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Amid coronavirus uncertainty, analytics should remain an enterprise priority

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The impact of coronavirus is rapidly disrupting the business world, causing enterprises in multiple industries to rethink their strategic plans. In these uncertain times, the importance of data and analytics has arguably never been greater.

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S&P Global Market Intelligence

Introduction

The impact of the COVID-19 outbreak is being felt by almost every individual and every company in every region of the world. The disruption to global trade is unprecedented. The data from our Voice of the Enterprise: Digital Pulse, Coronavirus Flash Survey March 2020, which we conducted with over 800 technology decision-makers, showed that as a result of the outbreak, more than half of enterprises expect to experience a major disruption to their business (such as inability to repay debt or deliver services, or the loss of a major client) within six months. Because the survey was conducted before the full impact of travel and work restrictions kicked in for many respondents, that may turn out to be an optimistic view.

The outbreak is causing enterprises in all industries to rethink their priorities. This is likely to have significant implications for the business intelligence and analytics sector, which our surveys have shown to be the highest priority technology for two consecutive years. Even as companies in the industries most affected by coronavirus cut back on non-essential spending with a view to staying afloat, analytics is arguably more valuable than ever in shaping the strategic decision-making that will ensure their long-term survival, while businesses in other industries and governments alike are turning to analytics to understand how best to respond to the challenges posed by the current disruption.

451 TAKE

The use of data and analytics is already a key differentiator between leaders and laggards across multiple industries. The current coronavirus crisis, and the way in which enterprises respond to it, will likely exacerbate the distance between the ‘haves’ and ‘have-nots.’ The scale of the disruption is unprecedented, but we can see lessons from history in the impact of Prohibition in the US. Organizations that were not well-funded or nimble enough to convert their operations away from alcohol-related activities quickly collapsed, while those that were able to rapidly transform their business models survived. While we anticipate increased spending on some technologies such as employee communication/collaboration technologies, analytics, and in particular products and services that deliver real-time insight, is also a prime candidate for increased usage and investment. In today’s data-driven economy, it will be those companies that make the best use of analytics to drive transformation efforts that will outlast the coronavirus crisis.

Data and analytics: priority #1

The coronavirus outbreak is causing many companies to accelerate their transformation efforts in ways that would not have been thought possible just a few weeks ago. 451 Research has already outlined some of the implications in areas such as payments, security and workforce productivity. The scale of the disruption is huge, not least in industries most directly affected such as travel and events. Our coronavirus survey illustrates that the impact is already being seen in terms of reduction in staff hiring, labor spending, geographic expansion and product rollouts.

While 57% of respondents were expecting increased strain on their internal IT resources (at the time the survey was conducted), interestingly, 34% of respondents were expecting to spend more on IT resources and assets in response to the outbreak – and the proportion of respondents expecting to increase their spending on IT actually doubled while the survey was in progress, from 20% of respondents on March 10/11 to 40% of respondents on March 18/19.

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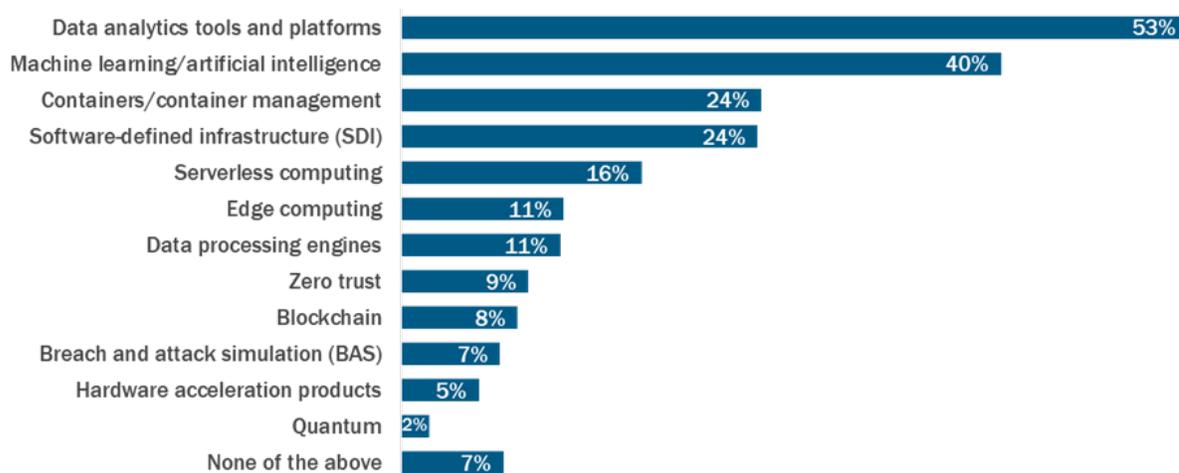
Some of the key areas for increased spending include employee communication/collaboration technologies, mobile devices, network capacity and security software, as enterprises adjust to a workforce that is predominantly being required to work from home.

Another potential area for investment, or at the very least increased usage and activity, is data and analytics tools, which respondents to 451 Research's *VotE Digital Pulse: Budgets and Outlook* survey rated as the highest priority technology for 2019, having previously selected business intelligence/analytics as the highest priority for 2018.

