Trusted analytics matter to CEOs

Data & Analytics spotlight on Disrupt and Grow: 2017 Global CEO Outlook
Trust matters: CEOs know the value of trusted analytics

CEOs want to use data to transform their organizations and drive future growth. And they plan to place significant investment into Data & Analytics (D&A) and digital infrastructure to achieve their goals. However, KPMG's recent survey, *Disrupt and Grow: 2017 Global CEO Outlook,* of nearly 1,300 CEOs suggests they don’t fully trust the data and analytics on which they are basing their decisions. With trust becoming a more important topic on public and corporate agendas, CEOs are increasingly recognizing the value and importance of trusted analytics.

* Source: 2017 Global CEO Outlook, KPMG International
Complex analytics underpins most of today’s most important business issues, so it’s vital that business leaders are able to trust in the data, in the analytics, the algorithms and the decisions that they make on the basis of that data. That’s what we mean by trusted analytics.

John Hall
Partner, KPMG in the UK

Figure 1: What is your primary objective for your investments in emerging technologies?

<table>
<thead>
<tr>
<th>Objective</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improving bottom-line growth</td>
<td>70%</td>
</tr>
<tr>
<td>Transforming the business and operating model</td>
<td>59%</td>
</tr>
<tr>
<td>Getting closer to our customers/improving customer engagement</td>
<td>55%</td>
</tr>
<tr>
<td>Strengthening organizational resilience</td>
<td>53%</td>
</tr>
<tr>
<td>Increasing productivity</td>
<td>52%</td>
</tr>
</tbody>
</table>

Source: 2017 Global CEO Outlook, KPMG International

CEOs say becoming more data-driven is a ‘Top 3’ strategic priority
Trust helps drive growth

Our survey suggests that trust continues to be a key agenda item for CEOs. Most believe that being a more socially conscious company leads to higher earnings and now see trust as being central to their long-term survival. They also understand that building trust with external stakeholders and customers must be a top priority for their organizations.

We are finding a new, heightened focus on trust is emerging and, as algorithms begin to make more decisions about, or on behalf of, people, are quickly becoming a defining factor of D&A. There is an increasing recognition that the stakes are rising, especially in areas such as cyber security, data privacy, security and public profile. Analytics have increasing financial power and are not guaranteed to be politically or morally neutral. Those who can manage trusted analytics will move forward with confidence, both in their decision-making and their customer relationships.

According to our survey:

— 74 percent of CEOs agree that their organization is placing greater importance on trust, values and culture in order to sustain their long-term future
— 72 percent of CEOs agree that they correlate being a more empathetic organization with higher earnings
— 61 percent of CEOs agree that building greater trust among external stakeholders and customers is among the top three priorities for their organization today.
— 51 percent of CEOs say they are not fully prepared to deal with customer data theft, business data theft or employee data breaches.

Source: 2017 Global CEO Outlook, KPMG International
However, CEOs don’t trust their data

CEOs want to be data-driven. And they recognize the importance of trust. Yet, they do not seem to fully trust the data upon which they are basing their decisions. The majority lack confidence in their ability to secure their data. Most say that the quality of their customer data and management information can’t be trusted.

According to our survey:

— 56 percent of CEOs say they are concerned about the integrity of the data they are using for decision-making
— 36 percent of CEOs say they can’t make data-driven decisions until they invest significantly in data quality
— 45 percent believe the depth of their customer insight is hindered by a lack of quality customer data.

Figure 3: CEOs doubt their data

If you’re relying on software to make the decisions for you, at what point can you trust that those decisions are going to be the right ones? You only build that over time.

Lisa Heneghan
Global Head of Technology,
Management Consulting,
KPMG International

Source: 2017 Global CEO Outlook, KPMG International
Closing the trust gap
At KPMG, we believe that those CEOs able to overcome the D&A trust gap will be better-placed to make faster decisions, more accurately and with much greater confidence. In this environment, CEOs need to take a systematic approach to trust that spans the lifecycle of analytics, one that is founded on four key anchors of trust.

Four anchors of trusted analytics
In a recent report, Building trust in analytics: Breaking the cycle of mistrust in D&A, D&A professionals considered the value of trust in the D&A organization and offered ideas to break the cycle of mistrust:

1. **Quality**: Are the fundamental building blocks of D&A good enough? How well do organizations understand the role of quality in their current approach to organizing, developing and managing data and analytics?

2. **Effectiveness**: Do the analytics work as intended? Can organizations determine the accuracy and utility of the outputs?

3. **Integrity**: Is the D&A being used in an acceptable way? How well aligned is the organization with analytics regulatory compliance and privacy/ethical needs?

4. **Resilience**: Are long-term operations optimized? How good is the organization at ensuring effective governance and security throughout the analytics lifecycle?

Using these anchors, we outline the processes, practices and governance that we implement to deliver trusted data, analytics and models between decision-makers, data scientists and customers.

Trust in D&A should be non-negotiable. Each anchor of trust is relevant at every stage of the D&A lifecycle, from data sourcing to data preparation and blending to analysis and modeling to usage and deployment and, finally, through to measuring effectiveness and back to the beginning of the cycle.

Figure 4: The four anchors of trusted analytics

**Trust (noun)**

\textit{trust} — assured reliance on the character, ability, strength or truth of someone or something — Merriam-Webster

About the survey

The data published in this report is based on a survey of 1,261 chief executive officers (CEOs) from Australia, China, France, Germany, India, Italy, Japan, Spain, the UK and the US. The survey was conducted between 21 February and 11 April 2017. These CEOs operate in 11 key industries: automotive, banking, infrastructure, insurance, investment management, life sciences, manufacturing, retail/consumer markets, technology, energy/utilities and telecom. Three hundred and twelve CEOs came from companies with revenues between US$500 million and US$999 million; 527 from companies with revenues from US$1 billion to US$9.9 billion; and 422 from companies with revenues of US$10 billion or more. In addition, 1,105 CEOs came from public companies and 156 from private companies.

kpmg.com/ceooutlook

About Global Data & Analytics at KPMG

In a global environment defined by constant disruption, business leaders need D&A they can trust to inform their most important decisions. KPMG’s D&A team has earned that trust with an evidence-based, business-first approach that’s at our core.

For more than 100 years, we have worked across industries to help member firms’ clients address their long-term, strategic objectives. And, as an internationally regulated accounting and professional services network, our member firms have an unwavering commitment to precision and quality in everything we do.

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