An estimated 90% of the world’s data has been created in the past two years,¹ yet less than 0.5% of all data is ever analyzed.²

The unprecedented growth in data is driving a dramatic shift in the way businesses approach transactions and capital allocation. A new wave of transaction analytics promises to accelerate transaction value, de-risk deals, gather insights on potential targets and drive maximum benefit from divestments. But how can executives truly leverage today’s tsunami of new data into a value-driven business asset?

Our latest research with leading C-suite executives shows that just 35% of leading companies are making extensive use of transaction analytics. We asked executives about their current approach to analytics, their views on its major benefits and potential barriers preventing them capitalizing on it.

While organizations see an increasingly important role for analytics, many are not yet using its full potential to drive capital allocation strategies and investment decisions.

There is also room for improvement in executives’ confidence in their existing analytics technology and skills. Far less than half acknowledge they have the right level of in-house capabilities. However, our survey shows strong impetus for change, with two-thirds signaling they will invest in this area over the next two years.

Tackle the cultural and technical barriers preventing you from capitalizing on the data revolution

Executives identified multiple barriers to the effective use of analytics. In addition to an inability to access the required data, one in four are concerned about data privacy and their internal systems not being fit for purpose.

Cultural resistance and organizational silos are barriers for 16% of executives, with poor understanding about the full potential of analytics a concern for 14%.

Is access to the right data really the main barrier? Or are limitations in skills, time and the ability to handle complex data the main impediments?

Turn on the full power of analytics to drive strategic capital decisions

While organizations identify faster insights for swift decision-making as a main benefit of analytics, it is not yet fully embedded as a strategic tool in key decisions around how, when and where to invest capital in the longer term.

Companies currently use analytics to support day-to-day decisions, such as their project appraisal process (35%), identifying under- and over-performing businesses (31%), and driving value during M&A due diligence (27%).

However, just 10% draw on the power of analytics to identify potential acquisition targets, and just 9% to quantify the value of potential divestments and the impact on the remaining business.

Executives expect an increased focus on the use of transaction analytics within the next two years. Three times as many companies think analytics will become more important in identifying potential acquisition targets over the next two years. Twice as many companies say it will also become more important in modeling the impact of potential divestments.

Get your organization ready to keep pace with today’s data transformation

The wealth of available data and rapid advances in the field of transaction analytics have left the majority of organizations facing skills and technology gaps.

Only 43% of companies have enough analytics specialists, and just 44% have the right technology to support analytics across the spectrum of possible applications.

The gap is even bigger when it comes to advanced analytics. Only 39% of organizations are confident they can handle big data, including real-time streaming data. Just 29% have sufficient automated analytics processes, such as robotic process automation, natural language generation and artificial intelligence or machine learning.

How will companies close these gaps in the face of overwhelming new data inflows and increasing technological change? What investments in training will be required to improve organizational readiness?
Turbocharge your analytics capabilities to leave your competitors behind

Sixty-six percent of organizations expect to improve skills and technologies to handle big data, including real-time data streaming, over the next two years.

This is in line with companies’ investment plans in their workforce and internal systems. Sixty-four percent intend to increase the number of analytics specialists, as well as the availability of required technology to support transaction analytics across the spectrum of possible applications.

Fifty-nine percent also anticipate to increasingly utilize automated analytics processes, applying robotic process automation, natural language generation, artificial intelligence and machine learning.

Will these changes be enough to fully exploit the potential of transaction analytics? How can companies breakdown cultural and organizational silos so they are not left behind in the digital age?

“Analytics drives faster, better and deeper insights, applying advanced algorithms across structured and unstructured financial, commercial and operational data to support decisive actions throughout the transaction life cycle.”

Malinda E. Gentry
Principal, EY Transaction Analytics

Turn data into insights to improve strategic decisions

By 2020, about 1.7MB of new information will be created every second for every human on the planet. Our accumulated digital universe of data will grow from 4.4ZB today to around 44ZB, or 44 trillion GB in just two years.

How can businesses capitalize on this “information age”? What must they do to keep pace with their more advanced competitors?

► Understand the data you have – and the data you need
► Ramp up your analytics skills throughout the organization – find or train the right people
► Drive a cultural shift – use analytics to inform capital decisions
► Get the right technologies – to access, store, manipulate and analyze data
► Build an integrated decision support platform – and lock in end-to-end enterprise value
► Develop risk management strategies – consider privacy and reputational issues when storing large amounts of data

To learn more and to have a conversation about transaction analytics, please contact us:

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About the study

The EY Transaction analytics pulse survey focuses on how organizations are using transaction analytics to guide their capital allocation strategies and investment decisions. We surveyed 115 C-suite executives in Europe, the Asia-Pacific and the Americas to gain insights into their current approach to data analytics, and the influences driving their analytics strategy in the next two years, and found a strong impetus for change. The survey was conducted between January and February 2018 by Euromoney Institutional Investor Thought Leadership (EIITL).

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How you manage your capital agenda today will define your competitive position tomorrow. We work with clients to create social and economic value by helping them make better, more informed decisions about strategically managing capital and transactions in fast-changing markets. Whether you’re preserving, optimizing, raising or investing capital, EY’s Transaction Advisory Services combine a unique set of skills, insight and experience to deliver focused advice. We help you drive competitive advantage and increased returns through improved decisions across all aspects of your capital agenda.

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