Mind The Data Gap: Aspiration vs. Reality In Corporate Real Estate
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Executive Summary

From leveraging data to manage traffic flow in Asia to monitoring workplace productivity in the US, both public sector and private organizations increasingly rely on analytical tools to generate data-driven insights that enable better decisions and improve internal operations. Analytics initiatives often focus on technology to support data collection, storage, processing, and access. However, business intelligence, data warehousing, and big data, while essential, are simply a means to an end. The real value of data and analytics derives from the insights it yields.

Forrester has found strong interest in data and analytics globally and across all industries. Firms are becoming increasingly aware of the value of data in addressing customer demands and expectations, increasing operational efficiency, and responding to ever-changing market dynamics.

In June 2014, JLL commissioned Forrester Consulting to evaluate the extent to which the adoption and use of data and analytics within the corporate real estate function can support overarching corporate goals. Forrester Consulting surveyed 392 corporate real estate executives across 11 countries and 10 industries, and also interviewed 10 senior corporate real estate executives across five countries to gather qualitative perspectives. This study provides insights into how the corporate real estate function is responding to the “data-driven economy”.

KEY FINDINGS

Forrester’s study yielded the following key findings:

› Corporate real estate data and analytics is viewed as critical to business success and is backed by investment. Seventy-five percent of all respondents see corporate real estate information as a core part of a wider corporate data and analytics strategy, with more than half stating that corporate real estate data and analytics entirely supports broader business strategies. This demonstrates that companies are beginning to realize the value of data and analytics across the organization. While the corporate real estate budget for data and analytics comprises a small portion of the overall corporate budget, 64% of teams enjoyed an increase in budgets in the current financial year, with the same proportion expecting them to increase further over the next financial year.

› However, current capabilities inhibit their ability to contribute to overall business strategy. Corporate real estate leaders identified their top three data and analytics capabilities as:
  • Standardized processes and systems for data generation.
  • Data storage systems (e.g., data warehousing).
  • Data gathering (bringing structure to unstructured data).

This is characteristic of a more tactical, foundational approach. The three biggest weaknesses inhibiting corporate real estate’s contribution to overall business strategy are:
  • A nonstandardized data governance policy within the function.
  • Lack of data and analytics KPIs that align to overall business goals.
  • An inability to find suitable talent to improve corporate real estate data and analytics collection and application.

These weaknesses are due to a number of inhibiting factors, including an overreliance on a traditional approach to data analyses, which is highly process-driven and linear; a limited pool of employees who can understand and apply big data and analytics on a more strategic level (both inside and outside of corporate real estate); and a lack of coordination with similar efforts in other departments.

› Corporate real estate executives must seize the opportunity to lead in the broader organization by becoming more data-centric. As seen in other industries and functions, the potential impact of analytics on the wider business could be huge. A separate Forrester survey found that big data is strategically important to businesses — for example, almost half of surveyed business leaders who use or plan to use big data in the next 12 months expect efficiency benefits of 5% or more, and 26% expected significant revenue improvement.

› To achieve such advantages, corporate real estate leaders must swiftly address current gaps in the people, processes, and technology that support data and analytics — such as acquiring the right tools, hiring the right talent, creating more awareness of its use and...
application, and working with suitable vendors — to lead in the broader organization. Twenty-eight percent of corporate real estate leaders see themselves as “data-centric” today (see Figure 1), and this number is forecast to double to 56% over the next three years. This is encouraging, but the pace of transformation must accelerate to fully harness the potential benefits that data and analytics bring.

**FIGURE 1**

**Corporate Real Estate Leaders Aspire To Become More Strategic In Their Use Of Data And Analytics In The Next Three Years**

“How would you best characterize your firm’s use of data and analytics three years from now?”

