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Deloitte Analytics
Hindsight. Insight. Foresight



NEXT

Did you know your organisation's data is full of potential?

Data can be a lazy asset and is often undervalued. If organisations could organise and better understand all of the data they capture, it would help them make better business decisions, reduce risks and improve returns.

There are oceans of data being amassed by organisations but only islands of insights. Data can give clients best practice and benchmarking information, as well as providing predictions for business trends.

We look at an organisation from the inside out - turning everyday information into useful and actionable insights that inform your decision-making.

Deloitte's deep industry experience and advanced analytics capability can maximise the value of this data helping our clients identify and harness the opportunities that data provides





Background

In the aftermath of the global credit crisis, many organisations highlighted poor decision making as one of the key reasons for the crisis; and specifically the absence of fact based decision making.

If leveraged correctly, this data can drive insightful, forward-looking business decisions.

As the quantity of data organisations house continues to grow, so will the need to capture and analyse that data more efficiently

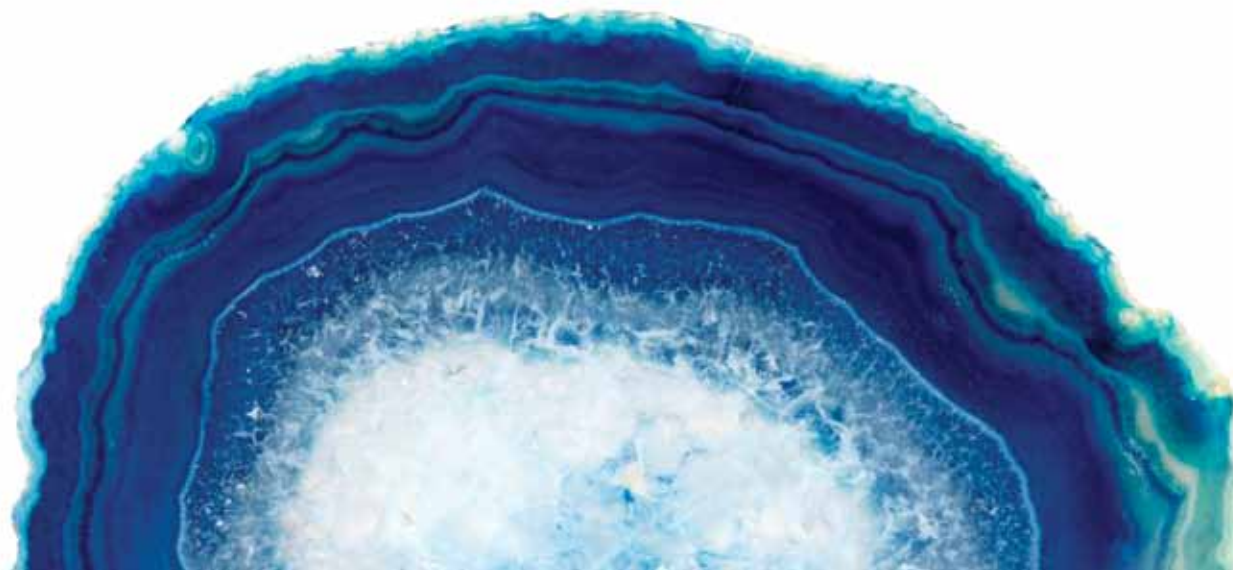
The future presents many challenges for organisations, including addressing issues with fewer resources, therefore, data-driven insights on smarter growth strategies and risk management will prove vital to success and competitor advantage.

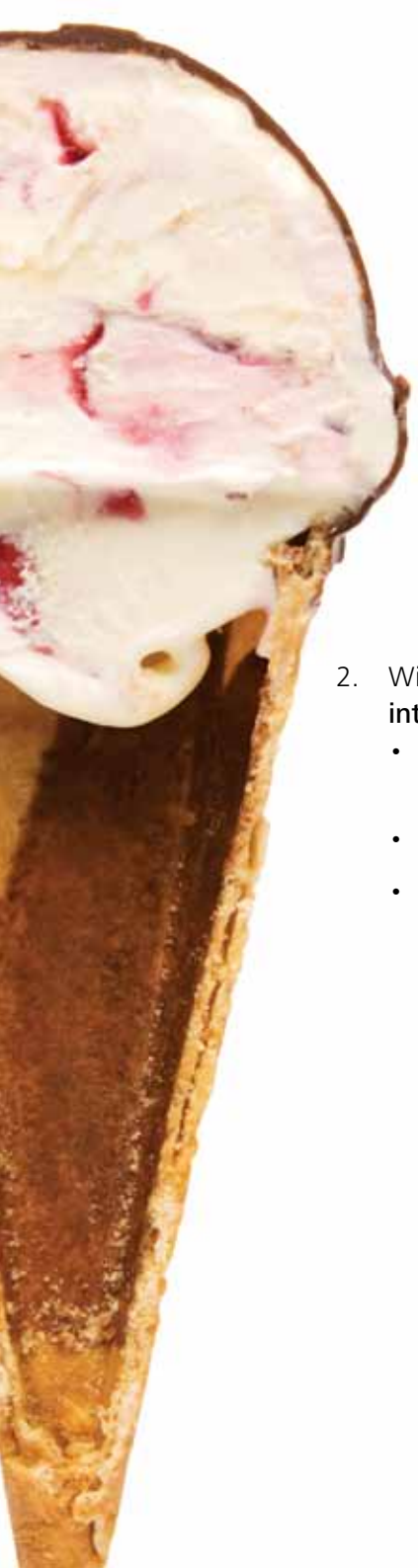
Questions you, as a client, need to consider:

