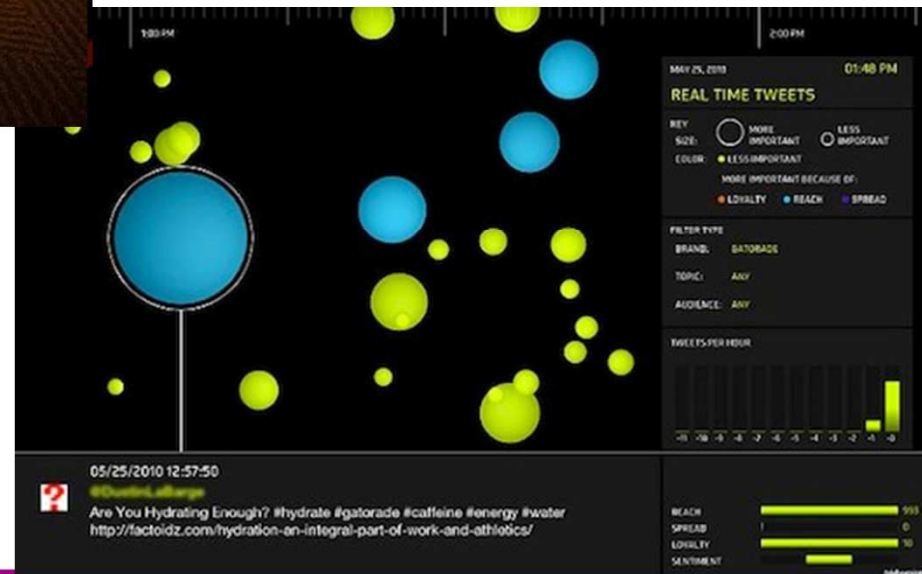
Gives fans increased access to athletes and scientists – a source of ideas and insight

Uses text analysis software to automate tasks

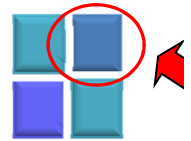
Displays and advanced visualizations structure interactions with the data Is fed back into Trade Promotion/Campaigns

The goal of the project is to “take the largest sports brand in the world and turn it into largest participatory brand in the world.”

WSJ, Sept 15, 2010

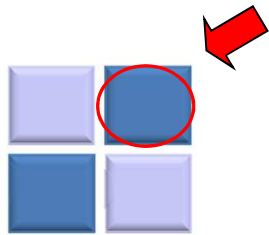


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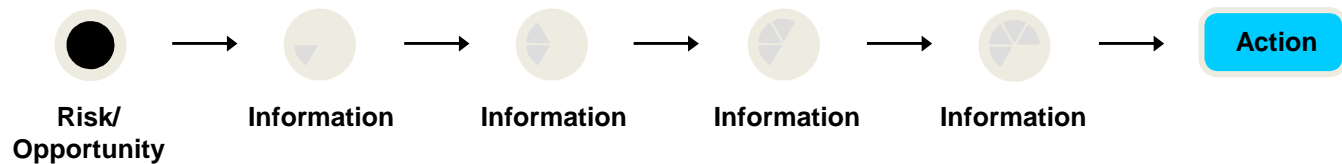
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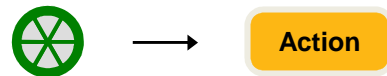
## Create Value Faster

Operate with speed by delivering trusted insight that gives decision-makers the confidence to take action faster, driving innovation and optimizing business results.

**INFORMATION GATHERED OVER TIME**



**INSTANT INSIGHT**



- High confidence
- Low confidence
- Insight

## Partnership for Growth

### The Transformational Role of the CIO is enabled by Analytics



The main conclusion from IBM's CIO study is that the CIO must be the change leader for "outside-in" perspective, linking customers to business and technology enablers to ensure business is in touch with, and can respond to, rapidly changing customer needs and wants. Rather than aligned to business function, companies will be increasingly aligned towards customer segments (and the CIO's organization must also be aligned in this manner).