Additionally, 53% of *VotE Digital Pulse: Budgets and Outlook 2020* respondents also named data and analytics tools and platforms as the technology with the greatest game-changing potential for their organization over the next three years, placing it ahead of machine learning/artificial intelligence, containers/container management, software-defined infrastructure and serverless computing.

Figure 1: Technologies with the greatest game-changing potential

Source: 451 Research



Sample Size = 423

Base: Use or plan to use any of the specified technologies

Data from our *Voice of the Enterprise: Data Platforms and Analytics* surveys illustrates why data and analytics is held in such high regard: while 83% of all respondents to 451 Research, *Voice of the Enterprise: Data Platforms and Analytics 1H19* agree that their organization's data platform/analytics initiative(s) to date have been successful, that figure rises to 95% of the most data-driven companies (those making nearly all strategic decisions based on data), compared with 59% of the least data driven.

The results also indicate that there is a clear correlation between high and low levels of digital transformation readiness and high and low levels of data-driven decision-making as 94% of digital transformation leaders agree that their organization's data platform/analytics initiatives have been successful, compared with 62% of digital transformation laggards.

Reacting to disruption

The coronavirus crisis is causing enterprises to rethink almost everything, but the importance of analytics is not, and should not, be one of those things. The key benefits of being more-data driven include improving existing or developing new products and services, followed by lowering costs and enhancing customer service and engagement. Those benefits remain, although their importance will differ for organizations depending on the level of impact of coronavirus.

Enterprises in industry sectors significantly directly negatively affected by COVID-19, such as travel and tourism, events and hospitality, and offline retail (excluding grocery)

Companies in this category are having to cut non-essential spending, which would include spending on new business intelligence and analytics projects. However, these companies also need to analyze the potential impact of COVID-19 on their ability to develop contingencies to either survive as they are or evolve rapidly to address emerging opportunities, and they will be leveraging existing business intelligence and analytics resources to do so.

Enterprises in industry sectors that are less negatively affected by COVID-19 (such as financial services, grocery, online retail, utilities, telecommunications and manufacturing)

In these sectors, there is a case to be made for the increased use of analytics software and services to understand evolving customer behavior, supply chain changes and workforce planning. Retail provides some clear examples of how enterprises currently need analytics more than ever to understand and respond to previously unforeseeable changes in customer (as well as supply chain and workforce) behavior.

In the UK, the John Lewis Partnership premeditated government advice by shutting all its department stores and redeploying employees to its online business and Waitrose grocery stores. Decisions of this magnitude cannot be made without analyzing the requirements and implications.

Meanwhile in the US, Walmart's EVP of corporate affairs disclosed recently that the company is seeing increasing sales of 'tops' (such as work shirts) but not 'bottoms' (such as trousers or skirts) as people's clothing requirements adjust to the need for fewer in-person and more online meetings. Again, this has implications for customer engagement and supply chain strategies that need to be fully analyzed.

The case for acceleration

Analytics products that have a real-time focus will become more important because rapid, erratic and unpredictable conditions call for up-to-the-minute analysis and the use of technology that can help improve trust in data and other assets and remove inefficiencies from business processes/interactions will also become more important.

Additionally, while the outcome of analytics processes is naturally often the focus of attention, the foundational role of data management and governance should also be considered. In the VotE: Data & Analytics, 2H19 survey, 72% of respondents agreed that data governance is seen as an enabler of business value rather than a cost center at their organization. While businesses shouldn't slow down their investments in analytics, those investments will ultimately have low return on investment if underlying data management practices and technology are not robust.

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Most enterprises will be wary of investing in new analytics products and services at this time and can be expected to leverage existing investments in analytics products and services to respond to these evolving requirements; however, the need for rapid responses to changing requirements might also see demand for shorter-term contracts and experimental projects that enable access to specific functionality to provide the business with what it needs now.

In the longer term, we expect accelerated investment by leading-edge companies in new data and analytics projects as travel and work restrictions begin to be relaxed and business shows signs of returning to normal, while forward-thinking companies will already be investing in AI-driven data science modeling to assess when that might be.

Industry sectors that are at the front line of responding to the coronavirus pandemic (such as government, education, healthcare, pharmaceuticals and research)

That accelerated investment is already underway for organizations at the front line, where we are seeing not only increased use of data and analytics but also investment in new data and analytics projects to understand and model infection patterns, develop vaccines and treatments, and understand the ramifications.

A prime example is the UK's NHS, which has announced a new initiative through its NHSX transformation program to create a new single COVID-19 data platform designed to combine all relevant data from across the NHS, social care and partner organizations to drive dashboards aimed at providing government decision-makers with real-time data on the spread of the virus and the capacity of the healthcare system to cope.

Many of these accelerated investments will be necessarily short term, and the NHS project is specifically designed to last only until the outbreak is contained, with agreements in place with the suppliers (Microsoft, Google, Palantir, Amazon Web Services and Faculty.ai) to destroy or return the data as the current emergency abates. However, there is also a commitment to learn lessons from the project that can result in long-term improvements to data collection, aggregation and analysis.

Similarly, as life eventually begins to return to some form of normality, ongoing long-term investment in analytics and modeling projects can be expected from both businesses and government and healthcare agencies alike as they look to prepare for and mitigate against the potential for similar scenarios in the future.