



7 Key Metrics

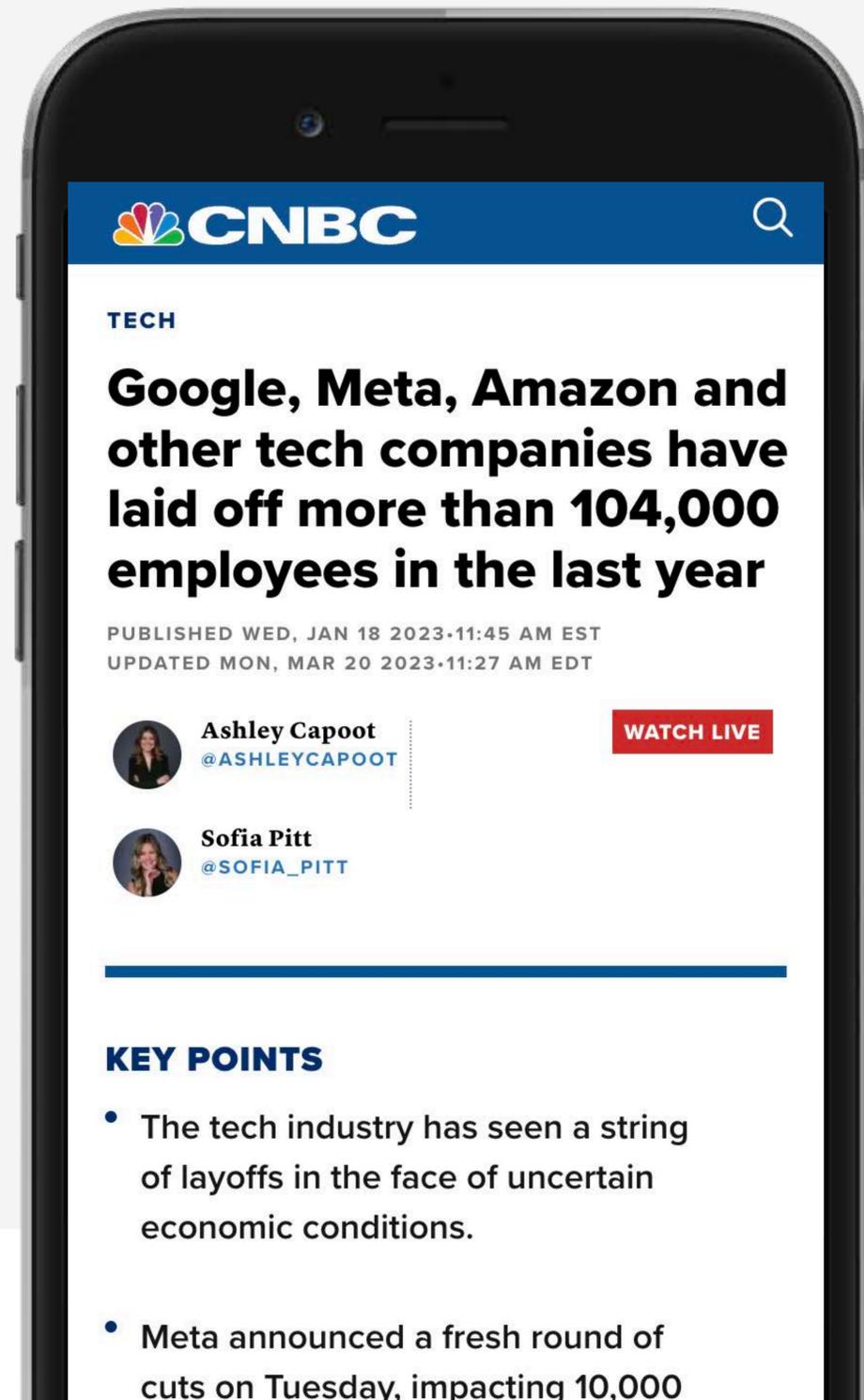
to measure the value of analytics

Ibrahim Elawadi
2023

HI, I'M IBRAHIM

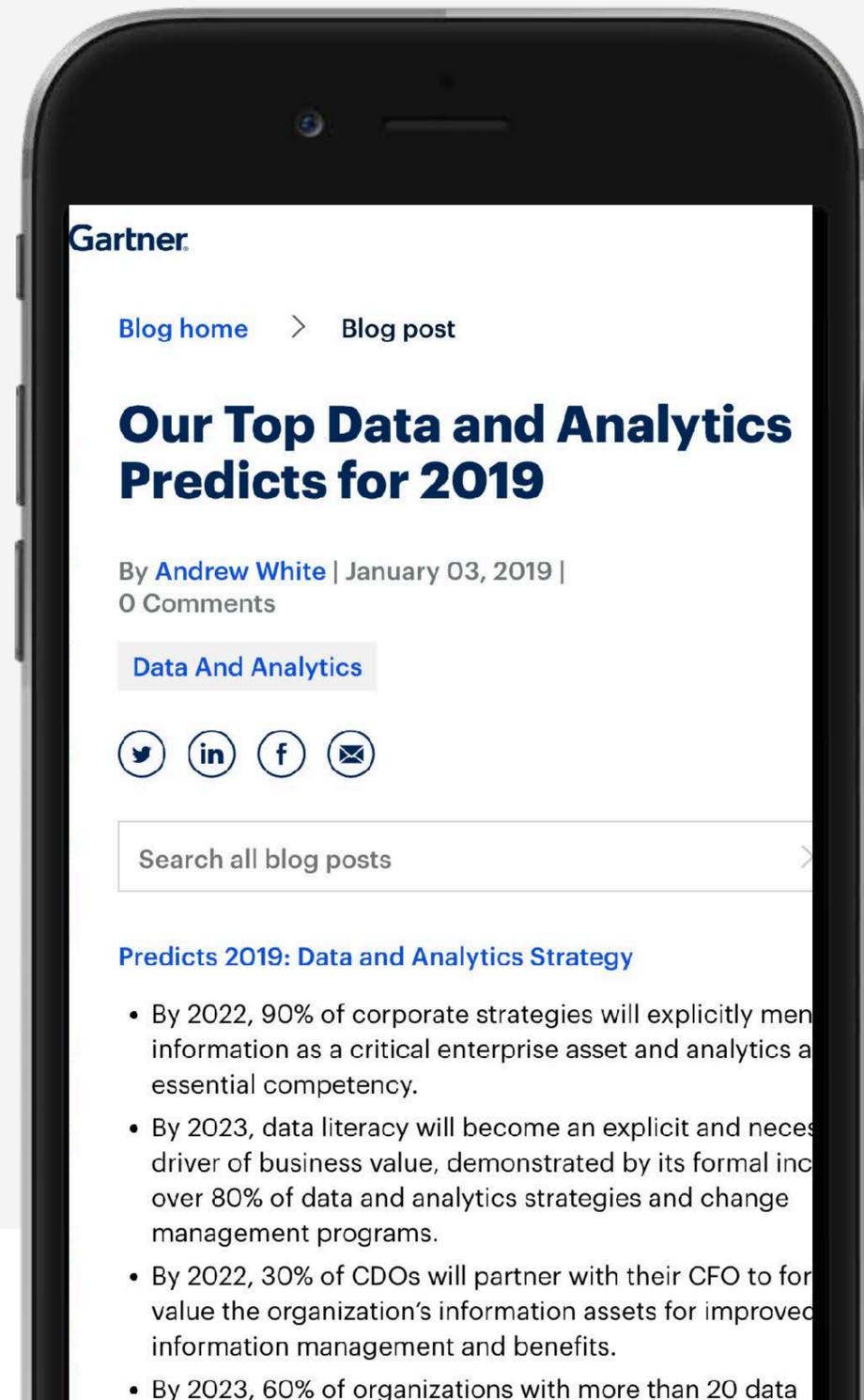
- Director of Media and Marketing Analytics for Health Systems @ Philips
- +25 Years in Digital
- From Software Development, to Marketing, to Marketing Analytics & Data Science
- BS in Electronics Engineering, MSc. In Marketing
- Entrepreneur





IN TIMES OF UNCERTAINTY **COST** **CENTRES ARE THE** **FIRST BUDGETS TO BE** **CUT**

Do you see Data and Analytics as a cost center?



