

The Rules of the Game Are Changing

Companies are tapping new sources for better customer insight

Peppers&Rogers Group
Managed Analytics

Recent advancements in analytical and modeling capabilities are making customer data more valuable to the marketing department than ever before. As a tool to understand customer value and behavior today and in the future, analytics help companies exceed their target revenues through strategic customer acquisition, retention and growth efforts. But how does a company manage its analytics effort?

The outsourcing option:

A growing number of business executives are considering outsourced options to manage and execute customer analysis, advanced analytics, and even analytics strategy. Here are some of the reasons:

- **Cost:** Tighter competition and investor scrutiny has put pressure on companies to look for more cost efficient alternatives.
- **Global interconnectivity:** Improvements in technology and communications systems allow the integration of a high-skilled, low-cost workforce with an organization's analysis process, no matter where in the world that workforce is located.
- **Acceptance of outsourcing:** An increased cultural acceptance of research/analysis outsourcing encourages companies to focus internal resources on core competencies and explore outsourcing for the analytics.
- **Shortage of skilled analytics professionals:** According to Forrester, through 2008, 25% of CRM projects in the U.S. are estimated to be canceled or postponed because of the skills shortage.

Right-Sourcing strikes the right balance:

The Right-Sourcing model balances between internal resources and out-sourcing. It takes the best of both worlds, combining the right internal talent with value added consulting services, and then introducing cost effective outsourcing processes into the picture.

What next?

Before engaging any external help, companies should first determine their current analytics

How do you structure your organization?

There are many ways to structure an analytics organization. Which is right for you?

	Benefits	Challenges
In-House	<ul style="list-style-type: none">• Stability• Control• Lower Risk	<ul style="list-style-type: none">• Expertise can be hard to find locally• May require a long ramp-up period• High resource management cost• Requires special management practice• Possible distraction from core duties
Outsource	<ul style="list-style-type: none">• Broad range of analytics experience• Often provides cost efficiency• Flexibility/Scalability• Best practices/Innovation• Longer work hours	<ul style="list-style-type: none">• Insufficient knowledge about business may cause inefficiencies• Project-based engagements require ramp-up period• Communication and data security issues• Resource turnover
Right-Source	<ul style="list-style-type: none">• Increases ability to understand, translate and activate strategies that meet business needs• Leverages competencies where they are the most developed and sophisticated• Supports efficient communication and knowledge-sharing• Reduces ramp-up time and leverages existing relationships• Provides cost efficiencies from resource flexibility and standardized processes	

profile and focus on how they can leverage a provider to improve their position. Other critical steps:

- **Identify your analytics champion.** A senior level executive should be accountable for analytics investment and results.
- **Find the right partner.** Look for a partner with relevant industry, market and technical expertise while considering the skills of remote contributors—particularly evaluate time, language and geo barriers.
- **Balance internal and external resources.** Good project management skills and basic analytic capabilities will help all involved foster day-to-day working relationships and proper evaluation of quality outputs.
- **Understand the short-term and longer-term need.** Take the time to look at the big picture so that you chart a course that makes sense. Initial investment to define the need and intended long-term relationship will serve both the customer as well as the potential vendor.
- **Define, monitor and continually measure progress.** Smart companies define traceable progress metrics and ensure deliveries are on track from a quality and quantity

perspective as well as contribute to the bottom line.

Applying high-end analytics in the decision-making process to outperform the competition has never been more urgent than today. Tighter competition, economic fluctuations and investor scrutiny has put more pressure on companies to look for more cost efficient alternatives. Improvements in technology and communications systems allow the integration of a remote high-skilled, low-cost workforce with an organization's analysis process. Companies that quickly tap this new, cost efficient and scalable source will certainly have an edge over the competition. ■

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Also, View our recent webinar
"Have You Looked at Your Data Lately?"
<http://www.1to1media.com/links/ManagedAnalytics.html>