BUSINESS INTELLIGENCE
BIG BUSINESS FOR BSS?

BASEBALL

Yes, baseball. That is where business intelligence finds its roots. Back in 1964 a retired metallurgist started applying science and statistics to analyze baseball games. He advocated a more quantitative approach to player selection and line-up. He was met with skepticism by those that believed in traditional and above all intuitive principles to baseball coaching and talent scouting. A resistance that continued till the 2003 publication of Moneyball. The book chronicles a coach's economic and scientific approach to bring a languishing, low-budget team up to the highest-level, US-nationwide. It would take another four years for its business equivalent read "Competing on Analytics: The New Science of Winning" to be published. Corporations put that book and analytics front and center. For a reason. Research by the Massachusetts Institute of Technology finds that companies in the top third of their industry in the use of data-driven decision making are on average 5% more productive and 6% more profitable than their competitors.

BEYOND ANALYTICS – AN ECOSYSTEM

Business Intelligence (BI) is all about transforming data into business insights. All with one objective: to support and facilitate better business decisions.

To be clear: BI is not just about analytics. Corporations have been using analytics for many years in the form of spreadsheets and manually calculating the patterns and trends. Today, with the help of advanced software tools, business analytics has evolved into a much better and speedier process.

Probably the proper thing is to think about BI as an ecosystem that comprises the technologies, applications, strategies, and practices used to collect, analyze, integrate data, and to present pertinent business information.

Strikingly, this description seems to have much in parallel with the mission statement of leading Business Services Centers (BSCs).

BI AND THE BSC JOURNEY

Through their thirty-years history, BSCs have journeyed from merely cost-saving transactional centers to value-adding business partners. They have become critical nodes in the network of corporate data, and a major custodian of business data. Data just waiting to be used for BI. Parallel this with CEOs and CFOs continuing to expect ever more from their BSC-organization. Inevitably, BI is the next step on the BSC journey (see illustration).

Business analytics wage costs – Western Europe
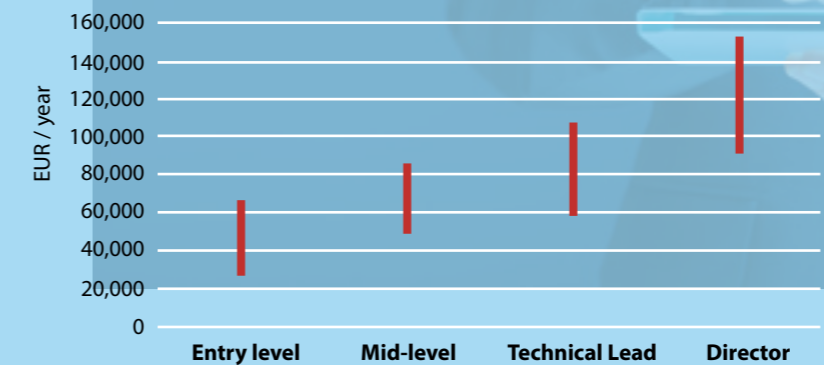
Locations covered in the research: Amsterdam, Barcelona, Berlin, Brussels, Copenhagen, Helsinki, Oslo, Paris and Stockholm.

Source: Colliers International based on Harnham Data & Analytics Europe Salary Guide 2020.

WIDE SKILL-SET

For BSCs to embrace BI, their recruiters face a considerable challenge as the BI job profile is one that calls for a wide skill set.

Just consider this. For a BI function to be efficient and effective it must understand and analyse data relevant to the corporate business model. It will also need to develop quality metrics, financial modelling, forecasting, planning for business enhancement, pricing and ultimately generate strategies for new processes.

