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# CUSTOMER ACUMEN

INSIGHTS TO BUILD CLIENTS FOR LIFE



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LEARNING SYSTEMS



EDITORIAL



Dear Reader,

As we welcome the New Year, businesses are assessing their financial standing while aiming to lower costs and keep up with their efficiency levels. Various studies have proven that Analytics is not just a buzzword in the corporate world but has led to adding value, acquiring customers and retaining them.

Attracting a new customer costs five times as much as keeping an existing one. With the help of Business Analytics, which comprises of tools and techniques such as predictive modelling, data visualization, information management, among others, companies can obtain customer insights that will help in delivering quality products and services while ensuring customer satisfaction and repeat business.

This quarter, **Customer Acumen**, looks at **Unravelling the Power of Business Analytics in an Organization**.

**Jay** shares his thoughts on the power of analytics in the business world. Industry experts, **Mohan Ramaswamy**, Co-Founder & CEO and **Kaushal Sampat** - Senior Consultant of Rubix Data Sciences tells us more about the use of analytics to streamline business operations.

**Prasad Deshpande** reviews Gregory Zuckerman's book - **The Man who Solved the Market** and how the author - a mathematician mastered algorithm and made a fortune from it. Our in-house Cartoonist, **Vikram Nandwani's** rendition of how analytics really began!

We value your relationship with us and look forward to your feedback and comments on how best we can serve you through our e-zine, **Customer Acumen**.

**We wish our readers the very best of 2020!**





# MUSINGS



## **Analytics: The Secret Sauce of Business Success**

- Jay

During its halcyon days, Infosys had the legendary Narayana Murthy at its helm. Amongst the stories told about his operating style as a business leader was his insistence on the use of facts in any decision-making process. It is said that he lived by the dictum, 'In God we trust, the rest bring data'. Apocryphal perhaps as the tale may be, it highlighted the rational element that is often missing in the decision-making process as many managers tend to easily get swayed by baseless opinions when emotions are given free rein leading to bad decisions and unnecessary disruptions in business.

Analytics per se are not new. The world of scientific management beginning with Frederick Taylor always did stress the importance of measurement at every stage of the production line. And, the early business leaders from Henry Ford onwards did optimise production by breaking down activities into sub-parts – remember time & motion study - sometimes in a totally de-humanising manner. Chaplin's Modern Times epitomized this world in a satirical masterpiece, but today's world does it much more elegantly.

At the basic level, business analytics is a set of tools, methods, techniques and process skills that are harnessed by a firm to enable it to achieve better results. In other words, in the quest for higher revenues, lower costs, greater efficiency, and consequently better profitability, smart firms use modern methods of information technology to gain vantage in a competitive world where market share is tough to acquire and hold.

Accepting the reality of the competitive arena of today requires us to accept that we live in a world where artificial intelligence and algorithms are becoming synonymous with business processes. Computers are ubiquitous and the cloud means something different today. In such a world, analytics broadly takes three forms: descriptive, predictive and prescriptive.

The first, Descriptive analytics, is where you dig deep into your archival history and mine it to discover patterns. Every established organization or industry offers this opportunity. Seek intelligently and you can be confident of finding insights hidden below the surface, be it of consumer preferences, supplier reliability, production and quality challenges or various other human aspects. It is not just an exercise of sifting wheat from chaff but requires the ability to manipulate data in multiple ways to tell you the trends that are not visible at first glance.

Predictive analytics is the next kind. Going beyond the world of statistics into scenario creations using mathematical modelling, this is where the power of modern computers can be unleashed like never before. Once you are able to crunch volumes of data at rapid pace, you can play around with it to develop alternatives and simulate potential outcomes. Needless to add, this offers you a glimpse into the future and generates options for a more considered decision in every aspect of business or society.

The third type is Prescriptive analytics. This is when you are able to harness big data and with your enhanced ability to test options you arrive at solutions which offer the best chances of success. Artificial intelligence, natural language, machine learning and other methods are what enables firms to generate magical outcomes with today's advanced super computers.

