



VENTANA RESEARCH



Business Trends in Location Analytics

Exploring the Impact of Geographic Context
On Business Processes

Research Report Executive Summary

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August 2013

Ventana Research performed this research to determine attitudes toward and utilization of location analytics. This document is based on our research and analysis of information provided by organizations that we deemed qualified to participate in this benchmark research.

This research was designed to investigate location analytics practices and needs and potential benefits. It is not intended for use outside of this context and does not imply that organizations are guaranteed success by relying on these results to improve location intelligence. Moreover, gaining the most benefit from location analytics requires an assessment of your organization's unique needs to identify gaps and priorities for improvement.

The full report with detailed analysis is available for purchase. We can provide detailed insights on this benchmark research and advice on its relevance through the Ventana On-Demand research and advisory service. Assessment Services based on this benchmark research also are available.

We certify that Ventana Research wrote and edited this report independently, that the analysis contained herein is a faithful representation of our evaluation based on our experience with and knowledge of location intelligence and analytics, and that the analysis and conclusions are entirely our own.

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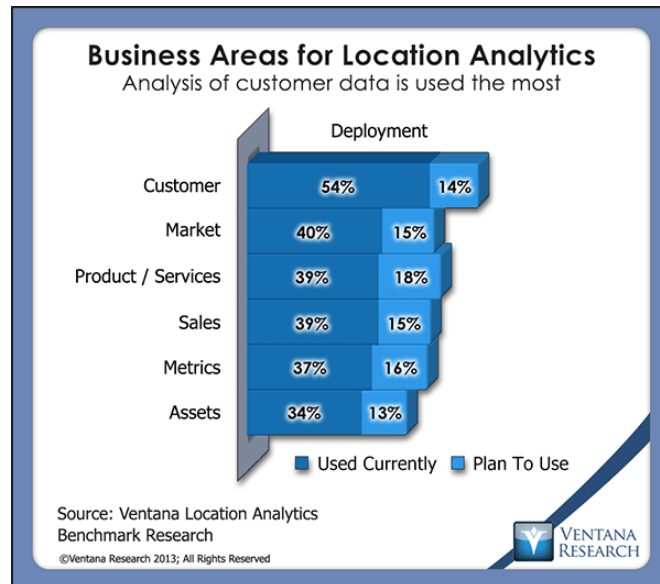
Ventana Research



Executive Summary

Ventana Research believes the context of location is a critical business asset that will provide a competitive advantage over the next decade. Adding geographic and location context to information enables organizations to understand more about their customers, whether they

are other businesses or consumers. It provides critical business insights, enables better decisions and improves processes and performance.



Location awareness can benefit efforts in marketing, sales, and customer acquisition and retention; logistics and supply chain management; and financial and operational decisions, not least among them where to place retail outlets, business assets and people in various functions. It also can increase the value of

technological innovations such as business and social collaboration, and even mobile technology that is used by the business and customers along with the analysis of social media commentary and other expressions of customer sentiment that could be part of big data efforts.

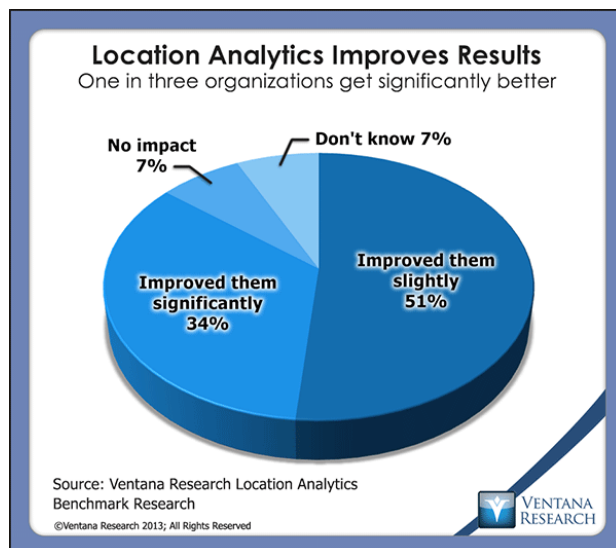
Location analytics is the analysis of geographic information to improve business decision-making. It utilizes business intelligence (BI) and information management technologies combined with geographical information system (GIS) techniques and analytic methods. Location analytics tools analyze information collected and integrated from various business systems, including enterprise resource planning (ERP), customer relationship management (CRM) and supply chain management (SCM), from databases and from the Internet and websites.



