



Big Data in Western Europe Today

A Xerox Study – Executive Summary

Executive Summary

Stories of exciting new consumer services based on big data analytics are understandably popular in the press, but only a fraction of what organisations are doing with big data hits the headlines. From Rolls-Royce using real-time analysis of engine performance as the basis of a new jet-engine-as-a-service business model, to Hamburg Port Authority deploying a data-gathering sensor platform to optimise traffic flow within the port, organisations everywhere are getting to grips with how big data can give them competitive advantage.

The commissioned research covered by this report, conducted by Forrester Consulting on behalf of Xerox, reveals the breadth of the plans that Western European enterprises have for implementing big data initiatives, developments that will have a transformative effect on how businesses will make decisions and the services they offer in the near future.

Extensive Plans for Big Data in 2015

Senior decision-makers in medium-to-large enterprises have extensive plans this year for big data — their top-ranked ICT priority for 2015.

Of more than 15 big data use cases that we asked about — including customer experience optimisation, document analytics, product development, and risk & compliance management — each has more than half of respondents already using big data technology for it, or planning to in the next 12 months. On average, each business is already implementing six use cases, with the most mature respondents — those we call the Datarati¹ — ahead of the pack with an average of eight use cases.

As they actively exploit big data in these ways, medium-to-large businesses expect their big data initiatives to show returns quickly: within 12 months of implementation for almost three quarters of respondents. From the wide range of use cases it's clear that businesses are actively using big data to improve operational efficiency and manage risk more effectively. They're also clear about where the real potential lies: more than half of those surveyed believe that the organisations emerging as leaders in the next three years will be those that can use analytics to provide truly novel services (39%) or to disrupt the competition with a new business model (24%).

Almost three-quarters of respondents believe that big data insights improve competitive advantage, and this is even more strongly the case for those with the most experience of big data implementations — the Datarati. More than 80% of the Datarati respondents believe so, compared to 74% of the group we call Data-explorers, and 62% of the least mature group, the Data-laggards. This suggests that as companies gain more experience in deploying big data they appreciate and value its benefits ever more highly. The value curve doesn't drop off with increased big data implementation, it gets steeper.

¹We define these in the 'Introduction and Methodology' section.

A Maturing Field

It's easy to get swept away by hype, but the survey suggests that senior decision-makers fully appreciate the challenges of exploiting big data successfully, and that even those with the most mature processes in place recognise that they still have a long way to go. For example:

- More than half of respondents (and even 45% of the Datarati) say they currently lack strong enough processes to ensure data quality.
- Today, gut instinct and past experience are trusted as much as big data analysis when making executive decisions — though this is expected to change in the next 12 months, in favour of decision-making based on quantitative information and analysis.

The head of the Xerox Analytics Resource Center explains in this report why he finds it encouraging that respondents recognise a wide range of significant challenges in implementing their big data strategies. He sees a maturing field that takes big data seriously as a fundamental business practice. It is challenging because it has profound implications for every part of the business, calling for silos to be broken to act on new opportunities.

As big data grows in importance, and understanding of the challenges deepens, it's natural for businesses to seek help, and the survey shows that this is increasingly the case. Almost a quarter of respondents are already using a third-party systems integrator or consultant for big data projects, and a further 30% will be doing so in the next 12 months. Only 12% of respondents have no interest at all in considering third-party support.

Data Privacy: both Challenge and Opportunity

Although it doesn't jump out strongly from other challenges, data security & privacy is, as expected, at the top of the challenge pile. With cautionary tales abounding and new European data protection legislation on the horizon, we asked a Xerox expert to contribute to this report his views on what businesses should be doing about data privacy. The good news is that this is a classic example of a significant challenge hiding a major opportunity. Those that are quick to meet growing public concerns with innovative new privacy models stand a good chance of deriving strong competitive advantage.

Data-laggards Risk Falling (Further) Behind

It's still relatively early days for many firms when it comes to exploiting big data, and there are some key indicators that companies with less developed big data approaches need to move quickly to improve their big data capabilities.

The Data-laggards in our survey indicate that they are struggling more than others with big data fundamentals such as data quality. Of equal concern, their top business challenge is perceived to be competition between different lines of business rather than the threat from competitors or the challenge of creating customer and business insight to drive decision-making. In contrast, the Datarati are strongly focused on dealing with new and existing competitors, and on using big data to improve decision-making and business planning.

The majority of respondents agree that leadership lies in using analytics to provide truly novel services or to disrupt the competition through a new business model. Data-laggards, therefore, need to move quickly to develop more sophisticated big data capabilities that will let them shift their focus. If they don't, they risk discovering that while they've been dealing with internal competition, their more advanced competitors have developed innovative new services using the insights of big data analytics, and pulled even further ahead of them.