Lest you think analytics is only for business, let it be clear that these tools have been perfected both in scientific research as well as for military & intelligence gathering fields too. As always, the tools are agnostic and in the hands of the right purveyors, the methodology can be used to get effective results. Consequently, large firms (and big government) are investing heavily in sharpening their analytical tools. Mining data and nudging a customer towards more tempting buying options seems like a mild and harmless way to increase sales for a firm but in the world that we live in, the hidden persuaders of the day have misused and manipulated citizens to make election decisions, and sway emotions in alarming ways. Suddenly the tools are now being blamed because only big business (or government) has the deep pocket to invest in such major and covert exercise where a customer (or a citizen) can be 'asked' to do something 'voluntarily' whereas truly his every action has been 'gamed' by an analytical firm beforehand. They have the means to predict what you could do, or even make you do things without you realising it. If this seems like a 'Black Mirror' scenario, do not rule it out as the world may well turn this way in the near future.

But staying with the world of business, it is obvious to firms today that ignoring the power of analytics would be a fatal flaw. Given that the goal of a firm is to secure competitive advantage in a market, a good business leader will seek to create a culture where data mindset is valued and promoted across the enterprise. While serendipity has its place in securing business success, more often than not better and more consistent results are generated by using tools like analytics. Be it for creating dashboards & alerts or generating scenarios and simulations to predict and arrive at higher success rates, investments in analytical tools is a no-brainer in the hyper-competitive world of the 21st century.



## SPOTLIGHT



**Mohan Ramaswamy, Co-Founder and CEO**  
**Kaushal Sampat, Senior Consultant**  
**Rubix Data Sciences**



*Over a progressive career of 23+ years, Mohan has headed and managed different business/product verticals and entities in varied geographic markets such APAC and EMEA.*

*He is current the Co-Founder and CEO of Rubix Data Sciences, a Technology driven Information & Analytics company founded by a group of Risk Professionals who have worked extensively in the credit and supply chain information space.*

*Prior to Rubix, he was the Managing Director of LexisNexis (LN) India and South Asia for 5 years and was responsible for driving the P&L, focusing on both Organic / Inorganic growth and driving Strategic Alliances.*

*Prior to LN, he was with Dun & Bradstreet India (D&B) in various capacities including Chief Operating Officer for 3 years until February 2013. While he was part of the team that set up D&B Operations in Middle East & Africa, he was also part of the founding team of Acuite Ratings & Research Ltd. (formerly SMERA Ratings Limited), D&B's joint venture with Small Industries Development Bank of India (SIDBI).*

*Mohan is a Mechanical Engineer and an MBA in Finance & Marketing from T A Pai Management Institute (TAPMI).*

*He is an avid sports-lover and enjoy playing and watching tennis, football, cricket, chess and table tennis. He also loves travelling and discovering new cultures.*



***A veteran of the information services industry, Kaushal serves as a Senior Advisor to Rubix Data Sciences Pvt. Ltd. He spent 18 years with Dun & Bradstreet India in various capacities including President & Managing Director for the last 7 years. During his tenure, he helped establish the Dun & Bradstreet brand in India while driving the growth of its various businesses namely Risk Management Solutions (RMS), Sales & Marketing Solutions (S&MS), Economic Analysis Group (EAG) and Learning Solutions. He has also managed the operations of the RMS business in Middle East and Africa.***

***Kaushal helped establish Acuite Ratings & Research Ltd. (formerly SMERA Ratings Limited), Dun & Bradstreet's joint venture with Small Industries Development Bank of India (SIDBI) and has served on its Board.***

***He holds a MBA from Bowling Green State University, Ohio and is a member of prestigious leadership bodies including Young Presidents' Organization (YPO) and Entrepreneurs Organization (EO). He is passionate about reading, geopolitics, art and travel.***

### **1. What is Business Analytics and how is it important for a firm?**

Analytics, simply put, is the discovery, interpretation and communication of patterns in data. Business Analytics provides actionable insights to firms by using a powerful combination of Data, Statistics, Computing and Storytelling.

In today's VUCA world, the business environment changes rapidly. To succeed, it is imperative that these changes are captured, analysed, understood and acted upon by firms. Firms deploy Business Analytics to identify new business opportunities, pick up emerging trends, acquire/ defend market share, understand customer behaviour and churn, identify and quantify risk, and develop pricing strategies based on perceived value.