<table>
<thead>
<tr>
<th></th>
<th>Today</th>
<th>Three years from now</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data denial (firm has a distrust of CRE data and avoids using it)</td>
<td>1%</td>
<td>4%</td>
</tr>
<tr>
<td>Data-indifferent (firm does not care about CRE data and/or has no need for it)</td>
<td>4%</td>
<td>2%</td>
</tr>
<tr>
<td>Data-informed (firm uses CRE data only when it supports opinions or decisions)</td>
<td>67%</td>
<td>42%</td>
</tr>
<tr>
<td>Data-centric (firm uses CRE data to shape all opinions and decisions)</td>
<td></td>
<td>56%</td>
</tr>
</tbody>
</table>

Base: 392 global corporate real estate leaders

Source: A commissioned survey conducted by Forrester survey Consulting conducted on behalf of JLL, November 2014
Increased C-Suite Support For Corporate Real Estate Data And Analytics

Firms today that embrace data and analytics use it for strategic planning purposes and to drive operational efficiencies and productivity improvements. Likewise, many organizations are using corporate real estate data to inform business decisions. For instance, the corporate real estate team of a retail complex builder in Canada overlays real-time maps on real estate data to help it identify the specific use cases for a new site, mixing in demographic information and locations of new access roads to better target potential retail leases, making the team a valued contributor to overall corporate strategy.

To that end, C-suite vision, resources, and funding for data and analytics are helping the corporate real estate function grow into a strategic partner to the business. Our findings show that:

› Most CEOs set the corporate data and analytics vision. Ninety-four percent of organizations have a formal strategy, and nearly seven out of 10 CEOs at these organizations set the vision (see Figure 2). This figure is more prevalent at larger organizations (20,000 or more employees), where 80% of respondents said their CEO sets the vision, compared with 63% for smaller firms. This indicates that the C-suite is committed to leveraging data to inform business decisions. This figure is higher than in a recent Forrester report on the maturity of business intelligence in the enterprise, where four out of 10 respondents did not believe that business stakeholders have a clear sense of ownership and personal responsibility for the success of business intelligence. However, corporate real estate leaders must develop robust strategies to ensure that their priorities are aligned to those of the rest of the organization and particularly to those of executives.

› Budgets are expected to increase, albeit from a modest base. Budget allocation to overall corporate data and analytics activity is typically small, with 39% of companies dedicating less than 1% of their annual corporate budget to it. Slightly more than seven of 10 respondents receive less than 10% of the allotted budget for corporate real estate. This compares well with what Forrester sees in typical business intelligence budgets, which is about 6% to 7% of the corporate software wallet. The upside is that the majority of respondents saw an increase in data and analytics budgets in the current financial year, and a similar percentage expect their budgets to increase further in the next financial year (see Figure 3). This raises C-suite expectations for the corporate real estate function to do and achieve more. Over 40% of respondents rated sound financial investment, along with strong C-level support, as enablers of data and analytics.

FIGURE 2
The Corporate Data And Analytics Vision Is Driven Top-Down

“‘Our CEO sets a clear vision for data and analytics in our business.’”

Base: 392 global corporate real estate leaders
Note: Percentages may not total 100 because of rounding.
Source: A commissioned survey conducted by Forrester Consulting on behalf of JLL, November 2014

FIGURE 3
Funding For Corporate Real Estate Data And Analytics Continues To Increase

“‘Compared with the previous financial year, my CRE data and analytics budget has . . . ’ ‘In the next financial year, my CRE data and analytics budget will. . . ’”

<table>
<thead>
<tr>
<th></th>
<th>Increased marginally</th>
<th>Increase significantly</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current year</td>
<td>47%</td>
<td>17%</td>
</tr>
<tr>
<td>Next year</td>
<td>56%</td>
<td>8%</td>
</tr>
</tbody>
</table>

Base: 392 global corporate real estate leaders
Source: A commissioned survey conducted by Forrester Consulting on behalf of JLL, November 2014
The corporate real estate function has strengthened data and analytics resources. Thirty-four percent of corporate real estate functions have a dedicated individual who focuses on data and analytics. Of those with teams, half boast multidisciplinary teams comprised of market analysts, data scientists, and other functional experts, while a third have teams that are comprised of data generalists — that is, those with limited expertise in analytics. In Forrester’s view, there is no ideal team; it depends on the functional needs of the organization.