Ventana Research has for more than a decade studied trends among buyers of location intelligence software to gauge its adoption both in departments and enterprise-wide in various industries and business processes. Today, such deployments are growing at a rapid pace as companies seek to provide this information to their business and operational managers. We undertook this benchmark research to investigate changes in market trends, business drivers, technical requirements, barriers to adoption and timelines for implementing location analytics across a range of business functions and processes. We also sought to identify the best practices of organizations that are most mature in its use.

Organizations use location analytics for business-to-business (B2B) and business-to-consumer (B2C) functions as well as in internal processes. Most participants in this research said that using location analytics has improved the results of their activities and processes, either significantly (34%) or slightly (51%). Half of those with busi-

ness titles indicated significant improvement, as did half who work in services companies.



Using location-related information can help in B2B interactions, according to a majority of the organizations participating in this research, and more than two-fifths said it can help in electronic commerce, consumer access to product information and fulfillment on products and services purchased.

Asked what benefits drive investments in location analytics

software, the two that participants most often ranked first in importance are to improve the customer experience and satisfaction and to gain competitive advantage.

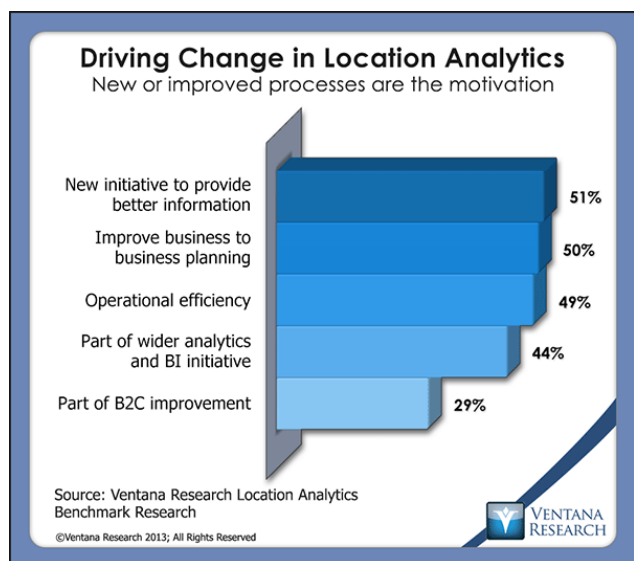
However, those seeking to use location analytics face challenges. A key finding of the research is the importance of experience using these location and geography-specific technologies. Participants who are



very experienced in location analytics said it has significantly improved the results of their activities and processes much more often (62%) than did those who described themselves as experienced (23%) or somewhat experienced (27%). Reflecting the newness of this business tool, overall the largest portion (37%) of participants are only somewhat experienced, and one-fourth are not experienced.

Related analysis finds some unease with the state of these analytics. Just 12 percent of participants said they are very satisfied with the location information and analytics available in their organization; more than one-third (36%) said they are satisfied, but more than half (52%) are somewhat or not very satisfied. We found similar response patterns when exploring confidence in the quality of location information: 15 percent are very confident and 42 percent are confident, this leaving a substantial number expressing some degree of uncertainty.

