

Capitalising on the art & science in decision making: *Exploring the agenda for big decisions in 2014-15 and the process that business leaders will go through in making these decisions.*

Gut & gigabytes

Asia Pacific insights



Insights on Asia Pacific from PwC's Global Data & Analytics survey: Big Decisions

The global balance of economic power has been shifting from developed to developing countries. As this trend continues, it will have an increasing impact on where growth opportunities arise for companies – and on where they invest to capitalise on those opportunities. These big decisions can make or break industries, economies, companies and careers. That is why the Economist Intelligence Unit, sponsored by PwC, choose to put a spotlight on how decision making is evolving in this data rich era.

In this paper we focus on the insights for Asia Pacific organisations and those companies interested in investing in the region.



So how does Asia Pacific differ from the rest of the world?

PwC's Global Data & Analytics Survey: Big Decisions shows that Asia Pacific executives are acutely aware of the key industry trends affecting them. In order, the top three issues are regulatory changes, a shift in consumer spending behaviours and technology-driven changes. This contrasts with other regions, where operating costs are more of a priority.

There seems to be a clear recognition amongst Asia Pacific survey participants that their customers are changing and with that comes a need to understand consumer trends and behaviours at a more granular level.

Given the correlation between consumer affluence and technology take up, the rising power of the Asia Pacific consumer is likely one of the root causes of Asia Pacific's higher focus on technology and consumer behaviour.

In this Asia Pacific review we describe the status of a number of key countries and the region overall. We use the generalised term Asia Pacific with reservations – there are few regions in the world more diverse. The mix of size, growth trajectory, and market dynamics means one size definitely does not fit all.

There are some great examples of data-driven decisions taking place in this region as referenced in the global report. Asia Pacific results accord with the Global findings, however there are some key points of difference. The results overall indicate more confidence about the data driven decision making abilities when compared to peers in other regions, notably North America.

Based on the mix of responses, including Asia Pacific concerns with putting data into action, we would suggest an opportunity exists to explore areas of improvement for evidence based decision making.

A clear message from the survey is that there is considerable opportunity in Asia Pacific for those who make best use of data and analytics and that there is a risk to those who assume they are on top of this trend. For use of data in big decisions, we would suggest hyper vigilance is a healthy position to take in organisational culture.

Five facts lead us to this conclusion:

“One of the challenges of digitisation is the large volumes of data created. Big data is a loose term that in many ways describes the by-product of digitisation. The challenge as ever, is to use that data to make more informed decisions. To recognise it as a point of view, a new and potentially better lens”

John Studley, Data & Analytics Partner, PwC Australia

Fact one

The Asia Pacific respondents reported that their biggest decisions are focused on adapting to technology and changes in consumer behaviour.

Regulatory change and consumer spending clearly dominate the C-suite agenda both Globally and in Asia Pacific. However beyond that, the rest of the world is more focused on threats to margin whereas the other issue in the top three for Asia Pacific is technology (see figure 1).

Asia Pacific shares this with Africa and Eastern Europe whereas North America's clear third priority is skills shortages. Within the region, India/Sri Lanka are much more concerned with technology driven changes and new market entrants (both 43%) compared to 32% and 22% for the Asia Pacific region as a whole. More than 50% of South East Asian executives cite shift in consumer spending as a major business issue, compared to 34% in the Asia Pacific region overall.

PwC's perspective: We understand that each country and sector are facing different pressures. However the common denominator appears to be technology enablement and disruption to markets from new technologies combined with changing consumer habits. Asia Pacific respondents indicated concern at being able to put data driven insights into action, so it's not surprising that they are anxious about the competitive threat this creates.

39% of China executives have identified that their biggest barrier to using data and analytics in the decision making process is data overload.

