

# I D C   E X E C U T I V E   B R I E F

## Active Information in EMEA Organisations: Focused But Tactical

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### **IDC Opinion**

The trend towards evidence-based decision making is taking root in commercial, non-profit and public sector organisations. Driven by increased competition due to changing business models, deregulation or increased regulation in the form of new compliance requirements, organisations in all industries and of all sizes are turning to technologies such as datawarehousing to support their decision-making processes.

Traditionally, datawarehouses have been loaded in batch with a view to providing the large volumes of data that are required in order to analyse time-related trends for strategic decision making. However, in the fast-paced modern environment, organisations need to inform a broader range of decisions that are more operational and tactical than strategic. In order to support these decisions, decision makers often need real-time information.

When real-time information is integrated with rich, clean and consistent source of analytic data, this powerful information source is referred to as **active information**.

To better understand how European organisations are utilising active information, IDC and Teradata undertook a survey of 181 organisations across the region. Some of the key findings of this research are:

- **Only 26% of organisations are using active information.** This means that approximately three-quarters of organisations are not taking advantage of the modern technologies that are available to support operational and tactical decision making, and that their operational and tactical decision making is more likely to be based on gut-feel than on information.
- Active information is most commonly used to support decisions by executives and in the sales division, followed by the IT and marketing departments. Organisations are using active information in a broad range of functional areas and these differ slightly from where decision support information and operational information are being used.
- **39% of organisations are monitoring business events in real time.** Of these organisations, the most commonly monitored real-time business events were related to financial management, for example, monitoring large transactions that are outside risk guidelines, invoices and payables.

## Situation Overview

The benefits that can be achieved from moving from gut-feel to fact-based decision making are enormous, ranging from operational improvements and cost reductions to revenue increases and improved competitive edge. However, this transition presents organisations with significant challenges, as it involves changes to culture, management and processes as well as the implementation of technology.

Organisations are widely accepting of the need to use information to inform strategic decision making. However, informing operational and tactical decisions with information is a less mature area. The IDC-Teradata survey investigated how broadly active information is used to inform a broader range of decisions.

### **Only 26% of Organisations Are Using Active Information**

The survey asked respondents about how frequently certain types of information were being integrated with decision support information.

60% of organisations were integrating some of their data on a daily basis. 43% were integrating data weekly or less often, and 33% were integrating several times per day.

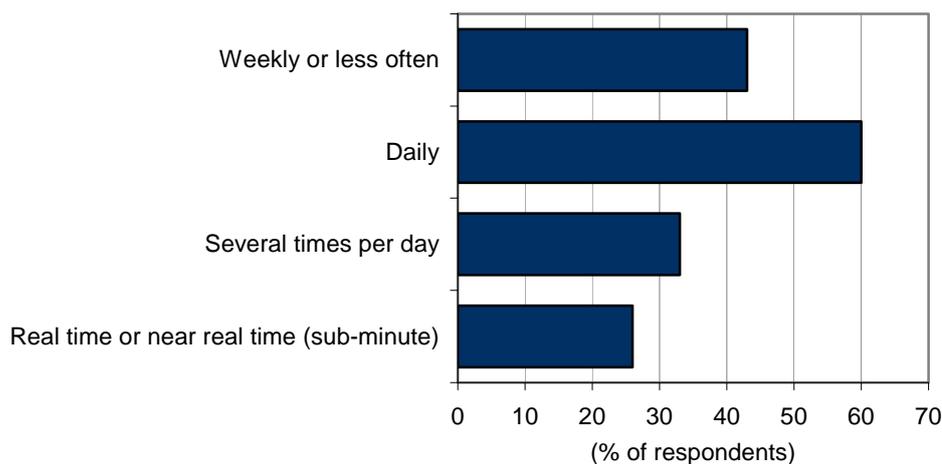
Only 26% of organisations were integrating real-time or near-real-time information with decision support information to produce active information. This shows a relatively low penetration of active information.

Figure 1 shows the survey responses.

**FIGURE 1**

#### Frequency of Data Integration

Q.: How frequently do you integrate the following types of data with your decision support systems (EDW or BI)? (All data types)



Note: n = 181 (multiple responses allowed)

Source: IDC-Teradata EMEA Survey, March 2010

Of the responses from organisations that were using active information, data relating to usage challenges was the most popular type of data for respondents to integrate in real time, with this accounting for 20% of organisations integrating this in real time. 14% integrate master data and 13% integrate stock level data in real time.