- Does your business experience pressures on gross profit and margins due to multiple sales channels?
- How compliant are your business functions?
- Are business decisions made on “gut feel” or based on fact?
- Are your business assets effectively deployed in a changing environment?
- Is the business drawing on all available systems and information to ensure that the strategic objectives are met?
- Are the various business stakeholders’ expectations being met?

Benefits to your organisation:

1. Our approach can assist in **increasing your shareholder value**, i.e:
 - Reducing costs: Identifying opportunities to reduce costs and cash outflows
 - Increasing revenue: Identifying opportunities to sell higher value goods and services, and bill the customer correctly
 - Releasing working capital: Identifying opportunities to reduce the balance sheet, improve efficiency and accelerate cash inflows
 - Enhancing compliance: Identifying opportunities to improve the quality and effectiveness of internal controls and detecting fraud.





2. With our Deloitte Analytics tools, we can **simplify interpretation of data** by:

- Representing the interrelationships between hundreds of metrics simultaneously and holistically
- Providing an assumption-free approach to analytics
- Facilitating interpretation with clients through a visual interface. A picture tells a thousand words.

3. Ensuring **data quality and integrity** by:

- Profiling key data fields to determine the compliance to given business rules
- Quantifying the quality of existing business data and the impact that poor quality data has had on the particular business process
- Determining the root cause of data quality issues and implementing remediation procedures accordingly
- Scrubbing and cleaning existing data to ensure compliance with business rules
- Developing and implementing data governance and quality monitoring capabilities.

The Deloitte Analytics edge:

- Our ability to offer an integration of services, across the firm's service offerings.
- Our unique, unbiased approach to predictive analytics - modelling future strategies and outcomes.
- Our "Customer Immersion" approach helps mitigate weaknesses experienced with a traditional off-site approach. Our decentralised delivery model promotes an "on-site" approach.
- We have an innovation strength which will help clients make the most of their data discoveries.

- No sampling or hypothesis - We take existing client data and other data and analyse it in total.
- We can determine the veracity and trustworthiness of data due to our forensic and risk management background.

We have been consistent in our use of granularity and it is core to our analytics position - we can provide full population multi-dimensional analysis

- Our Self Organising Maps make it easier for clients to visualise the solution.
- We have developed a integrated ERP Deloitte Analytics approach.

Case study: Supply Chain Optimisation

Our “insideout” analysis method provided the answers

The client’s challenge

A distillery client felt that they had a limited understanding of their customer distribution and buying patterns. They believed that an opportunity existed for revenue optimisation by gaining insights into their market penetration, pricing strategies and by determining the buying behaviours and mix of products procured.

Our solution

Data was extracted from the clients SAP production environment. This data included the customer and material master information as well as all sales related transactions for a period of 12 months.

We used our advanced Deloitte Analytics capabilities and in particular our Self Organising Maps technology to determine patterns in the sales related data. Our technology enabled us to perform, quick, unsupervised and unbiased analysis of multidimensional data sets. This coupled with industry expertise allowed us to generate industry and client relevant insights.

The benefit to the client

The insights generated from the data analysis included:

- Fact based insights into product mix, market penetration, geographical coverage, and pricing structures
- SAP process inefficiencies were identified
- Supply chain optimisation opportunities were identified
- Customer buying patterns were identified
- Opportunities within customer account groups were identified for on-sell and cross sell.

Case study: Identifying revenue optimisation opportunities

Our “insideout” analysis method provided the answers

The client's challenge

An airline was experiencing an 87% inactive user rate on their customer loyalty programme. They wanted to gain more insight into the behaviours of their loyalty programme members which would contribute towards making the loyalty programme more profitable.

Our solution

Deloitte responded by using Deloitte Analytics to identify patterns in the loyalty programme members' behaviour in terms of earning and redeeming their loyalty points. This was achieved by extracting all loyalty programme member transactional data for a period of 12 months and then processing a Self Organising Map (SOM) to determine patterns in the data.