These actions are aimed at achieving the three most desired outcomes:

- **Enable more informed decision-making.** The banking and insurance, technology and media, professional services, and retail industries rated this highly. Why? Because it helps save costs: Prime downtown locations and branch outlets can run up operating costs quickly; having access to better data will help balance capital and operational expense decisions. For instance, the director of a global pharmaceutical firm relies on a combination of external and internal real estate data (global, regional, local) to help the business achieve cost savings and better allocate resources.

- **Improve workforce collaboration and productivity.** The professional services, manufacturing, and retail industries see this as a key outcome. Why? It creates efficient space use and raises productivity. Given the prevalence of the productivity agenda, it is no surprise that this was stated as a desired outcome across a wide range of industries.

- **Monitor, improve, and optimize process performance.** The energy and utilities sector rated this as a priority. Why? Because making a wrong bet on resource allocation, for example, will be extremely costly to the business.

“Data plays a key role in our daily decision-making, and real estate data plays a huge role in office selection, for example.”

— Senior vice president of real estate, Canadian developer
Fundamental Weaknesses Inhibit Strategic Ambitions

The corporate real estate function is clearly seeking to get more out of data and analytics, but there are fundamental weaknesses in existing capabilities that inhibit strategic success. For example, for many, the current focus is centered on low-level data activities such as collecting physical portfolio data. Most corporate real estate leaders rated their strongest capabilities as having a standardized process and system for data generation, establishing data storage systems, and data gathering, all of which suggest a tactically minded approach. However, it should be noted that there is no specific capability that is viewed as universally strong.

This tactically minded approach also manifests itself in low planned adoption of advanced analytics tools. Most data analysts use platforms to create reports, dashboards, and simple visualizations to uncover insights in their firm’s data. This is the traditional approach to analytics, which reports on and makes sense of actions that occurred in the past. Advanced analytics is different. In contrast with the traditional approach, advanced analytics techniques are used to uncover nonobvious insights or predict future outcomes using a wide range of data sources and algorithms. Firms can use advanced analytics to uncover previously unseen insights in historical data, provide real-time information, and build models to predict customer characteristics and behavior. In the next 12 months, only 18% of corporate real estate leaders plan to implement a predictive analytics platform — a type of advanced analytics — to help increase productivity in work space design (see Figure 4). In the same period, another 11% plan to develop capabilities in real-time analytics, i.e., bringing contextual structure to large volumes of unstructured data. This is a missed opportunity. Being able to predict business outcomes with a certain probability, based on real-time, contextual inputs, helps business decision-makers create a strong competitive advantage. By capitalizing on advanced analytics, corporate real estate leaders could, for instance, transform capital programs by driving greater cost certainty to achieve greater capital efficiency.

Even more concerning is the fact that respondents reported weaknesses in some areas that underlie a strategic data and analytics function, namely:

- **Standardizing data governance policy.** Establishing a standardized policy for data governance helps to reduce data inaccuracy or unreliability. Without such standards, it is challenging to deliver accurate and reliable (and repeatable/timely) analyses back to the organization. In a broader context, while it can still improve, corporate real estate has established data governance (see Figure 5) better than other functions. A third of respondents rated a lack of data governance policies as a weakness, compared with 45% elsewhere.

- **Establishing data and analytics key performance indicators (KPIs).** Establishing and ensuring acceptance and adherence to a regional or global set of KPIs will help drive more relevance and impact of data and analytics. Again, this is a common challenge for businesses — few enterprise users of business intelligence in other industries have implemented measurements to ensure their tool sets are used to the best effect, possibly due to a lack of incentives or skills.

- **Finding suitable talent to improve data and analytics collection and usage.** Without relevant skills, organizations will struggle to produce desired outcomes. Forrester found that close to 70% of business intelligence users are also facing a challenge to hire and retain skilled business intelligence staff, which suggests that suitable talent in this area is hard to find, regardless of industry.

The director of facilities at a US multinational manufacturing company acknowledges that finding suitable skill sets to enhance his team is important.

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**FIGURE 4**

Predictive Analytics Remains A Low Priority, Stymieing Opportunities For Innovation

“What types of analytics are most likely to drive innovation and create new growth for your department and/or firm in the next 12 months?”