Monitoring usage challenges is clearly key for any organisation involved in providing a service, and the main use of this information is to report on usage challenges as they occur rather than after the fact. This information has a clear business case for particular vertical markets.

Master data is the second most popular type of data for real-time integration with decision support systems. More organisations are addressing the challenge that keeping a consistent view of master data presents. Multiple source systems, different attributes that are used in different parts of the business, and decentralised ownership of master data items all cause challenges for organisations when trying to standardise master data, which go beyond technology and into processes. Integrating master data in real time demonstrates that organisations are starting to solve this problem.

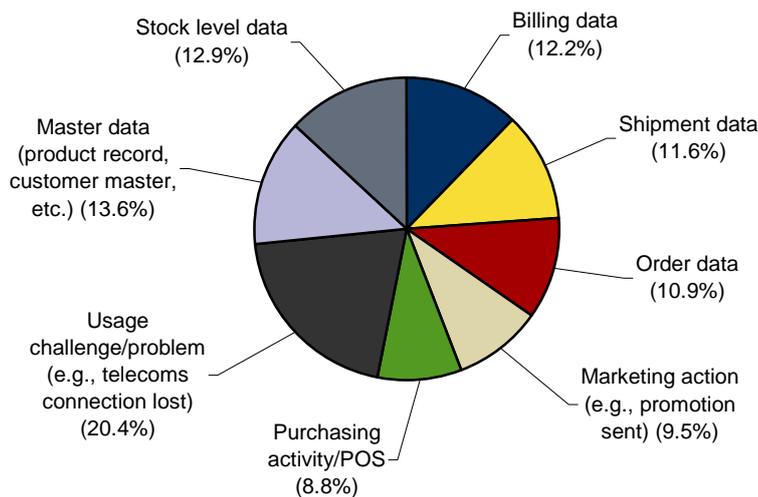
The spread between the different data types is relatively even – no one data type is dominant. The most popular data type only accounts for 20% of responses.

Figure 2 shows the survey responses.

**FIGURE 2**

**What Type of Data is Most Often Integrated in Real Time or Near Real Time?**

*Q.: How frequently do you integrate the following types of data with your decision support systems (EDW or BI)?*



Note: n = 147 (multiple responses from 181 respondents)

Source: IDC-Teradata EMEA Survey, March 2010

## Different Information is Used in Different Functional Areas

We asked the survey respondents in what function in their organisation were they using the three different classes of information — namely active information, operational information and decision support information. We then looked at the five most popular departments for each class of information.

The order of the top five departments is different for each class of information, although some departments appear in the top five for more than one class. This shows respondents are targeting the use of each class of information to how its users need it. However, it could also demonstrate some level of fragmentation in how information is deployed to users and a tactical approach to active information.

There is a very broad spread of how information is used — the top five functional areas each only have a small share of the total. This is true for each of active, decision support and operational information.

For active information the two most popular areas of use are executive and sales. It is something of a surprise to see executive at the top, given that these users are usually well served by traditional BI. This demonstrates that executives need the combination of real-time and strategic information that active information provides, because they are involved in making real-time decisions as well as strategic ones.

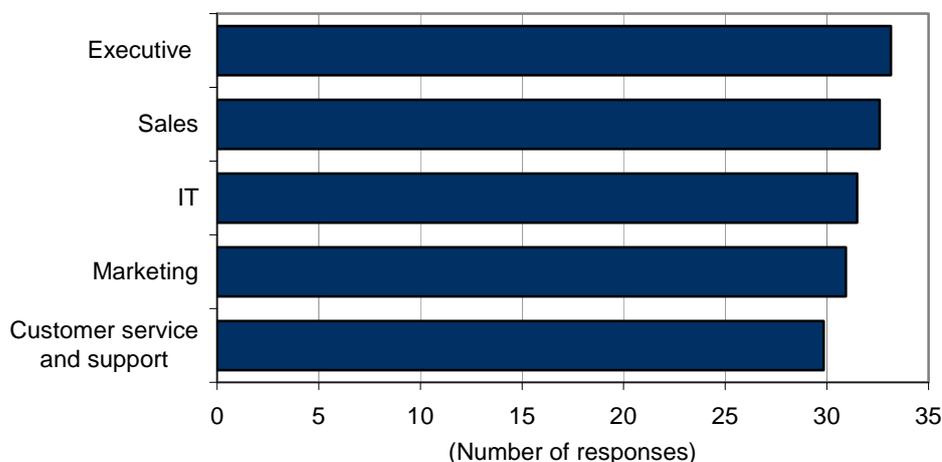
Executive use of information is good news generally for organisations, as once executives are using information to inform decisions, a culture of fact-based decision making has a better chance to take hold within the organisation.