The benefit to the client

The strategic insight generated from the analysis conducted included how loyalty programme members earn their loyalty points e.g. a significant percentage of member's generated points from credit cards, hotel accommodation, alliance partners and car rentals. The client was able to identify revenue optimisation opportunities from the SOMs results as well as earning patterns.

Case study: Preventing financial impact due to payroll discrepancies

Our “insideout” analysis method provided the answers

The client’s challenge

A local mine implemented SAP as their new ERP system. According to union members the new system resulted in the miners being underpaid. As a result of the perceived underpayment the union members were threatening strike action which would have had significant financial impact on the mine.

Our solution

Payroll master data was extracted from the legacy AS400 payroll system. The business rules from an earnings and deductions perspective were obtained and applied to the extracted master data. Based on these payroll business rules each category 3 to 8 miner’s earnings and deductions for a nine month period were recalculated. These recalculated results were compared to the actual payroll results that we generated in SAP.

The result was that there was full population proof that miners received the correct payments from the mine and the unions decided on the back of the information not to continue with the threatened strike action.

The benefit to the client

The insights generated from the data analysis included:

- Full population recalculation of all earnings and deductions for the nine month period at an employee level was produced
- SAP process inefficiencies were identified
- SAP control issue were identified
- Significant financial loss was averted

Case study: Identifying financial implications of a new remuneration structure

Our “insideout” analysis method provided the answers

The client’s challenge

A large public sector department redesigned its salary structure with the aim of improving salary levels to retain and attract employees into the public sector, aligning salaries to performance and ensuring accurate application of payroll rules. This process was led by government with continued negotiation with representative unions. Deloitte was appointed to assist the department with the financial implications of the new remuneration structure.

Our solution

Given the large size of the workforce that was impacted by this process, the complexity of the remuneration structures, as well as the number of iterations to the design, Deloitte developed a set of sophisticated costing models for each professional grouping that determined the financial implications of each design. Our specialised Deloitte Analytics capabilities enabled us to develop costing models that were robust, accurate and dynamic yet at the same time ensuring a user friendly application and interpretation.

The process of developing these models allowed the department to test the impact of changes to the current remuneration structure as well as flexibility in the design of the new structure.

Deloitte undertook extensive consultation with stakeholders within national and provincial departments throughout the process to ensure receipt of accurate and complete data, accurate application of the remuneration structures, feedback on results and recommendations.

The benefit to the client

The insight generated from the project included:

- Detailed review of payroll data enabled Deloitte to provide recommendations for the maintenance and update of payroll data going forward.
- Thorough analysis of costing model proposals informed the development of subsequent proposals to meet the eventual needs of stakeholders.
- Production of detailed costing models enabled a detailed understanding of the financial implications of the new structure for each professional grouping and province and for each year of implementation.
- The insights gained during the project enabled Deloitte to provide recommendations on operational aspects of the implementation of the new remuneration structure thus enabling the client to prepare accordingly for the implementation.

Case study: Identifying ways to improve production capability

Our “insideout” analysis method provided the answers

The client’s challenge

Mine health and safety is on the top of agendas across mining companies given the importance of ensuring a zero harm environment.

A mining client was exposed to the risk and cost of incapacity due to illness, injuries and deaths of mine workers. The client approached Deloitte seeking ways of understanding and quantifying the impact of these events on the production capability of the mine, on its health and safety standing as well as on the financial position of the mine.

Our solution

Deloitte’s solution involved the extraction of detailed data on the occurrences of factors leading to weakened mine health and safety. Deloitte used this data to model the incidence of events and the severity of the events from both health and safety perspectives and then also considered the financial implications of these occurrences. Deloitte Analytics was used to quantify the costs of these occurrences to the client, and to find ways to minimise them and considered the funding required to manage the identified aspects of mine health and safety.

The benefit to the client

The insights generated from the project included:

- Use of detailed data to inform decision making.
- Deloitte Analytics enabled the client to understand the drivers of mine health and safety concerns and also to project the expected future trends within these drivers; this provided the client with insights into which aspects required the most attention.
- Understanding of the financial implications of their decision making.

Contacts



Ashleigh Theophanides
Director
Email: atheophanides@deloitte.co.za
Tel: +27(0)11 209 8112



Etienne Ward
Director
Email: etward@deloitte.co.za
Tel: +27(0)21 670 1724



Craig Turnbull
Director
Email: cturnbull@deloitte.co.za
Tel: +27(0)11 806 5415



Sidesh Maharaj
Director
Email: simaharaj@deloitte.co.za
Tel: +27(0)11 806 5247



Derek Schraader
Director
Email: dschraader@deloitte.co.za
Tel: +27(0)11 209 8133

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