One of the key drivers of Business Analytics is the explosion of Data, both structured and unstructured, to which firms now have easy access. Big Data, as it is commonly called, has four defining dimensions:

- Volume: The vast amount of data available
- Variety: The ever-growing number of sources and media from where data flows
- Velocity: The high speed of data processing
- Veracity: The accuracy of data (or lack thereof!)

As the four Vs of Big Data get more pronounced, the potential for firms to deploy Business Analytics grows rapidly. It is no surprise that Data is termed as the New Oil and firms that leverage data through Business Analytics are creating a tremendous competitive advantage.

The author Geoffrey Moore has stated this succinctly, "Without big data analytics, companies are blind and deaf, wandering out onto the Web like deer on a freeway."

## **2. Some Companies have embraced the use of analytics to streamline operations and improve processes. What could be the potential challenges in implementing Business Analytics?**

A few key challenges that firms face in deploying business analytics effectively are as follows:

- **Poor Quality and Integrity of Data:** if your data management practices are poor, the quality and integrity of your data will be equally bad. Poor Data = Poor Analytics, or Garbage In, Garbage Out (GIGO)
- **Lack of Talent:** Data Scientists are in great demand today because there is a global shortage of experienced resources. The non-availability of skilled resources makes it difficult for firms to execute Business Analytics projects.
- **Data Security and Privacy:** Worries about Data Security and concerns around Data Privacy regulations often slow down Business Analytics Projects
- **Culture:** many firms have had limited success in deploying Business Analytics due to cultural issues. Quite frequently, there is resistance on part of Team Members (and even Management) towards making decisions based on Analytics rather than relying on gut-feel and existing practices.
- **Costs:** Implementing Business Analytics involves incurring some initial and recurring costs for Data, Analytical Tools, Technology and skilled resources. These costs sometimes make firms hesitate in implementing Business Analytics projects.

## **3. Could you please give us examples of Indian firms who have used Analytics for growing their business?**

Rather than look at specific firms, I think it will be more useful if we were to examine sectors that are widely deploying Business Analytics in India.

According to a study released by Analytics India Magazine and AnalytixLabs in 2018:

- Banking, Financial Services and Insurance (BFSI) continues to be the largest sector being served by analytics in India.
- Marketing & advertising comes in at second place, followed by the e-commerce sector.
- Pharma, Healthcare, Retail, Telecom, Travel and Hospitality have also widely deployed analytics to grow business.

It is our belief that Business Analytics is now a growth imperative for Indian firms, not just a choice.

#### **4. How do you read the future of Business Analytics, especially in India?**

A recent NASSCOM Survey of 100 CEOs reveals that Advanced Analytics and Artificial Intelligence is the no. 1 priority for over 50% of the surveyed CEOs.

It is therefore no surprise that the Business Analytics domain is growing rapidly in India. The key driver of this is the fact that our country is blessed with skilled Data Scientists, many of whom have graduated with advanced degrees in mathematics, statistics and computing.

Given its inherent strengths in quantitative sciences and information technology, India has many companies that provide analytical services to global corporations. It is not just that these companies come to India due to lower costs – there is a large skill arbitrage at play as well.

The rapid growth of Business Analytics in India can be gauged from the fact that several prominent Management schools have introduced courses in Business Analytics and Data Science. These are comprehensive programs that teach students to apply modern business analytics tools and techniques to solve critical challenges facing firms.

#### **5. Can you tell us about your firm, Rubix Data Sciences?**

Rubix Data Sciences Pvt. Ltd. helps companies take prudent credit risks, build a robust supply chain and monitor compliance of their business partners in India and around the world. Customers use Rubix for the risk assessment of both their domestic and international counterparties.

Set up by highly experienced risk professionals who have worked extensively in the credit, legal and supply chain information domains, Rubix has been recognised as part of the 'Start-up India' scheme by the Government of India in 2018.

We have built a proprietary database covering over 10 million Indian businesses from over 120 data sources. Rubix deploys advanced analytics on its proprietary database to assess and monitor the risk of our customers' Distribution and Supply chains.

Rubix focuses on simplifying decision making for Credit, Risk, Supply Chain and Compliance professionals through its suite of reports, products and services, including its intuitive Automated Risk Management & Monitoring System (ARMS) platform.