**As the "Voice of the Customer" becomes louder, the CIO must determine how to integrate that valuable information into the business.**

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*"We must redefine the value proposition to the customer. Information and advisory content are becoming even more valuable than traditional drivers."*

*—H. Edward Hanway, chairman and CEO, CIGNA Corporation*



## 1 Excite the organization, rally top talent and garner support



Focus on the biggest and highest value opportunities

Big change requires a powerful spark

Big challenges do NOT equal big risks

Adopt a rigorous operational approach

### Primary obstacles to widespread analytic adoption

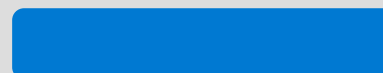
Organizational



Data



Financial



## 2 Shift the focus from data to the insights needed

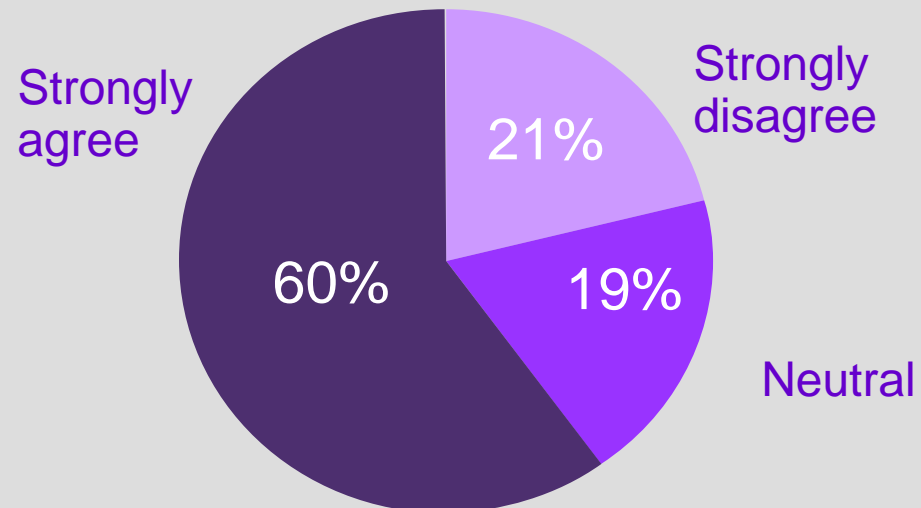


Within each opportunity, start with questions, not data

Develop questions that insights should answer, and use to streamline data collection

Don't worry about getting all data "perfect" to start

We have more data than we can use effectively



## 3 Drive action across the organization - regardless of people's analytic skill levels



Embed insights to drive actions and deliver value

New analytic techniques make it more “real”