Such functionalities aside, the BI function often also needs to serve as a link between several departments of an organization including top management, accounts, marketing, procurement, HR and more.
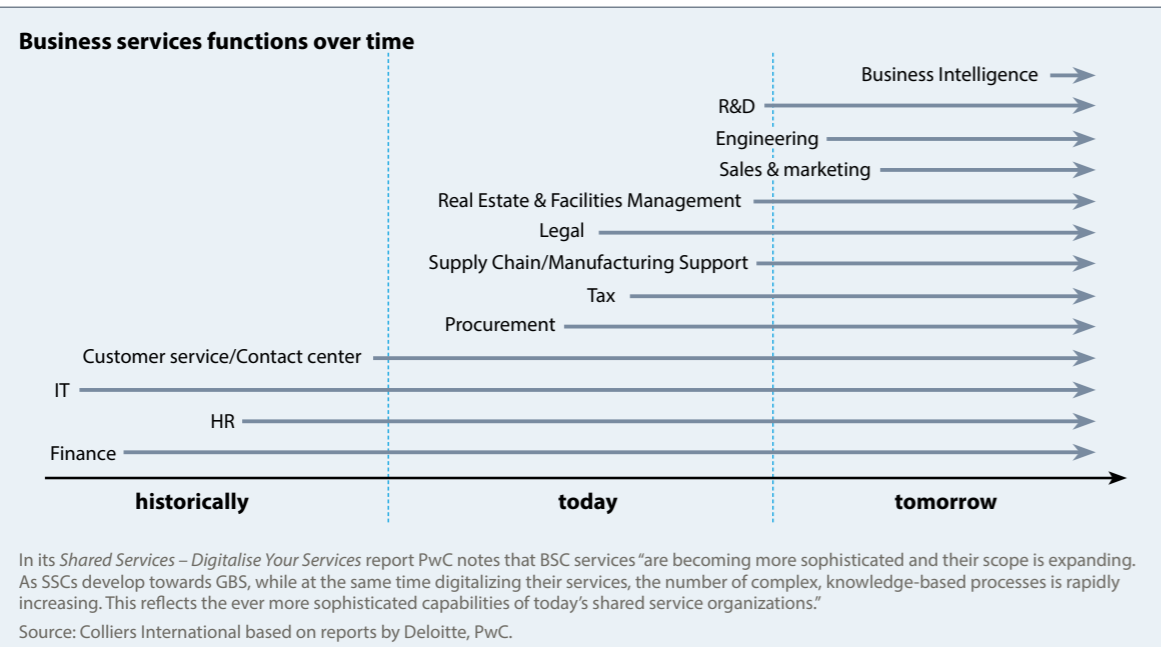
This means that BI staff must be versatile. Having a proper qualification is highly crucial. All-telling, Quant Crunch, a 2017 study performed by IBM, predicts that more than 39% of data scientist and analyst jobs will require a masters or Ph.D. But BI positions will require more than merely a top degree. They also require communication skills, business and domain knowledge, analytical and critical thinking skills.
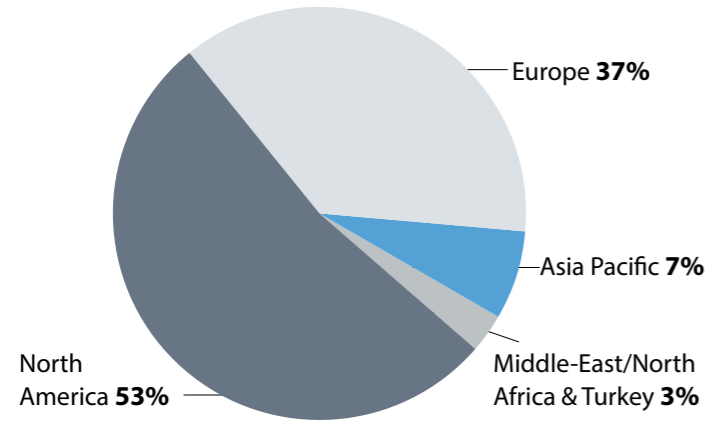
MIND THE GAP, AND THE COST!

The European Commission's 2020 European Data Market Monitoring Tool estimates the EU's (excl. UK) current number of data professionals at around 6.6 million, up 14% from 2016.