Figures 3, 4 and 5 show the survey responses.

**FIGURE 3**

### Where is Active Information Used for Decision Making?

*Q.: In which part of the business is active information used for decision making? (Top five business areas)*



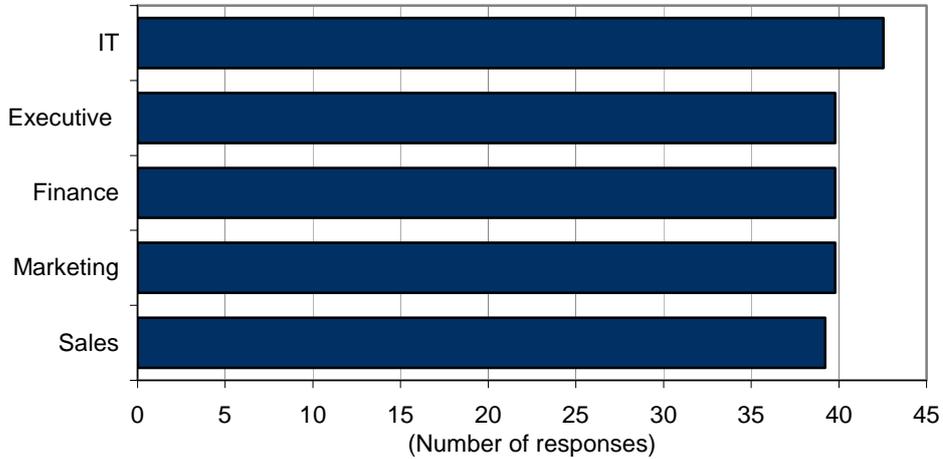
Note: n = 611 (multiple responses from 181 respondents)

Source: IDC-Teradata EMEA Survey, March 2010

**FIGURE 4**

**Where is Decision Support Used for Decision Making?**

*Q.: In which part of the business is decision support information used for decision making? (Top five business areas)*



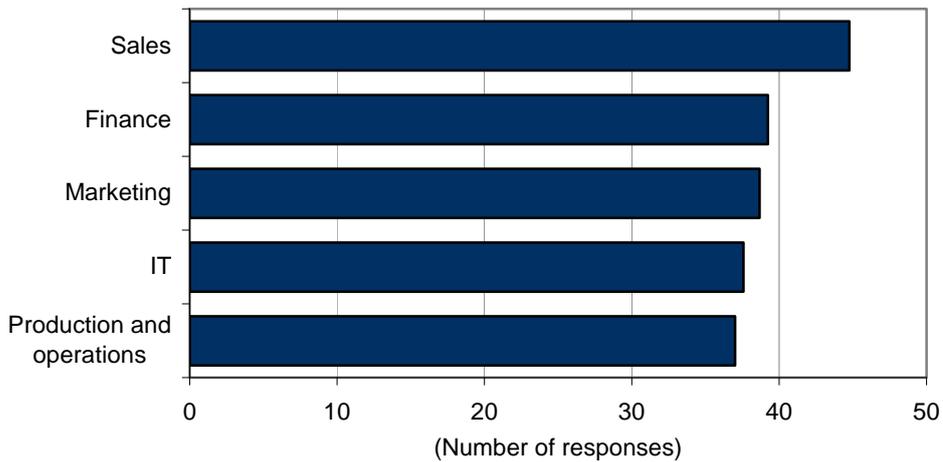
Note: n = 782 (multiple responses from 181 respondents)

Source: IDC-Teradata EMEA Survey, March 2010

**FIGURE 5**

**Where is Operational Information Used for Decision Making?**

*Q.: In which part of the business is operational information used for decision making? (Top five business areas)*



Note: n = 767 (multiple responses from 181 respondents)

Source: IDC-Teradata EMEA Survey, March 2010

## ***Real-Time Monitoring of Business Events***

Monitoring business events that occur in real time can be a highly valuable use of information, whether for monitoring purposes, exception reporting or process automation. Organisations can define the action or actions to be taken in response to specific business events and trigger a response, which could be an automated response or a human response.