Embed insights into applications and processes

Leverage use cases, analytic solutions, optimization, workflow and simulations

### Analytic techniques that provide the most value

#### Today

Historic trend analysis and forecasting

Standardized reporting

Data visualization

#### In 24 months

Data visualization

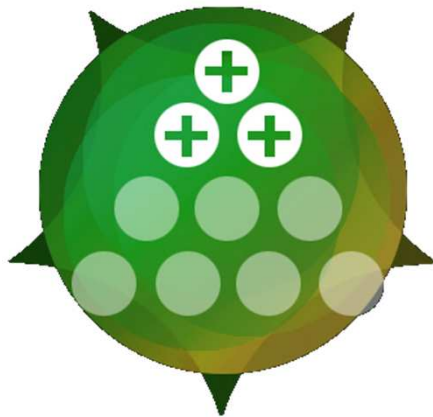
Simulations and scenario development

Analytics applied within business processes

Increased or sustained value

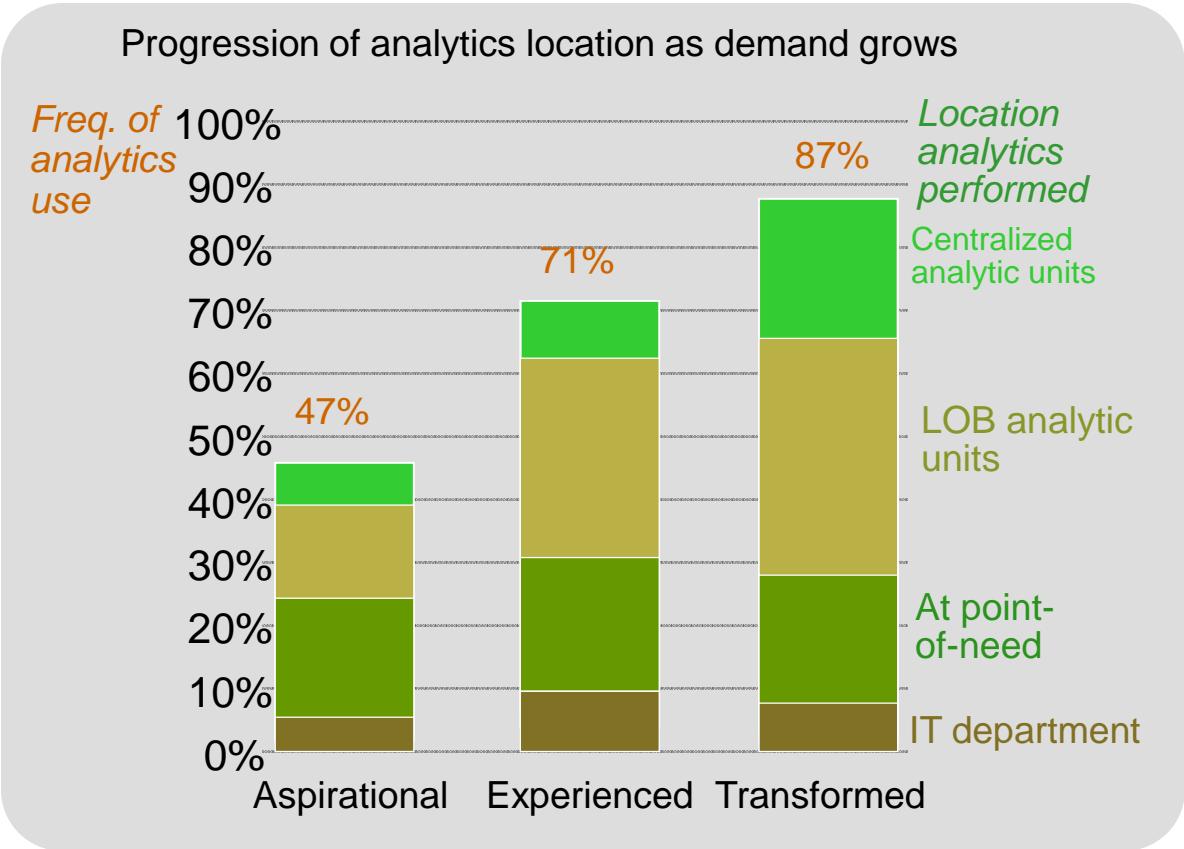
Decreased in value

4 As adoption spreads, there is a growing demand for a greater variety of skills and deeper expertise



Keep existing capabilities while adding new ones

Use central resources to complement rather than replace local ones



## 5 Analytic investments are optimized over time



Use an information agenda to plan for the future

Big data is getting bigger

Highest priorities require synchronization as they are selectively addressed through projects

Governance • Architecture • Currency  
Data Management • Analytical Techniques and Toolkits

### Highest data priorities



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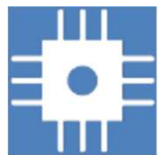
From Business Intelligence, to Business Analytics and Business Optimization



It is all about:

- 1 How well do you understand that you are being commoditized?  
How you capture data to understand what and where customers/consumer want (foundation : cleaned standardized master data)
- 2 How well do you know the channels and business partners?  
How you gather information about your consumers/customers (web, social network, collaboration) and engage the full value chain
- 3 How well are you constantly present with your customers?  
How you look for “instant” insight and translate it to action
- 4 How well do you adapt business models?  
How you move from reaction to prediction to differentiate yourself and create value faster (across the value chain)

IBM is uniquely capable of helping consumer products companies to perform better by realizing their strategies through advanced analytics, process management and cost-efficient information management while leveraging the power of smarter technology



## INSTRUMENTED

Sense and respond to the exact disposition of everything throughout the supply chain.