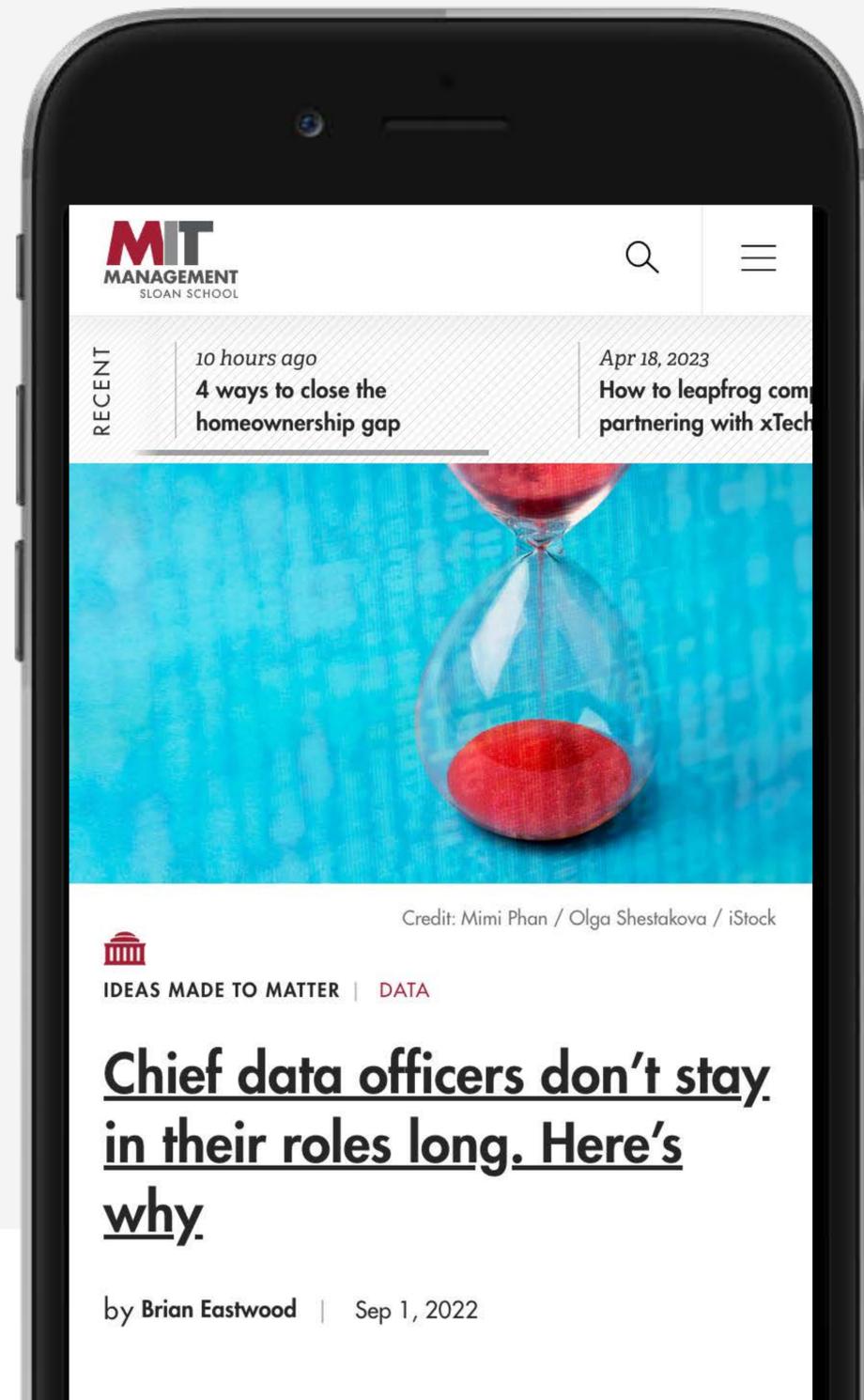
ONLY 20% OF ANALYTIC INSIGHTS WILL DELIVER BUSINESS OUTCOMES

According to Gartner, 85% of Machine Learning (ML) projects fail. According to TechRepublic, 85% of AI projects eventually fail to bring their intended results to the business.

