



BIG DATA:

The Next Frontier for Innovation, Competition and Productivity

The amount of data in our world has been exploding, and analysing large data sets—so-called “big data”—will become a key basis of competition, underpinning new waves of productivity growth, innovation and consumer surplus. The increasing volume and detail of information captured by enterprises, the rise of multi-media, social media and the “Internet of Things” will fuel exponential growth in data for the foreseeable future.

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There are five broad ways in which using big data can create value...

- A) Big data can unlock significant value by **making information transparent and usable** at much higher frequency.
- B) As organisations **create and store more transactional data in digital form**, they can collect more accurate and detailed performance information on everything from product inventories to sick days, and therefore expose variability and boost performance.
- C) Big data allows **ever-narrower segmentation of customers** and therefore much more precisely tailored products or services.
- D) Sophisticated analytics can substantially **improve decision-making**.
- E) Finally, big data can be used to **improve the development of the next generation** of products and services.



Use of “big data” will become a key basis of competition and growth for individual firms. From the standpoint of competitiveness and the potential capture of value, all companies need to take big data seriously. In most industries, established competitors and new entrants alike will leverage data-driven strategies to innovate, compete and capture value from deep and up-to-real-time information.

While the use of big data will matter across sectors, some sectors are set for greater gains. The computer and electronic products and information sectors, as well as finance and insurance, and government are poised to gain substantially from the use of big data.

Several issues will have to be addressed to capture the full potential of big data

- A) Policies related to privacy, security, intellectual property and even liability will need to be addressed in a big data world.
- B) Organisations need not only to put the right talent and technology in place but also structure workflows and incentives to optimise the use of big data.
- C) Access to data is critical - companies will increasingly need to integrate information from multiple data sources, often from third parties, and the incentives have to be in place to enable this.

LACK OF "SMART ANALYTICS" CAN RESULT INTO A 20% LOSS OF ROI

Source: McKinsey Global Institute
http://www.mckinsey.com/insights/business_technology/big_data_the_next_frontier_for_innovation