<table>
<thead>
<tr>
<th>Analytics Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data that encompasses not just physical portfolio data but also workplace functions to improve productivity</td>
<td>70%</td>
</tr>
<tr>
<td>Occupancy data planning</td>
<td>68%</td>
</tr>
<tr>
<td>Financial modeling</td>
<td>64%</td>
</tr>
<tr>
<td>Advanced visualization (new types of graphical data representations beyond traditional bars, pies, or scorecards)</td>
<td>41%</td>
</tr>
<tr>
<td>Predictive analytics</td>
<td>31%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>2%</td>
</tr>
</tbody>
</table>

Base: 392 global corporate real estate leaders
Source: A commissioned survey conducted by Forrester survey consulting conducted on behalf of JLL, November 2014
“Having talent is one thing, but having the right talent is another . . . I call it ‘right sourcing,’” he said.

Other organizational inhibitors include:

- **Fragmented data initiatives within the organization.** Thirty-one percent of corporate real estate executives felt that fragmented data initiatives across the organization currently inhibited their strategy (see Figure 6). While our findings show that the high-level data and analytics vision is set by the C-suite, the operational focus by various departments leads to a fragmented strategy; more than 60% of corporate real estate leaders admit that their organization’s data and analytics strategy is driven and funded by individual business groups, suggesting multiple, conflicting objectives that could potentially result in misalignment with corporate goals. This was felt particularly acutely in the energy and utilities sector, with 41% agreeing that this was a challenge.

- **Difficulty connecting across functions to access data, which limits its potential value.** Three in 10 corporate real estate execs felt that departmental ownership of data creates silos that prevent better-informed decisions. Access to human resource or financial data, for instance,
could allow the corporate real estate team to plan ahead of employee hires or tax-related changes to support a company’s productivity or cost-savings goals. Only 9% of leaders strongly agree that they constantly gather and exchange information across departments to proactively manage key business resources (e.g., functional spaces). On a broader level, 62% of respondents in a recent Forrester study reported data accessibility as an issue, which stymies efforts in cross-functional data sharing for enhanced business decision-making.

› Low priority for user training for data and analytics use and application. A third of respondents felt that their teams needed more training in the proper usage and application of data. Perhaps as a result, only 36% of respondents feel they utilize the data they collected extensively. This suggests that not only are corporate real estate functions struggling to recruit the right talent, but they are also failing to train existing users, which is equally critical to success.

“Big data, IoT [Internet of Things], and even artificial intelligence now means faster decision-making processes have to come into play in business. . . . reports are coming in hourly rather than annually in the past; [we need] a way to make sense of this data.”

- IT manager, US-based industrial manufacturing company
Moving Beyond Tactical Approaches Is Essential

Corporate real estate executives aspire to become more strategic in their use of data and analytics. Our survey found that only a small number of firms (28%) consider themselves as “data centric” today — that is, they use corporate real estate data to shape all of their opinions and decisions. This figure will double to 56% over the next three years, as corporate real estate executives become more comfortable and conversant with the use of data and analytics.

Such responses indicate that the industry knows where the value lies and that there is an ambition to get there. This is where the corporate real estate function can lead the organization and inspire other departments to follow.

We believe that the real opportunity to improve lies with people and process more than technology. As such, corporate real estate leaders must:

› Steer their teams away from being mere data collectors and managers. The facility manager of a UK-based healthcare institution told us: “We need a real estate management software package that can keep track of changes in real time, which helps me manage spare resources [across a portfolio of over 200 properties]. Today, my info is kept in spreadsheets.” While data collection and management are important, corporate real estate leaders must elevate their team’s role, for example, by adopting advanced analytics tools to drive and deliver insight and generate value. Today, three out of 10 respondents have implemented an analytics platform, and a further 36% will implement one in the next 12 months. This is encouraging. In addition, user training must be instituted on a regular basis, so that teams can make the best use of these tools.