Gartner 2018 & 2019

Predicts 2019: Data and Analytics Strategy

- By 2022, 90% of corporate strategies will explicitly mention information as a critical enterprise asset and analytics as an essential competency.
- By 2023, data literacy will become an explicit and necessary driver of business value, demonstrated by its formal inclusion over 80% of data and analytics strategies and change management programs.
- By 2022, 30% of CDOs will partner with their CFO to formalize value the organization's information assets for improved information management and benefits.
- By 2023, 60% of organizations with more than 20 data



RECENT SURVEY OF
LARGE COMPANIES
SHOW THAT **83%**
REPORTED HAVING A
CDO. **62%** OF THEM
REPORTED THAT THE
CDO ROLE IS **POORLY
UNDERSTOOD!**

40% of executives said the CDO role is successful and established within their organization.

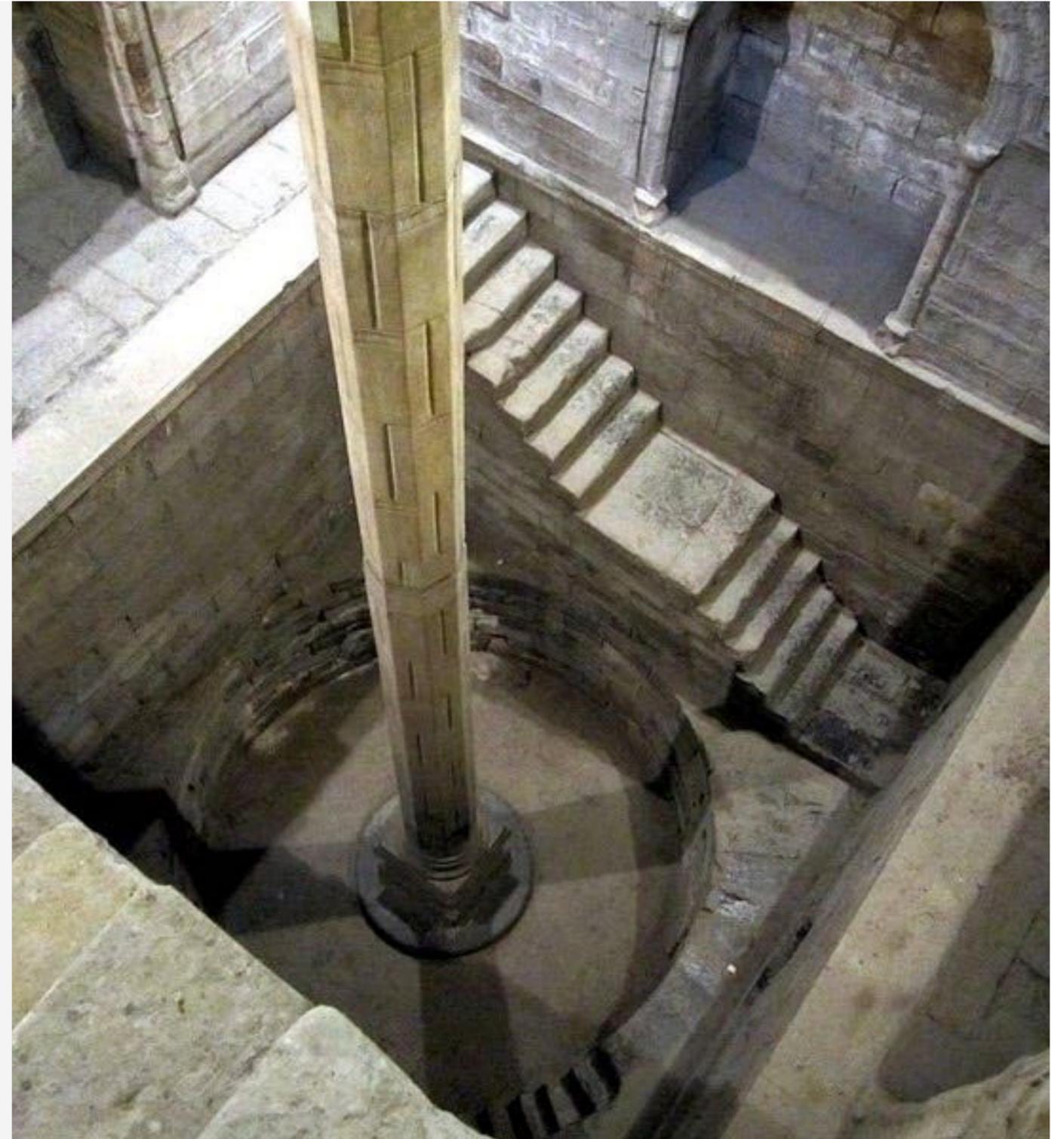


What is Analytics?



THE NILOMETER

- Consists of a well or a shaft with marked levels.
- Predict the success of the coming harvest.
- Used to set the tax rate for the coming year.



