

ANALYTICS and INNOVATION

BY JEAN-PAUL ISSON

“Innovation distinguishes between a leader and a follower.”

—Steve Jobs

In today’s highly competitive marketplace, innovation and analytics have become the key differentiators between leaders and laggards. Analytics and innovation help business leaders stay relevant and build competitive advantage, but there is more to be achieved.

Forward-looking companies have been stoking their innovations with analytics in ways which others would do well to emulate.

In this article we will discuss:

- ▶ The promise of innovation
- ▶ The promise of advanced analytics
- ▶ The intersection between analytics and innovation
- ▶ The common denominators of today’s most innovative companies



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THE PROMISE OF INNOVATION

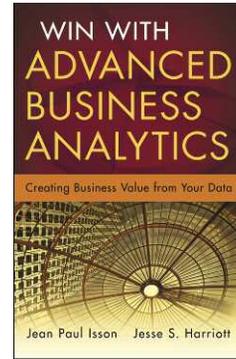
There are several definitions of how companies innovate, but the definition that we found very practical is the one from TED (technology, entertainment, design) conference founder Richard Saul Wurman. TED is an invitation-only event where the world’s leading thinkers and doers gather to find inspiration. When Wurman was asked about innovation, he said, “In order to innovate, one needs to add or subtract” to get a better product or service. According to Wurman, the only thing he did when he organized his first TED conference was subtraction. He took away panels, dress codes, politicians, and CEOs; long speeches, silos, and the podium. This helps to define innovation as the creation of better or more effective services, product technologies, processes, or ideas that are accepted by market governments and society at large.

THE PROMISE OF ADVANCED ANALYTICS

We define advanced analytics as analytics that start with a business goal or question, integrate disparate data sources together, create a prediction for the future, and subsequently take business actions with measurable results. Leveraged properly, advanced analytics can help companies compete and win in even the most challenging marketplace. By anticipating a variety of future events, advanced analytics helps companies acquire new business, retain existing customers and reduce cost and increase profitability.

Analytical insights help organizations create economic value from their data. Applications of advanced analytics are not limited to business challenges but can also be used in health care to save lives by predicting the spread of a given disease, in financial service to detect fraud, and in human resources to effectively harness talent:

- ▶ Talent acquisition
- ▶ Talent retention
- ▶ Workforce planning
- ▶ Talent management and development, helping organizations to create economic value



Advanced analytics offer two major areas of innovation: big-data intelligence integration and predictive analytics.

INNOVATION WITH BIG-DATA INTELLIGENCE INTEGRATION

In today's business environment, companies are inundated with big data. Moreover, analyst firm Gartner predicts data will grow 800% during the next five years, 80% of which will be unstructured data. That big data is from multiple sources, including market data, chat and email data, sensor data, web data, servicing data, warranty claims, social media data, mobile data, and call-center data, just to name a few. Big data represents challenges to some but also offers opportunities for innovation to forward-looking companies.

Data intelligence from multiple sources, intelligence integration, or data convergence is the lifeblood of innovation in analytics. Cutting-edge companies are leveraging ways to understand, explain, and predict customer behavior by combining site analytics with social media analytics, mobile analytics, predictive models powered by text analytics, customer buying behavior, information captured via CRM systems, information gathered via conversations with the service team, email exchanges, customers' site reviews, site behavior, and social media behavior. This integrated data offer comprehensive customer intelligence that enables fast and innovative customer-centric activity. Critical information can also be delivered via mobile devices to ensure decision makers can quickly leverage findings when addressing issues and opportunities.

Amazon is a premier online shopping destination. Its customer rating system is top-notch, providing an easy-to-use application for its customers to review and comment on its products and service levels and those of partners.

Amazon's authoritative and comprehensive product reviews also attract repeat business and links to ratings from other sites. Through registration and log in, as well as tracking cookies, Amazon is able to assist its customers with order status, product-interest lists, possible related products, and services of interest, improving ease of purchase.

Monster is the worldwide leader in successfully connecting people to job opportunities. From the web to mobile, to BeKnown on Facebook, Monster helps companies find people with customized solutions using the world's most advanced technology to match the right person to the right job.

Semantic search technology goes far beyond traditional keyword search, saving time and increasing productivity, allowing recruiters to see résumés in less time with unprecedented hiring efficiency by providing faster access to better qualified candidates. SeeMore, the world's first cloud-based semantic search and analytics recruiting platform, allows companies to search

all of their talent pools in one place and to identify and rank the best potential candidates quickly by reading the résumés with a recruiter-like understanding of skills and qualifications. SeeMore enables employers to efficiently and cost effectively find and match talent identified from a wide range of sources from existing and incoming talent pools.

With SeeMore, companies move beyond talent sourcing to talent management, using analytics for more strategic workforce planning.

PREDICTIVE ANALYTICS

Today's new data sources provide additional information, such as customers' social media activity, web behavior activity, customers' comments, feedback mail, blogs, reviews, and opinions to enrich the existing models create new models based on these new types of data.

To be able to innovate, companies need to analyze their performance in the recent past and the present and then also be able to anticipate the future. When organizations understand where they came from and how they are performing today, they can better plan for the future. In addition to understanding their markets, products, customer service, and technological capabilities, companies must also understand the competition. Advanced analytics easily handles those complexities and provides actionable insights for acquiring new business, retaining existing customers, reducing costs, and increasing profitability.

INTERSECTION BETWEEN ADVANCED ANALYTICS AND INNOVATION

Analytics provides key insights to the two primary steps of the innovation process:

"AS IS" analysis. This is an overview that is covered through three major questions analytics seeks to address: What happened? What is happening? Why is it happening?

"TO BE" analysis. This is an overview that is covered via analytics' fundamental question: What should we do, knowing what will happen? Here, analytics paves the way to innovation by anticipating the future and determining what needs to be done to ensure that the company's new products and services meet customer needs and provide a groundbreaking competitive edge.

Analytics fundamentally aim to address business challenges by providing insights and meaning to key business questions. Analytics' main objectives typically revolve around addressing the key questions of what happened, what is happening, why this is happening, and what will happen. Once you apply these questions to your product, service, customer base, employee population, or channel strategy and compare yourself to the competition, innovative ideas are likely to result, as you spot what to "add" or "subtract" in order to differentiate your company from the competition and ultimately wow your customer and the market.

Gaining a deep understanding of these areas is achieved through advanced analytics. *MW*

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