

Digilytics: Harnessing untapped data value for business gain



What is Digilytics?

Digilytics is the organisational capability to harness data, generated internally and externally, to improve revenue and efficiency.

Traditionally, capability development focuses on improving planning and control within organisations. Digilytics, on the other hand, leverages significant improvements in the ability to generate, capture, store and analyse data, and focuses on co-relating data generated in different parts of the organisation, to make serendipity repeatable. It creates an enterprise-wide capability to act on rigorous insights generated in near real time.

Seventy-one per cent of banking and financial market firms report that the use of information creates competitive advantage for their organisations. Digilytics helps your organisation leverage this opportunity by building the capability to harness best use of your data assets.

What drives revenue growth in retail financial service providers ?

The key drivers of revenue growth in the retail financial services sector are based mainly on deepening customer relationships by unlocking the insights in the data gathered, to understand customers better.

Companies gather a very large amount of data such as KYC data for risk and regulatory purposes, which is seldom actively co-related with the data collected for distribution purposes such as customer relationship data, to provide deeper insights and better service. Relationship managers will benefit significantly from Digilytic analysis derived from co-relating KYC data, customer relationship data and market events that impact their clients' investment portfolios and strategy.

Amazon reported 35% of its sales came from cross-sells. The introduction of 'Customers who bought this item also bought' and 'Frequently bought together' is nothing short of cross-selling genius.

Further, the size and scope of the financial industry's customer data is growing, together with a substantial growth of unstructured external data. Combined, this will emerge as an important source of customer insight, which will drive revenue growth. This is one of the areas that benefits significantly from leveraging Digilytics.

How can Digilytics help?

Digilytics helps deliver holistic insights, improves customer-centric outcome and optimises return on equity.

How does it do that? For a start, by inter-linking data across the organisation and the department silos generated by various sources such as KYC data, customer relationship data, including transaction data (information on the products and services chosen, fund transfers and payments performed), log data (service requests raised) and interactions with the bank. As a second step, Digilytics extends the co-relation to data generated externally such as market events data, macro-economic data and social trend data. New insights are then derived to understand customer needs and anticipate future behaviours such as:

- What is the impact of this transaction or market event for my customer?
- What is the likelihood of the customer leaving?
- How do I get my least profitable customers within a segment to become among the most profitable?

The wealth management division of a top US bank appended current customer data with demographic, psychographic, behavioural and financial variables, and increased its rate of customer acquisition by 39% more than the previous year and the average client deposits were 63% larger.

What can financial services companies do?

Business practices within financial services organisations need to focus on Digilytics.

- Business leaders need to rely on rigorous data analysis as well as their intuition and organisational experience.
- Organisations need to break down silos of data and analytics in a way that can survive organisation structures and multiple re-drawing of boundaries.
- Insights are frequently detailed and technical, and need to be translated into executive mandates for action.
- Organisations need to invest in, upgrade to and leverage the latest advances in technology, to shift from enabling planning and control to enabling Digilytics.

Wonga have fully automated risk processing for loans, based on advanced heuristic analytics across myriad of dirty data sources. Data collection and learning is the primary focus. Wonga has lowered default rates from 10+% in 2009 to 7% in 2013.



- Organisations need to set up centres for upgrading and re-purposing Digilytics talent that is often fragmented, so as to make use of the newest developments in analytical techniques.

Seventy-five per cent of companies surveyed globally say they will increase investments in data analytics within the next year!

- Establishing leadership vision and generating leadership momentum around Digilytics.
- Working around organisational structures and processes, to harness data across silos.
- Leveraging recent advances in Digilytics technology, to underpin Digilytics capability.
- Upgrading and re-purposing Digilytics

Digilytics Transformation Framework

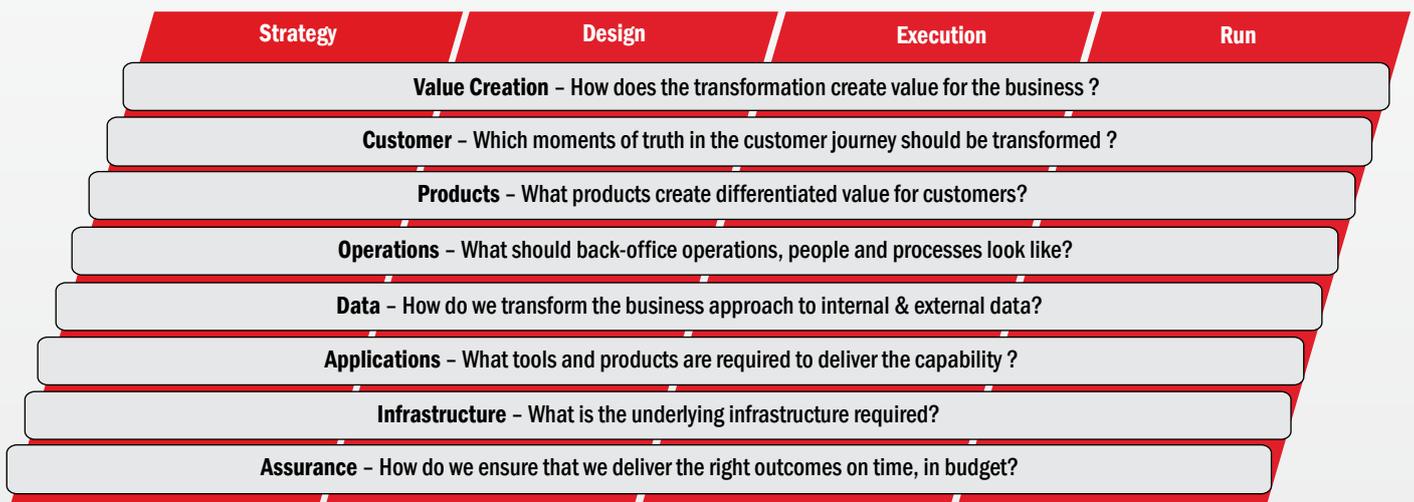
This framework allows organisations to take a structured approach to developing an enterprise-wide Digilytics capability and improving business performance.

Digilytics Transformation is based on the core principles of:

- Establishing a clear link between Digilytics and business gains.

Towards transformation through Digilytics

Baselining where you are on the Digilytics maturity curve and establishing a vision for Digilytics are, typically, sound ways to begin. Identifying quick wins through which Digilytics can deliver near-term business gains helps build momentum.



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