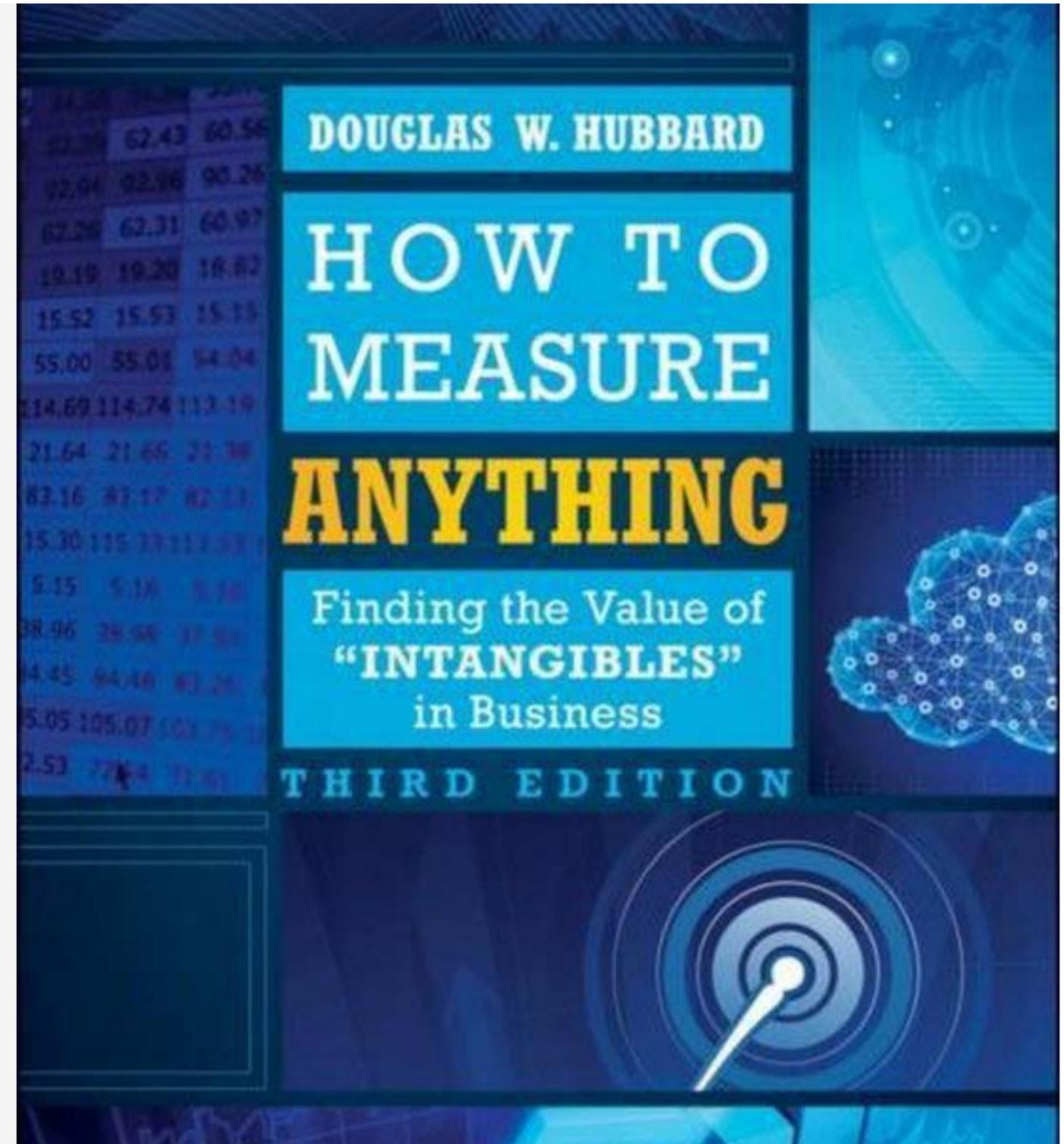


ANALYTICS

Interpretation of reality to inform decisions.

“IN THE CONTEXT OF MANAGEMENT, IF A MEASUREMENT MATTERS AT ALL, IT IS BECAUSE IT MUST HAVE SOME **CONCEIVABLE EFFECT ON DECISIONS AND BEHAVIOR**. IF MANAGERS CAN'T IDENTIFY A DECISION THAT COULD BE AFFECTED BY A PROPOSED MEASUREMENT AND HOW IT COULD CHANGE THOSE DECISIONS, THEN THE MEASUREMENT SIMPLY HAS NO VALUE.”