The business events that were most frequently monitored in real time related to financial management, where 49% of respondents were monitoring these events. (Examples of these events include monitoring large transactions that are outside risk guidelines, invoices and payables.) The next most popular real-time business event to monitor was changes to customer profiles (45% doing it already) and the third was inventory and availability (40% doing it already).

The events that most respondents were evaluating were customer behaviour changes (15% of organisations evaluating) and demand forecasting (also 15% of organisations evaluating).

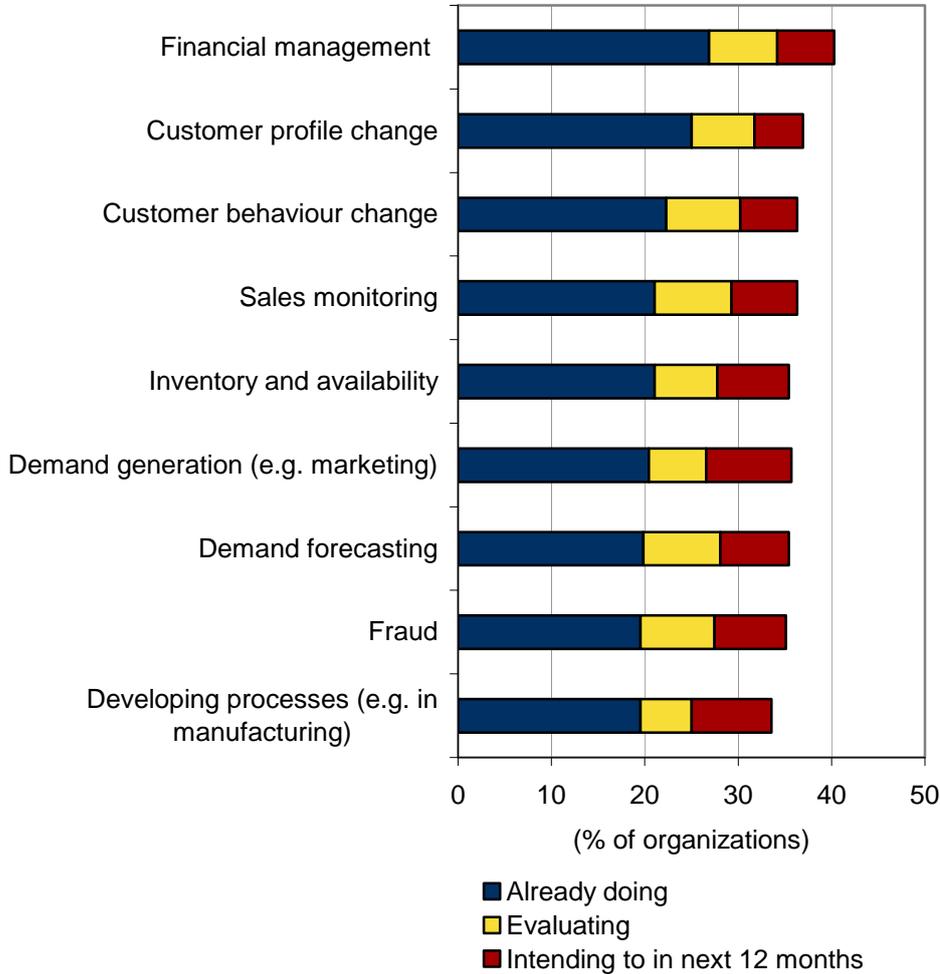
The event type that most organisations were intending to implement within the next 12 months was demand generation, at 17%.

Figure 6 shows the survey responses.

**FIGURE 6**

**Real-Time Monitoring of Business Events**

Q.: To what extent does your organisation automate the monitoring of the following business events?



Note: n = 181 (multiple responses allowed)

Source: IDC-Teradata EMEA Survey, March 2010

**Integration of Text Mining Information**

Not all useful information for decision making is structured information from a relational database. Increasingly, organisations are using text mining technology to extract significant words and phrases from sources such as email, customer satisfaction surveys, call centre records, and Web 2.0-related sources such as message boards and blogs. This information can then be integrated with other systems such as CRM systems to add customer sentiment to the picture the organisation already has of the customer's activities.

The survey asked respondents which sources of text mining they were integrating for decision-making purposes.