Our customers include leading Indian Corporates, MNCs, Banks, Financial Institutions and Insurance Companies.

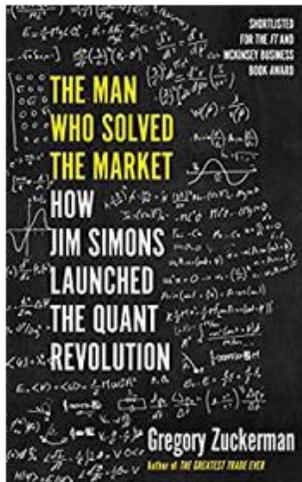


# RESOURCES



## The Man who Solved the Market - Gregory Zuckerman

Reviewed By Prasad Deshpande



What happens when mathematical geniuses, theoretical physicists or 'quants' as they are commonly known, start applying their expertise in financial markets - a world of commodities, futures, stocks and currencies - far removed from the groves of academia? They become very wealthy and create a quantitative revolution with consequences for us all. Gregory Zuckerman in his highly engaging book 'The Man who sold the Markets' does a brilliant job of describing this.

This is a story of one man, Jim Simon of Renaissance Technologies' quest to become a billionaire by parlaying his key insight into huge wealth using computers and 'inscrutable' algorithms. "Historic patterns can form the basis of computer models capable of identifying overlooked and ongoing market trends, allowing one to divine the future from the past."

This approach, by the way is not unique. For centuries, speculators had embraced various forms of pattern recognition right from the Babylonian traders, recording the prices of barley and dates on clay tablets hoping to forecast future moves. Japanese rice merchants, in the early eighteenth century, invented a charming way of visualising the open, high, low and closing price levels for the country's rice exchanges over a period of time, including the classic candlestick pattern, which is still used by the technical chartists of today. Many of these practitioners were, however, colourful characters, frauds and charlatans who failed miserably. Jim, a world class mathematician in his own right, who went against history against the 'old fashioned' way of blending thought research with honed instincts borne out of years of being the in the market.

This is a lesson of how Jim's instinct for spotting talent enabled him to convince incredibly bright and talented people to join him at various stages of his journey. How he built and managed this team, investors, the environment, backed his instincts and went against conventional wisdom, his enormous self-confidence and conviction that made him stay the course. 'Black box' investing is not for the faint hearted. Here you essentially don't know why your model is successful so you can't explain your methods or process to anyone else, beyond the fact that the models are based on spotting trends and patterns in data that humans can't spot, which need to be exploited for a profitable trade. Jim overcame his hesitation but this book chronicles in detail how he learnt from his mistakes and losses, to the help of experts in various branches of mathematics to build single trading model rather than maintain various models for different investments and market conditions. This was revolutionary thinking at the time.

This is also a story of how some fundamental assumptions were upended such as the efficient market hypothesis that people take rational decisions. Renaissance's signature Medallion fund found itself making its largest profits during times of extreme turbulence in financial markets. When they asked the question 'who was losing' they found out that their models, shorn of any emotion, were taking advantage of the errors and overreactions of overconfident traders who were committing mistakes. Using advanced mathematics, Medallion was really modelling human behaviour! Humans are most predictable in times of high stress - they act instinctively and panic and react the way they did in the past.

This is also a book of the birth of 'quant' hedge funds and how rival quant funds like DE Shaw built huge successful business. He also describes how other successful firms like Soros's Quantum Fund scored one of the biggest trades of all - the one billion dollars that they earned by shorting the pound in 1992. These were macro investors who made a bulk of their profits from a limited number of gutsy moves.

Gregory with very limited information - Medallion and all ex staffers, all very wealthy individuals are sworn to secrecy - sweeps us away with his portrayal of Jim and other brilliant iconoclasts.

Jim Simons, now over 80 years is a complex figure who spends his life trying to uncover secrets and tackling challenges and he has not stopped. He now focusses on understanding and curing autism and discovering the origin of the universe and life itself.

When asked on how he became so successful, Jim simply said "We had lots of luck!"

Gregory Zukerman has done a brilliant job of weaving together so many different narratives into one-page turner. He is a Special Writer at The Wall Street Journal, a 20-year veteran of the paper and a three-time winner of the Gerald Loeb award.

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FEEDBACK

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