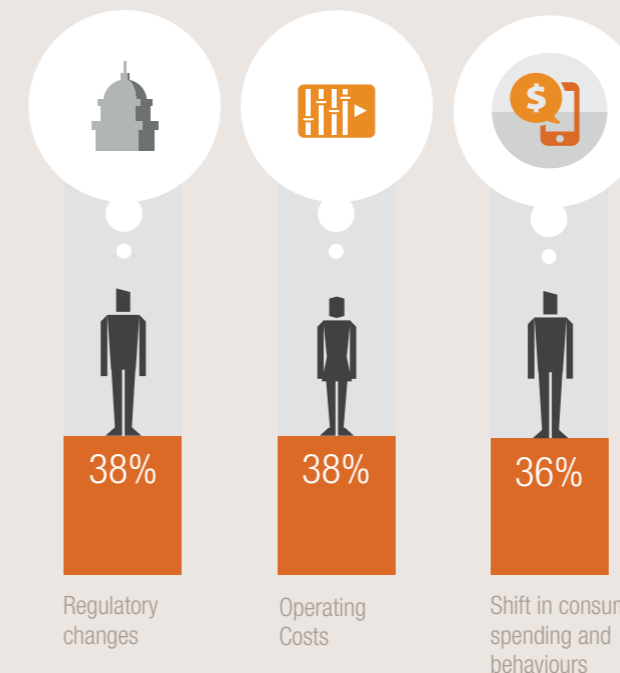


Figure 1

Question 2. Which industry trends are influencing the agenda for big decisions at your organisation?

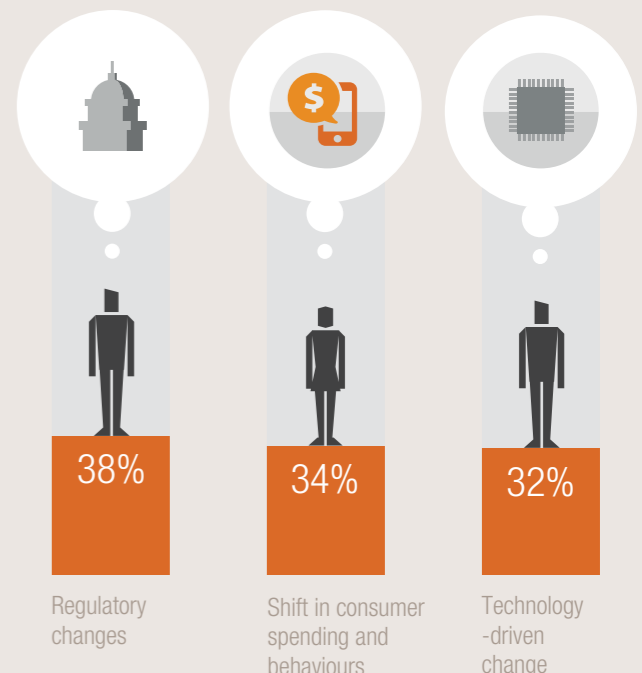
Global

Top three industry trends identified by respondents

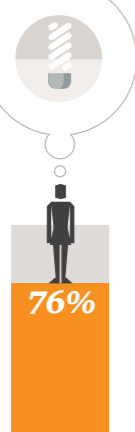


Asia Pacific

Top three industry trends identified by respondents



76% of Asia Pacific respondents from the Energy, Utilities and Mining sector have relied on their own experience, intuition or the experience of others (as opposed to data) for their last big decision.



Fact two

Personal confidence is elevated. Asia Pacific executives seem more confident of their personal abilities to understand data and less confident of their ability to integrate their data - than global peers.

Comparing the Asia Pacific and North American findings shows dramatically different viewpoints. Only 16% of Asia Pacific executives rate a personal 'lack of sufficient skills or expertise' as a barrier to making greater use of data and data analysis when making big decisions (equal to their Western Europe colleagues). Whereas nearly double this amount (30%) of North American executives cite this as an issue (see figure 2).

Further, 25% of North American organisations rate their 'ability to visualise data analysis' poorly versus just 14% in Asia Pacific and 13% in Western Europe (see figure 3).

Curiously North American executives see themselves in a poor light in terms of synthesising data, but in contrast, that same group only reports problems with supplying data or communicating data analysis from operations to management (e.g. organisational silos) about half as much as their Asia Pacific peers.

PwC's perspective: These findings suggest that either Asia Pacific is the global leader in use of data (unlikely) or executives are not yet using data sufficiently to be personally challenged in synthesizing 'gut and gigabytes'.



Fact three

Organisations in Asia Pacific don't see a significant problem with data timeliness whereas their global peers do.