- DOUGLAS HUBBARD

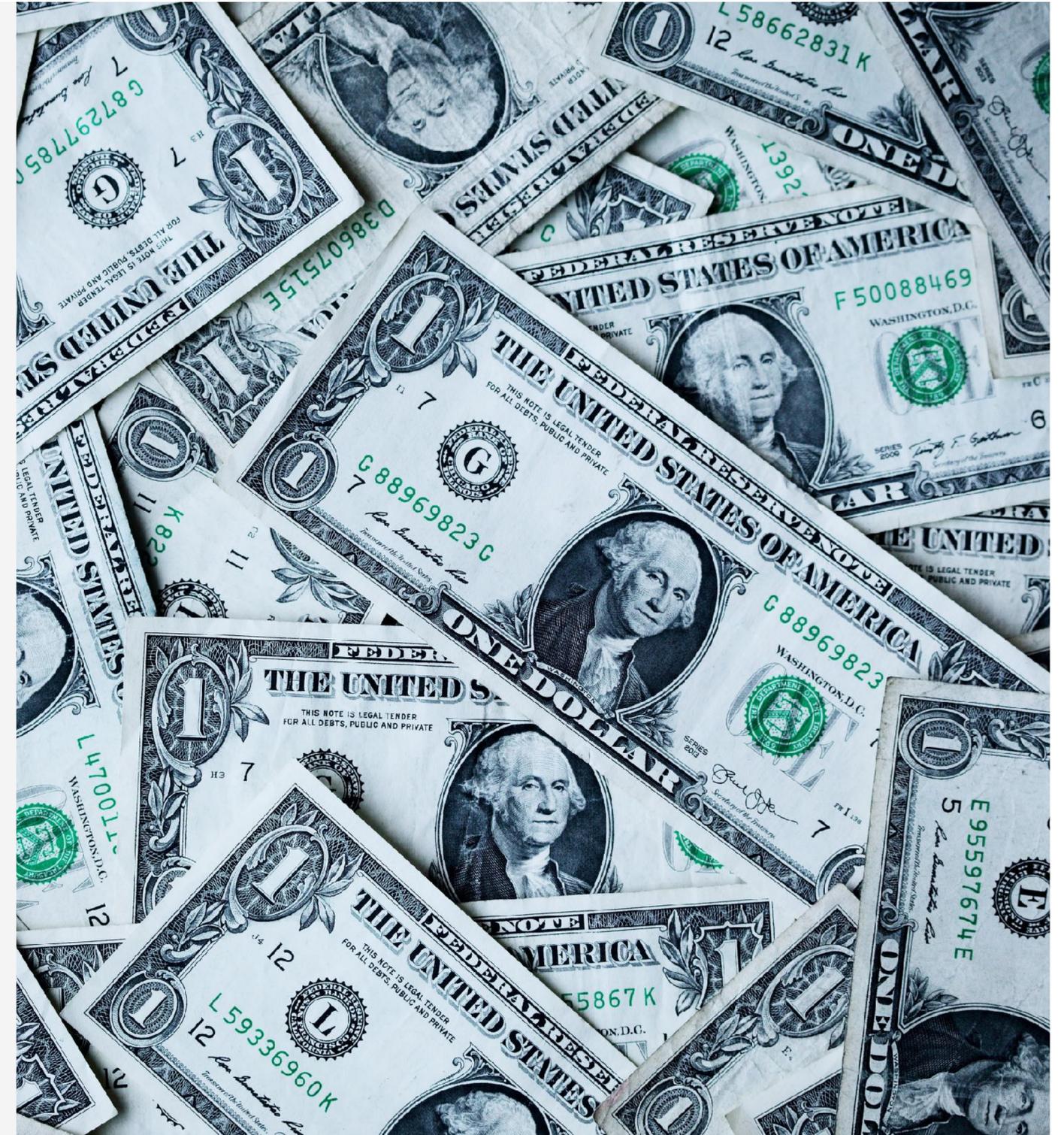


EFFECTS

Often linked to economic benefits, and often
Improve revenue or profitability.

Direct

Touched



COMPONENTS OF VALUE

01

Increased Revenue

02

Reduced costs

03

Marketable Information

MEASURING THE TANGIBLE VALUE

01

Total cost of ownership

Sum of all the costs associated with the project.

02

Return on investment

Measure the efficiency of an investment. It is calculated by dividing the net profit or gain from the investment by the cost of the investment,

03

Payback

The length of time required to recoup the cost of an investment.

04

Net Present Value

Calculate the present value of an investment's expected future cash flows, discounted back to their value today. > Magnitude

Net present value formula

$$NPV = \frac{R_t}{(1+i)^t}$$

R_t = net cash flow at time t
 i = discount rate
 t = time of the cash flow

INSIDER

05

Internal Rate of Return

The rate at which the present value of an investment's future cash flows equals the initial investment cost. > Rate of return

Financial metric > common vocabulary that everyone understands.

INTANGIBLE EFFECTS

Subjective, and often difficult or impossible to measure

Indirect

Anecdotal



MEASURING THE INTANGIBLE VALUE

Subjective, and often difficult or impossible to measure

01