One cause of limited satisfaction and confidence appears to be the

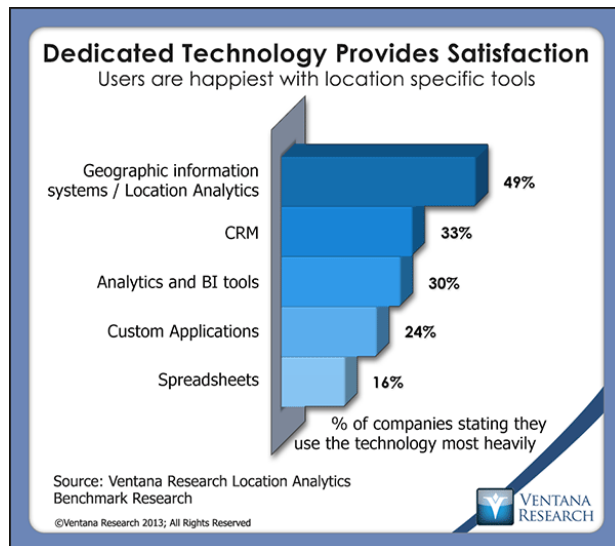


difficulty of analyzing information that has a location context. One-third of organizations each said doing so requires significant effort or some effort, and 17 percent said that is very difficult or they cannot do it. Thus it is not surprising that about three in five organizations plan to change the way they use location information in the next 12 to 18 months. For more than 40 percent each, that change is driven by efforts to improve processes: a new initiative to improve information and decision-making, improvement

of B2B planning and collaboration, improvement of operational efficiency and as part of a wider initiative in analytics and business intelligence.



Our analysis shows that the tools used for location analytics have impacts on how organizations view it. Nearly half (49%) use spreadsheets heavily for analyzing information that includes location data. Significantly fewer use other tools heavily: custom applications (36%), analytic or BI tools (34%) and a geographic information

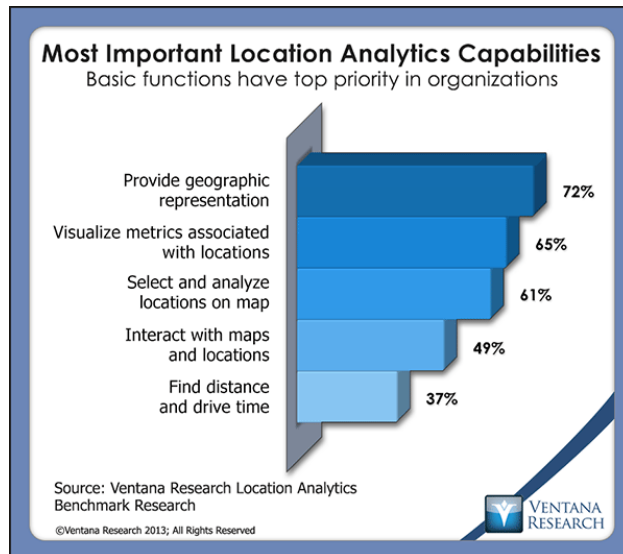


system (23%). Yet heavy users of a GIS are the most often very satisfied (49%), and heavy users of spreadsheets are very satisfied least often (16%). Among those saying that the use of location analytics has improved their results, spreadsheet users ranked last (35%), far behind users of a GIS (55%) and analytic or BI tools (49%). Organizations that use a dedicated tool for location analytics significantly improve the results of their activities and processes more than twice as often as those that use only business

intelligence (43% vs. 16%).

A look at the capabilities necessary for effective location analytics indicates why tools designed for the purpose get better results. More than three in five organizations said three basic capabilities are important: geographic representation of data, visual metrics associated with locations on a map, and selecting and analyzing locations on a map. One-half to one-third said interacting with maps and locations for further analysis, determining distance and drive time, and adding layers to maps are important.

For analysts and IT support personnel more specialized features also are important, such as applying location or spatial analytics to data. These capabilities indicate why general-purpose tools, particularly spreadsheets, are insufficient for business purposes, as are consumer



mapping tools such as those from Google (used by 45%) or Microsoft (31%) for location intelligence. The research finds that two-thirds of small companies (with fewer than 100 employees or less than \$100 million in annual revenue) use Google mapping. But these free technologies cannot provide all the capabilities skilled workers need to meet business needs.