› Quickly fill the skills gap. One of the most important elements of success is building a team that is not only able to define a strategy, but also able to execute it. Respondents acknowledged an acute shortage of data and analytics skills at both the strategic and tactical levels within corporate real estate. Alarmingly, only 29% of respondents believe that their strongest capabilities lie with their talent (e.g., attracting and hiring data scientists/managers/specialists); further, more than 70% of respondents think that their companies do not adequately attract, hire, train, grow, or retain their existing data and analytics talent. To that end, 55% of respondents aim to address this shortage in the next 12 months, with a further 16% planning to recruit skilled staff in the next three years. This will not be easy given economy-wide demand for data scientists.

› Standardize governance policy. A standardized data governance policy is ranked as the weakest current capability, and worryingly 56% of respondents have no plans to enhance their governance policies at all. Nonstandardized governance creates fundamental problems with data integrity, especially when corporate real estate functions share data with other teams in the organization, as well as with outsourced partners. Setting up a robust data governance framework involves framing policies across several areas, such as data collection, warehousing, access, and privacy. A US financial services firm, for instance, provides an example of best practice in data governance. It instituted a number of policies as part of its data governance efforts, including a data correction policy that outlined its approach to fixing incorrect data; a data usage policy to ensure no one misused its data assets; and a data integrity and integration policy to ensure its data had a high degree of integrity and that common elements had common definitions and values. To standardize the structure for defining and evangelizing these policies, this firm built a useful policy template that included sections to define the business purpose of the policy, the overall philosophy driving the policy, the applicability of the policy — whom the policy pertains to and for what data — and the detailed description of the policy itself.12

“We see a growing data-centric [mindset] across the organization as new systems to centralize and modernize data collection are put in place in next two to three years.”

- Head of real estate, global pharmaceutical firm
Key Recommendations

Corporate real estate data and analytics enables companies to differentiate themselves by better understanding the dynamics of rapidly changing external and internal environments, driving operational efficiencies and workforce productivity based on quantitative insights. But this is just the beginning.

To truly achieve the business outcomes that align to corporate strategy, corporate real estate teams must transform their culture at a much quicker pace, and move from a tactical to a strategic focus.

They need to:

› Drive the data and analytics agenda in partnership with other departments in the organization. Enlightened organizations recognize that no one can truly set a vision without partners, and this logic also applies to data and analytics. In support of shared organizational goals, heads of corporate real estate units should collaborate with their business peers to eliminate the fragmentation that ultimately limits the impact of data and analytics efforts. Over one-third of respondents have defined processes for how data flows between departments today, and close to four out of 10 will do the same in the next 12 months. This suggests a maturing mindset among corporate real estate leadership to add strategic value to the broader organization, but the pace of change must be quicker. In addition, having a standardized governance policy allows a baseline of objectives to be shared and refined. The sooner executives bring that coherence to their efforts, the better it will be for the organization.

› Review and revise supplier relationships. Fifty-eight percent of corporate real estate executives are unsure if they have the relevant internal skills to drive a data and analytics strategy today. As a result, firms are increasing their spending on third parties to help improve their data capabilities, including data strategy. Corporate real estate leaders must review supplier relationships iteratively to ensure that they are partnering with firms that are helping to successfully define their strategy and execute against it, matched against overarching corporate goals.

› Structure teams for strategic focus. Only 29% of respondents believe that their strongest capabilities lie with their talent (e.g., data scientists, managers, specialists). Corporate real estate leaders must reassess how to improve this. Before recruiting market and data scientists, look into how advanced analytics tools, for instance, simplify statistics and data visualization, and focus on how to expand data literacy across the existing team. Continually scouting out and hiring fresh external talent is another way to enhance teams. In addition, they must make user training for existing staff a priority.

Corporate real estate leaders have a great opportunity to advance the corporate real estate function to a strategic role within the organization using data and analytics. However, to do this they must rapidly transform their teams in order to become more data-centric. They also need to align and integrate data with other departmental data across the organization to derive greater value. Only when that is achieved can corporate real estate functions truly be strategic.
Appendix A: Methodology

In June 2014, JLL commissioned Forrester Consulting to evaluate the adoption and use of corporate real estate data and analytics to support overarching corporate goals. To create this profile, Forrester Consulting surveyed 392 corporate real estate executives across 11 countries and 10 industries. This includes respondents in Australia, China, India, Japan, the UK, France, Germany, the US, Canada, Mexico, and Brazil from roles such as real estate managers and leaders; users of analytics solutions for corporate real estate management (including director/head/manager/lead real estate/property/facilities management/property services); and IT managers and above.