Strategic Value

Connecting analytics outcomes with strategic values

02

Time savings

Cost-saving in term of time saved

03

Ease of decision making

Insights quality and availability to decision makers

ADVANCED ANALYTICS PATH: THE ANALYTICS CONTINUUM

Descriptive Analytics

What happened?

- Hindsight
- Primary source for management
- Effectiveness of marketing

Diagnostic Analytics

Why did it happen?

- Collect, analyze and interpret historical data
- Delay in decision making

Predictive Analytics

What will happen?

- Modeling, simulation and forecast.
- Patterns and relationships
- Achieve set objective based on simulation of historic data

Prescriptive Analytics

What actions should be taken?

- Suggest actions to achieve desired results.
- Increase efficiency of decision making

Cognitive Analytics

Machine Intelligence

- Real-time analytics > customer's behavior patterns and context

BUSINESS CASE

Organisational priorities

Stakeholders

**VALUE
CREATION**

**VALUE
STORY**

**VALUE
REALIZATION**

**TANGIBLE
VALUES**

**INTANGIBLE
VALUES**

RETURN ON INVESTMENT

Revenue Impact

Operational Efficiency

**INSIGHTS TO
ACTION**

**TIME TO
INSIGHTS**

**ADOPTION
RATE**

**VALUE
REALIZATION**

**CUSTOMER
SATISFACTION**



KEY METRIC TO MONITOR: **INSIGHTS TO ACTION**

How long does it take to act on insights?