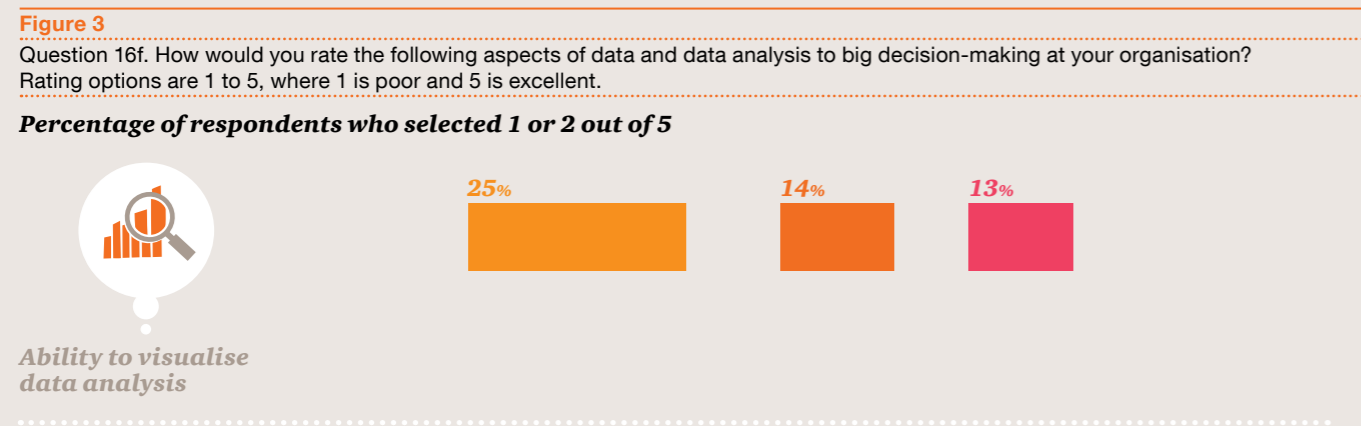
65% of Asia Pacific respondents are happy with "data timeliness" (responding 4 or 5 out of 5) compared to just 30% for North America, but even more starkly only 2% of executives in North American respondents rated their data timeliness a 5/5 compared to 31% in Asia Pacific.

At a granular level, Indian executives were closer to North America with 7% rating their data at 5/5. While Japan at 26% and Australia at 37% looked more like China, which had 47% rating data timeliness at 5/5 (see figure 4).

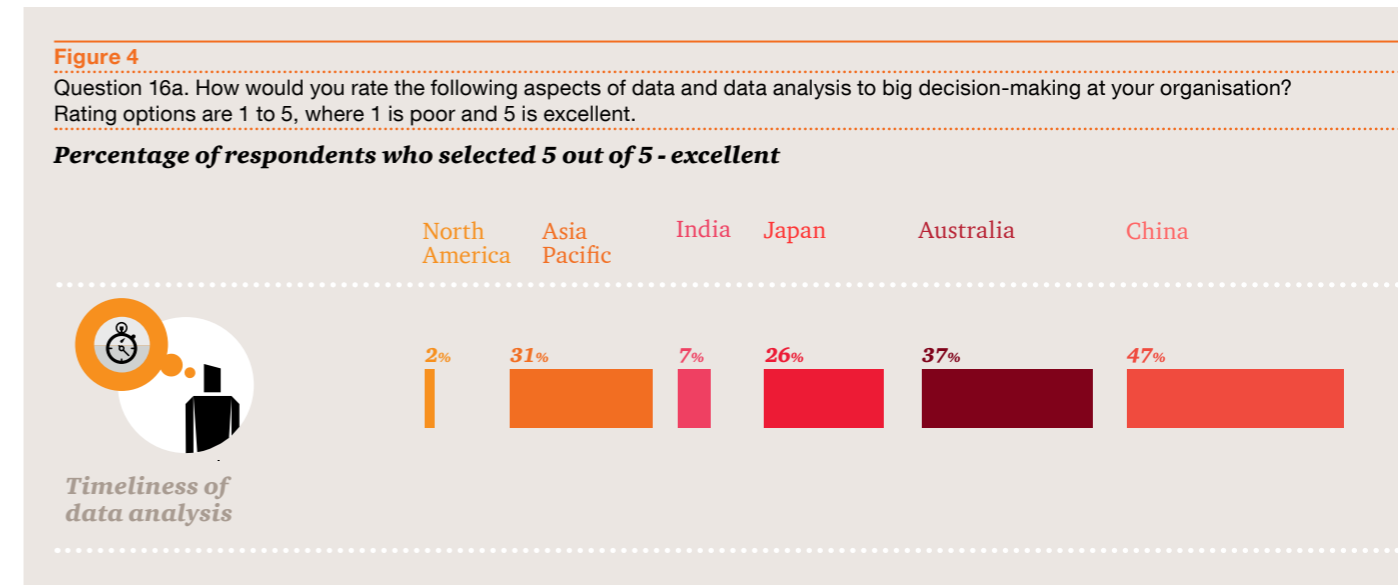
PwC's perspective: Our interpretation of this result is that executives in North America either have higher expectations around timeliness (we believe more likely) or that data access is slower in North America (highly unlikely). Implication for executives within Asia Pacific is potentially an inadequate consideration of the time dimension in data driven decision making.