This study provides insights into their use of and strategy around data and analytics and how to arm their peers with the knowledge they need to inform their data strategies.

The custom survey was conducted from July 2014 to August 2014. For more information on Forrester’s data panel and Tech Industry Consulting services, visit www.forrester.com.

Appendix B: Demographics

**FIGURE 7**
Country Split

- Australia: 7%
- China: 13%
- India: 13%
- Japan: 7%
- UK: 8%
- France: 7%
- Germany: 8%
- US: 13%
- Canada: 8%
- Mexico: 8%
- Brazil: 8%

Base: 392 global corporate real estate leaders
Source: A commissioned survey conducted by Forrester survey Consulting conducted on behalf of JLL, November 2014
Figure 8
Company Size

- 20,000 or more employees (Global 2000) 31%
- 1,000 to 4,999 employees (large) 34%
- 5,000 to 19,999 employees (very large) 35%

Base: 392 global corporate real estate leaders
Source: A commissioned survey conducted by Forrester survey Consulting conducted on behalf of JLL, November 2014

Figure 9
Company Industry

- Energy and utilities 9%
- Banking/insurance 13%
- Technology, telecommunications, and media 11%
- Professional services 15%
- Life science 7%
- Manufacturing 19%
- Healthcare institutions 5%
- Hotels and hospitality 5%
- Retail 11%
- Logistics and supply chain 5%

Base: 392 global corporate real estate leaders
Source: A commissioned survey conducted by Forrester survey Consulting conducted on behalf of JLL, November 2014
**FIGURE 10**
Respondents’ Roles

- **Director of real estate and/or construction/facilities** 46%
- **Manager and project manager** (e.g., real estate leader, real estate manager, manager with corporate real estate responsibility) 48%
- **Vice president of real estate and/or construction facilities** 5%
- **Real estate officer (reporting to real estate manager)** 1%

Base: 392 global corporate real estate leaders
Source: A commissioned survey conducted by Forrester survey Consulting conducted on behalf of JLL, November 2014

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**Appendix C: Definitions**

**Corporate real estate (CRE):** CRE refers to the property assets (land and physical buildings) that are either owned or leased by an enterprise or organization and used solely for business purposes.

**CRE function:** The CRE function describes the department or profession that plans, acquires, designs, constructs, manages, and/or administers real estate property on behalf of an organization. The CRE function typically directs resources and time on multisite, long-range planning (often called “portfolio planning” or “strategic planning”).

**Data and analytics:** Data refers to information collected for analysis used for decision-making. Analytics refers to the techniques (both qualitative and quantitative) used to examine and analyze data in order to extract business insights.

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**Appendix D: Endnotes**

1 Forrester defines business intelligence as a set of methodologies, processes, architectures, and technologies — supported by organizational structures, roles, and responsibilities — that transform raw data into meaningful and useful information used to enable more effective strategic, tactical, and operational insights and decision-making that contribute to improving overall enterprise performance. Source: “Drive Business Insight With Effective BI Strategy,” Forrester Research, Inc., May 14, 2013.

2 This includes big data, defined as “the practices and technology that close the gap between the data available and the ability to turn that data into business insight.” Source: “Reset On Big Data,” Forrester Research, Inc., May 28, 2014.


Forrester defines predictive analytics as: *Techniques, tools, and technologies that use data to find models — models that can anticipate outcomes with a significant probability of accuracy.* Predictive analytics uses a combination of statistical and machine-learning algorithms to find a predictive model. Unlike traditional analytics where human experts decide what data is important, when applying predictive analytics, users don't know in advance what data is important. That's the point of predictive analytics: to find what data matters and what data is predictive of the outcome you wish to predict. For enterprises, it is best applied to moderately changing systems, business processes, and customer behaviors. Source: “Predictive Analytics Can Infuse Your Applications With An ‘Unfair Advantage,’” Forrester Research, Inc., August 27, 2014.