Two other related issues complicate effective use of location analytics: preparing and integrating all relevant

data on which to perform the analyses. In today's environment of increasing volumes of various data being generated faster than ever, more than half (53%) of organizations have at least five sources of content and data to bring together, and almost one in five (17%) have more than 10 sources. As well, users must geocode all data before applying location analytics to it. Fewer than half (44%) of organizations in this research are satisfied with the results of their process for geocoding, and an awareness gap adds to the challenge of getting ready: One in five participants don't know how their organization geocodes, and more than one-third (35%) don't know whether they are satisfied with the results of geocoding.

This research makes clear that location analytics offers challenges and opportunities. The location potential of mobile technology has both. People who are on the go yet still connected are a rich source of location data and context. However, the research shows that relatively few organizations are using location-based data from mobile devices for analytics related to customers (23%), employees (16%) or social media (12%). Looking ahead, though, we see that from 23 to 29 percent intend to capture such data for those three areas, so we expect the mobile source to increase in importance.

Applied to these research findings, our Maturity Index analysis places the single largest group (29%) at the lowest Tactical level but the



second-largest (27%) at the highest Innovative level. This indicates the broad range of maturity typical of an emerging market. Among the four dimensions in which we further evaluate maturity, organizations are most mature in Technology and Information, least so in the People dimension and only a little better in Process.

We conclude that simply having technology for location analytics will not deliver the desired benefits when an organization's people and processes are not ready or lack the experience to use it fully. We anticipate further maturation as more organizations recognize the value of location information in their businesses, perhaps by seeing others use it to their advantage.

This Executive Summary is drawn from the full Ventana Research Benchmark Research report. The full report is available for purchase, payable by check or credit card. Advice and focused guidance based on this benchmark research can be purchased through our Ventana On-Demand service. For more information about the full Benchmark Research report or assessment of your organization using our Maturity Index methodology, please contact us at sales@ventanaresearch.com.



About This Benchmark Research

Ventana Research designed this benchmark research for business and IT managers connected with the use or management of location-related information and analytics. The research was conducted from December 2012 through April 2013. Applying our standard methodology and quality assurance criteria, we identified 261 qualified participants. They represent a range of organization sizes: 29 percent from very large companies (having 10,000 or more employees), 31 percent from large companies (with 1,000 to 9,999 employees), 22 percent from midsize companies (with 100 to 999 employees), and 19 percent from small companies (with fewer than 100 employees). A large majority (86%) of these companies are located or headquartered in North America, although many of these are global organizations operating worldwide. Among industry categories, companies that provide services accounted for 41 percent, those in manufacturing for 30 percent and those in finance, insurance and real estate for 16 percent. Government, education and nonprofits accounted for 10 percent, and others made up the balance. Categorized by their job title, one-fourth are executives (26%), 8 percent are in management and more than half (56%) are what we term users in the lines of business. By functional area, half (51%) work in the lines of business and 41 percent in IT. (More demographic detail about the participants is available in the full research report.)



About Ventana Research

Ventana Research is the most authoritative and respected benchmark business technology research and advisory services firm. We provide insight and expert guidance on mainstream and disruptive technologies through a unique set of research-based offerings including benchmark research and technology evaluation assessments, education workshops and our research and advisory services, Ventana On-Demand. Our unparalleled understanding of the role of technology in optimizing business processes and performance and our best practices guidance are rooted in our rigorous research-based benchmarking of people, processes, information and technology across business and IT functions in every industry. This benchmark research plus our market coverage and in-depth knowledge of hundreds of technology providers means we can deliver education and expertise to our clients to increase the value they derive from technology investments while reducing time, cost and risk.

Ventana Research provides the most comprehensive analyst and research coverage in the industry; business and IT professionals worldwide are members of our community and benefit from Ventana Research's insights, as do highly regarded media and association partners around the globe. Our views and analyses are distributed daily through blogs and social media channels including [Twitter](#), [Facebook](#), [LinkedIn](#) and [Google+](#).

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