## INTERCONNECTED

Share information throughout the value chain, both internally and externally.



## INTELLIGENT

Manipulate information and focus on value; exploit opportunities and act with speed.

### Industry leadership



### Great technology Solutions



### Breakthrough research





*“It is not the strongest of the species that survives, nor the most intelligent, but **the one most responsive to change.**”*

Charles Darwin

**how** will you drive change ?

# Questions? JEOPARDY! The IBM Challenge

Now, or meet me at Lunch.....

Or contact your local IBM representative

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Marc.Teerlink@NL.IBM.COM

+31 20 513 6398



## Profile Dr Marc Teerlink, mba/mbi

Global Strategist, IBM Center of Competence for Sales Transformation, Business Intelligence, CRM, Business Analytics & Business Optimization

- *Recognized business and thought leader* in large and complex projects and serve as an executive sparring partner, leveraging an extensive executive (international) network.
- *Strategist, Researcher & owner of a regularized annual research* together with top international business schools "Turning Data into Dollars" consolidating lessons learned and best practices from more than 1521 companies worldwide on how to "make money" from their customer/product related information ("Turning Customer Experience into Euros")

---

### Professional Experience:

- From 2007 to 2010 IBM South & West European Consulting leader, responsible for developing and deploying thought-leading marketing programs and concepts for IBM's clients to transform themselves from "product centric" to "solution centric" "evolving to "customer centric". These companies mostly act in the "Business-to-Business-to Consumer" or in the "Business-to-Consumer" space (CPG's, Electronics Manufacturers, Banks, Insurers, dot Coms, Retailers, Transportation firms and Telcos).
- From 2004 to 2007 responsible for the Nordic region (and globally for the Nokia account). In addition to managerial activities in handling the practice, personally participated as an IBM Delivery Executive for large projects, as a sparring partner and thought leader leveraging personal experience, research and IBM's best practice in order to optimize the clients business improvement or cost reduction's efforts.
- Joined IBM in 2001, as Sales Transformation Executive and responsible for part of IBM's own transformation journey. Started during 2003 to share personal experience outside IBM with the top 16 IBM customers in Europe by delivering "proof points" presentations and "growth through innovation" workshops for executive teams.
- From 1984 to 2001, spent 17 years in various management and leadership positions in sales & marketing, startup, transformation and change management in international banking, consumer management consulting, global telecommunication & manufacturing and at a NYSE high-tech corporation. Responsible for developing and deploying marketing, sales and consulting programs for consumer industries, managing branch operations and departments, strategy definition and its implementation.
- Key achievements in all positions exceeded growth targets for change, sales and services by an average of 120% of target. Reduced operating costs of portfolio by 13% within first year, successful creation of an application-based solution unit, successful European program management and roll-out within 10 months, starting 2 profitable Latin American Branches

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### Professional Persona:

- Inspiring and passionate key note speaker, university lecturer, author and executive leader. Content bolstered by university-mandated research and market studies, IBM-generated whitepapers, graduate studies and undergraduate teaching engagements and customer-based ROI case development to justify change, enabled by the implementation of new technology.
- Creator, designer and trade mark-owner of IBM's "Turning Data into Dollars" and "Turning Risk into Profit" programs and personally delivered over 30 C-level workshops during the last year.
- Native Dutch speaker, fluent in English, proficient in Danish & Spanish, conversant in four more languages, lived in 9 countries, possesses solid global experience with extensive knowledge of international business practices & protocols in Europe, North and Latin Americas.