By the Tool's most conservative (less economically favourable) scenario, the EU needs an additional 2.7 million data professionals by 2025. A number significantly larger than estimated talent supply. The prediction is that there will be at least 759,000 unfilled data professional positions by 2025 as the main sources of data skills such as the education system and re-training are unable to cope.

To pre-empt this talent crunch, companies are investing in business analytics education and certification programs. Other corporate initiatives are about sponsoring creative BI and analytics programs to get students involved through internships and co-op programs. This sets an example for companies across the EU, and especially in Central Europe.

Already today, the supply-demand gap for Business Analytics or Data Science professionals means they are among the highest paying jobs today according to popular surveys by Forbes, LinkedIn, and Glassdoor.

Harnham's 2020 Salary Guide shows that across key Western European capitals BI wage costs vary significantly, with Copenhagen commanding the higher and Barcelona the lower salary costs (see graph above).

Other research estimates Central European BI wage costs at around 25% below – or for some specific roles close to – the Barcelona price-point.

Business services functions over time

In its *Shared Services – Digitalise Your Services* report PwC notes that BSC services "are becoming more sophisticated and their scope is expanding. As SSCs develop towards GBS, while at the same time digitalizing their services, the number of complex, knowledge-based processes is rapidly increasing. This reflects the ever more sophisticated capabilities of today's shared service organizations."

Source: Colliers International based on reports by Deloitte, PwC.

Locations of top 75 Business Analytics Universities

Europe **37%**

Asia Pacific **7%**

Middle-East/North Africa & Turkey **3%**

North America **53%**

Source: Colliers International based on QS World universities rankings, 2020.

This bodes well for many BSCs as more than 50% of the region's centres are located in such cities.

It will not be an easy ride though. The war for BI talent will dominate both corporate and BSC agenda for the foreseeable future. But moving into BI is only an opportunity to lose for Central Europe's BSCs.

The stars seem aligned for the region:
• Relatively young demographics
• A favorable heritage in terms of STEM education and technology adoption
• Moderate wage costs, and
• A mature business services ecosystem that includes centers already moving into BI

All it takes is some hard work. As Virgil wrote: Sic itur ad astra.◆

LOCATIONS?

Two factors seem to prevail when it comes to locating and growing the BI function:
• Proximity to leading universities with the proper curriculum, and
• Access to a business-savvy talent pool.

To the first factor: the number of universities offering a Business Analytics-related curriculum is growing exponentially year-on-year. But overall, it appears to be the remit of the world's foremost education institutions (see illustration). But that does not preclude cities with lesser-known universities from being considered for locating a BI function.

For Europe, the second factor – talent pool – will likely limit a location search to country capitals and well-diversified secondary cities.

In addition to these factors, the ability to recruit communicative people comes into play. This translates into language and soft skills.

OUTLOOK

For the immediate future, the BI location map for Central Europe will quite likely consist of Tier-1 and Tier-2 cities.

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Edyta Janas, Business Development Director of Randstad Sourceright EMEA, estimates the number of candidates for "data roles" across Poland at around 100,000. But this does not mean companies looking for BI resources will find an easy match to their needs. Where many applicants master basic Excel or SQL skills, at best 10 to 15% have the more advanced skills that BI requires. And it is not merely about computing and programming. "Mature BI organizations are looking for PhDs," the expert states. "They need people that can mentally develop and interpret the wide range of information that is needed to grow and innovate business. This leads companies to hunt for talent beyond the traditional pools of MBAs or Economics graduates. Think of scientists with specialization in mathematics, physics or statistics." Yet owning an advanced degree is no guarantee to a successful BI career. Janas explains, "The BI role is a relatively young one and its requirements are evolving as more businesses start exploring their "Big Data." But already today we are seeing that the ideal BI candidate must have a wide range of functional skills. These skills include project management, business planning, and finance. As these candidates play an important role in business planning activities, teamwork orientation and leadership skills are key requirements as well." Cleary such combinations are scarce. And not just in Poland.