01

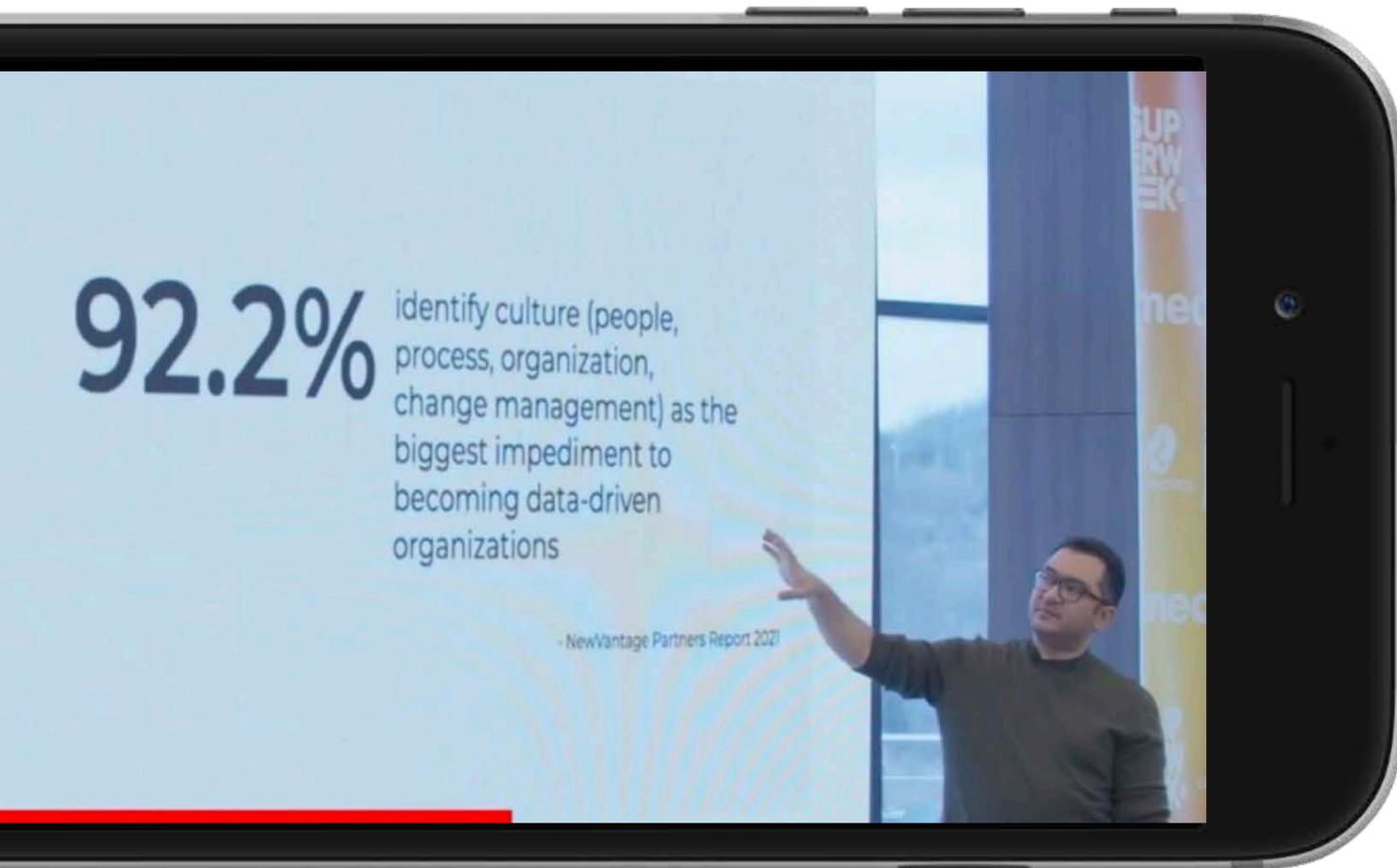
Action Rate

02

Time to Action

03

Outcome Tracking



92.2%

point to **culture** as the greatest impediment to being data-driven.

- NewVantage Partners Report

DATA LITERACY AT THE CORE

The ability to **argue with data**: Interpret data, communicate through data and turn data into action.

01 Training Completion

Completion rates, test scores, or other performance metrics

02 Usage Metrics

Use of data tools and platforms within your organization including **self-service analytics**

03 Qualitative Feedback

Interviews, focus groups and surveys

THANK YOU!