This is an interesting competitive dynamic for those seeking to focus on Asia Pacific and a competitive threat for incumbents in the region.

NB: North America refers to the United States of America and Canada. China refers to China and Hong Kong.



Source: Economist Intelligence Unit survey, May 2014



Source: Economist Intelligence Unit survey, May 2014

“With growth and scale much higher than we have seen in the west, it is curious to see such confidence in the quality and use of data in decision making. Especially with so much unstructured data coming online with a highly mobile/digital consumer base. You hope behind it there is a healthy paranoia driving the right investment in data quality.”

Scott Likens, Data & Analytics Partner, PwC China

Fact four

Asia Pacific reports much higher levels of confidence in its use of data to understand customer value than global peers. Does Asia Pacific really understand customer value as well as it thinks it does?

When exploring the use of data to understand customer value, globally more than 80% of executives agree they use data to understand customer value, however the proportion strongly agreeing with that statement (as opposed to answering somewhat agree) varies significantly. In North America only 11% strongly agree this is done well. This is dwarfed by Western Europe at 63%, China at 66% and Australia at 80%. India is more moderate with 53%, while Japan is the country in Asia Pacific we identified most closely resembling North America – with only 28% strongly agreeing (see figure 5).

PwC’s perspective: While Asia Pacific may indeed be this far ahead of global peers, these executives would be well advised to look closer and calibrate against customer data analytics in other major markets before they relax. These findings conflict with what we see in practice.

Fact five

Talent management - is it the biggest gap?

Of all the uses of data in decision making, Asia Pacific identifies itself as lagging in terms of talent management. Asia Pacific is in 4th place behind North America, the Middle East and Latin America, but interestingly just ahead of Western Europe. When we drill down into Asia Pacific, India, is the exception, with use of data in talent management being rated similarly to that of North American (see figure 6).

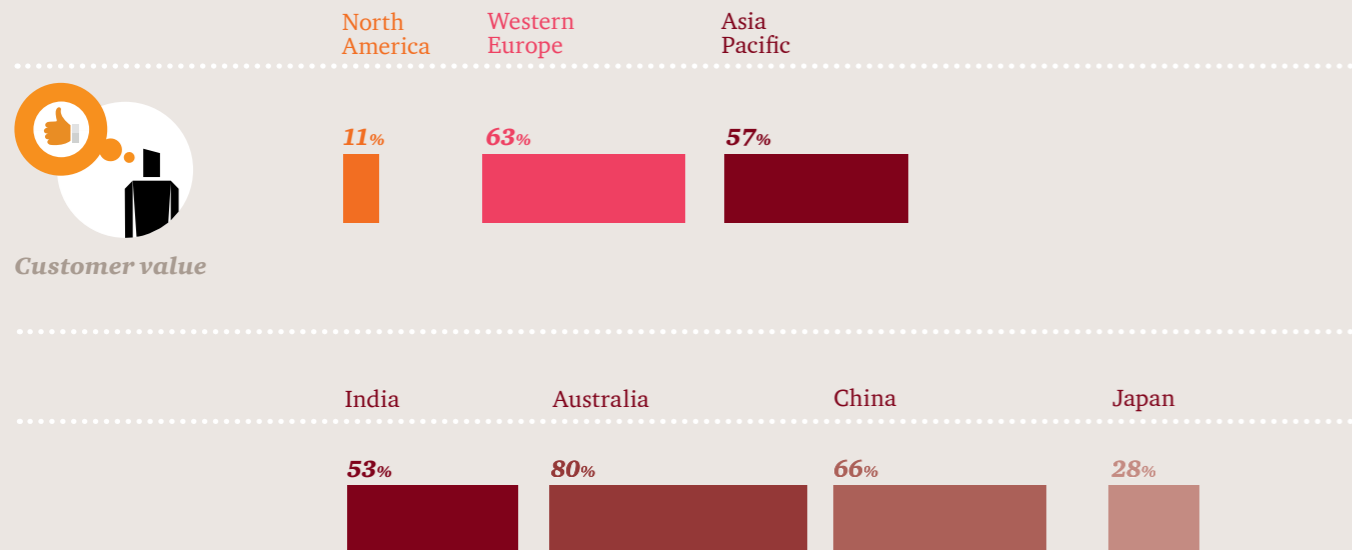
PwC’s perspective: This may represent a significant opportunity for data to play a greater role in workforce productivity, attrition and even health and safety. At a minimum, it is worth further examination by Asia Pacific executives.