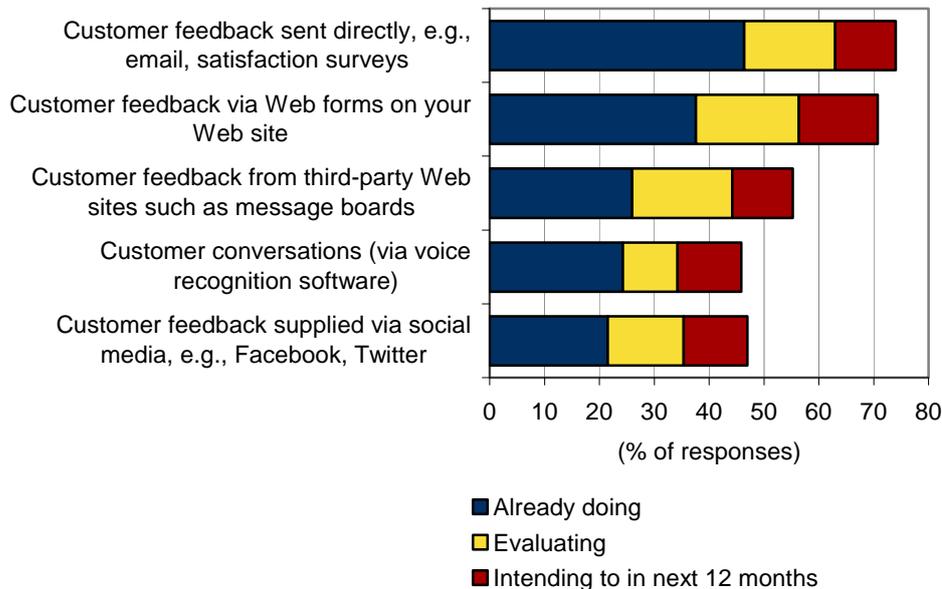
As expected, the most commonly integrated source for text mining information was customer feedback sent directly to the organisation in the form of email and customer satisfaction surveys. What was more surprising was that despite the relative newness of the social media space, 22% of EMEA organisations are integrating customer feedback from sources such as Facebook and Twitter for the purpose of decision making, and a further 26% are either evaluating such an integration or are intending to do so in the next 12 months. This demonstrates that EMEA organisations take the comments its customers make about its products in the social media space seriously and treat these comments as an important source of relevant information for the organisation.

Figure 7 shows the survey responses.

**FIGURE 7**

**Integration of Text Mining Information**

*Q.: To what extent does your organisation integrate text mining information, from the following sources, for decision making?*



Note: n = 181 (multiple responses allowed)  
 Source: IDC-Teradata EMEA Survey, March 2010

**Conclusion**

When looking at which types of information organisations integrate in real time, there is considerable variation in what organisations are doing. For example, the most popular type of data for real-time integration into an active data source is usage challenge information, but only 20% of organisations are doing this. Usage challenge information is arguably related to specific verticals such as telco or financial services, but the second most popular data type, master data, is horizontal in nature, yet only 14% of organisations were focused on this. This demonstrates the variation in how organisations are addressing their information-related challenges, and the relative immaturity of organisations' use of real-time and

active information. The same pattern can be seen in the variation in which departments are using active information and which business events are monitored in real time.

There are two sides to this. On one side, organisations appear to have a wisely pragmatic approach to how they work with information, and are only implementing technology where it will be of best use for them. This is a good way to work with information because of the broader cultural challenges involved in these projects. It is possible to spend a great deal on technology for information, yet reap minimal benefits because the cultural and process changes that the use of information requires are neglected. For this reason, organisations are right to focus on where they can make best use of information rather than trying to implement big-bang solutions.

However, on the other side, this fragmentation could indicate that organisations are approaching information tactically and are lacking a long-term, strategic view of how they expect to use information. This can lead to fragmented information systems and a proliferation of many versions of "the truth" rather than just one. Organisations need to have a view of where they want to go and build an information infrastructure that will support the sharing of information across the organisation.

### **Survey Demographics**

The survey gained 181 responses from organisations across EMEA. The geographic split was France 21%, Germany 22%, Italy 7%, Spain 31%, the United Kingdom 15% and Others 4%.

The job role split was 50.3% of respondents have IT responsibilities (i.e., IT senior management, IT middle management, IT staff or professional) and 49.7% have BU responsibility (i.e., marketing professional, line-of-business senior manager, line-of-business middle manager, line-of-business staff or professional).

The survey base was broadly distributed across multiple industries.

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