Figure 5

Question 17a: To what extent do you agree or disagree with the following statements about your organisation? We use data and analysis to optimise the value of customers to our organisation.

Percentage of respondents who selected “strongly agree”

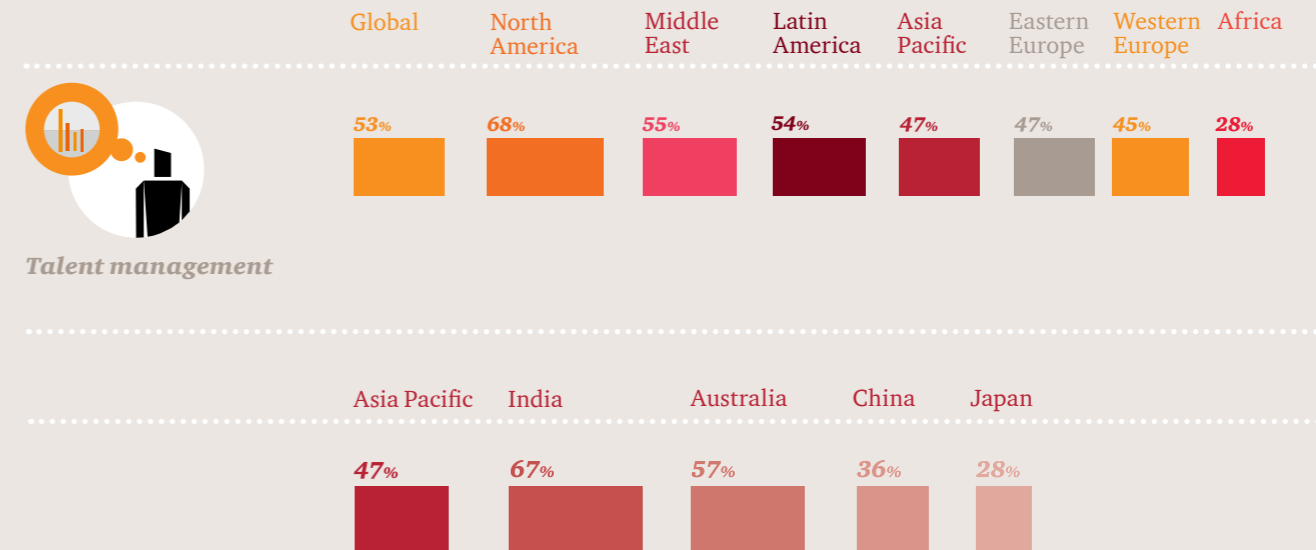


Source: Economist Intelligence Unit survey, May 2014

Figure 6

Question 17g: To what extent do you agree or disagree with the following statement about your organisation? We use data and analysis to optimise our management of talent?

Percentage of respondents who selected “strongly agree” or “somewhat agree”



Source: Economist Intelligence Unit survey, May 2014

Conclusion

Asia Pacific respondents confirmed their focus in 2014 - 2015 is on changes in regulatory, consumer behaviour and adoption of technology.

This means that Asia Pacific executives have very good reason to accelerate the use of data and analysis to inform big decisions.

At the same time, Asia Pacific executives report potential blocks to using data around the ability to take action based on data driven insight.

The significantly higher comfort levels in Asia Pacific executives on key issues in comparison to their global peers is quite illuminating and presents competitive opportunities. We believe that capability gaps to data driven decision making are currently blind spots for our survey participants.

In times of rapid change, the survey highlights that organisations which can calibrate themselves most accurately to their competition, and then invest accordingly, will do well.

We have identified four approaches that can turn decision making into a competitive advantage for your organisation.



Would you like to find out more? Contact one of our business advisors today.

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Design Services 28 (01/14).