

Market Intelligence in Large Companies - Global Study 2007

Release Webinar
May 22, 2007



Content Outline & Webinar Schedule



EST times (New York City)

- 9.00-9.10 Market Intelligence in Large Companies - Global Study 2007: Background and Summary of the results - Interview with Hans Hedin / Global Intelligence Alliance
- 9.10-9.25 Local results in the United States - Interview with Marc Limacher / ISIS
- 9.25-9.40 Local results in Germany - Interview with Carsten Gayer / Gayer Consulting
- 9.40-9.55 Local results in Brazil - Interview with Thomas Rideg / InfoAmericas
- 9.55-10.00 Summary and conclusions

Global Study Expert Panel



- Mr. Victor Knip, Global Intelligence Alliance
 - Webinar Conferencier
- Mr. Hans Hedin, Global Intelligence Alliance
 - Global Study Project Leader
- Mr. Marc Limacher, I.S.I.S. Global
 - United States
- Mr. Carsten Gayer, Gayer Consulting
 - Germany
- Mr. Thomas Rideg, InfoAmericas
 - Brazil

Global Intelligence for Competitive Advantage



www.globalintelligence.com

The Global Intelligence Alliance is a worldwide network of companies specializing in customized Market Intelligence.

Leveraging its global reach, the GIA provides international organizations with a single source for customized Market Intelligence services and solutions.

Market Intelligence in Large Companies - Global Study 2007

Highlights from the Study

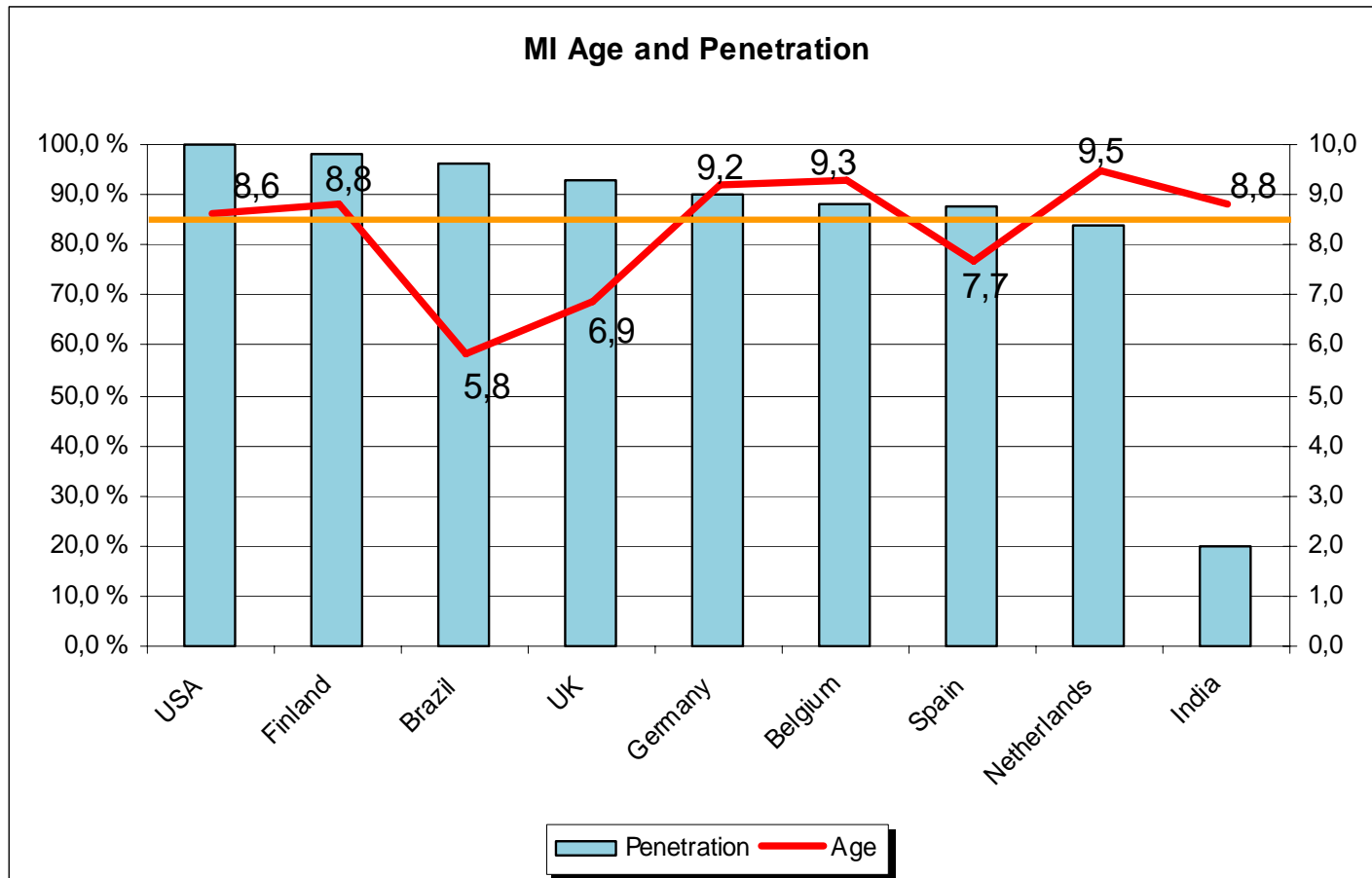


Executive Summary of the Study

- Global outlook on Market Intelligence (MI) in large global companies today
- The second time the Global Market Intelligence Study has been carried out; the first time as in 2005
- The study is entirely based on interviews
- 281 companies were researched
 - Present status of MI
 - Organization
 - IT tools
 - Future outlook
- Countries included: Belgium, Brazil, Finland, Germany, India, Netherlands, Spain, UK, United States
- Member companies in the Global Intelligence Alliance in these countries were responsible for data collection

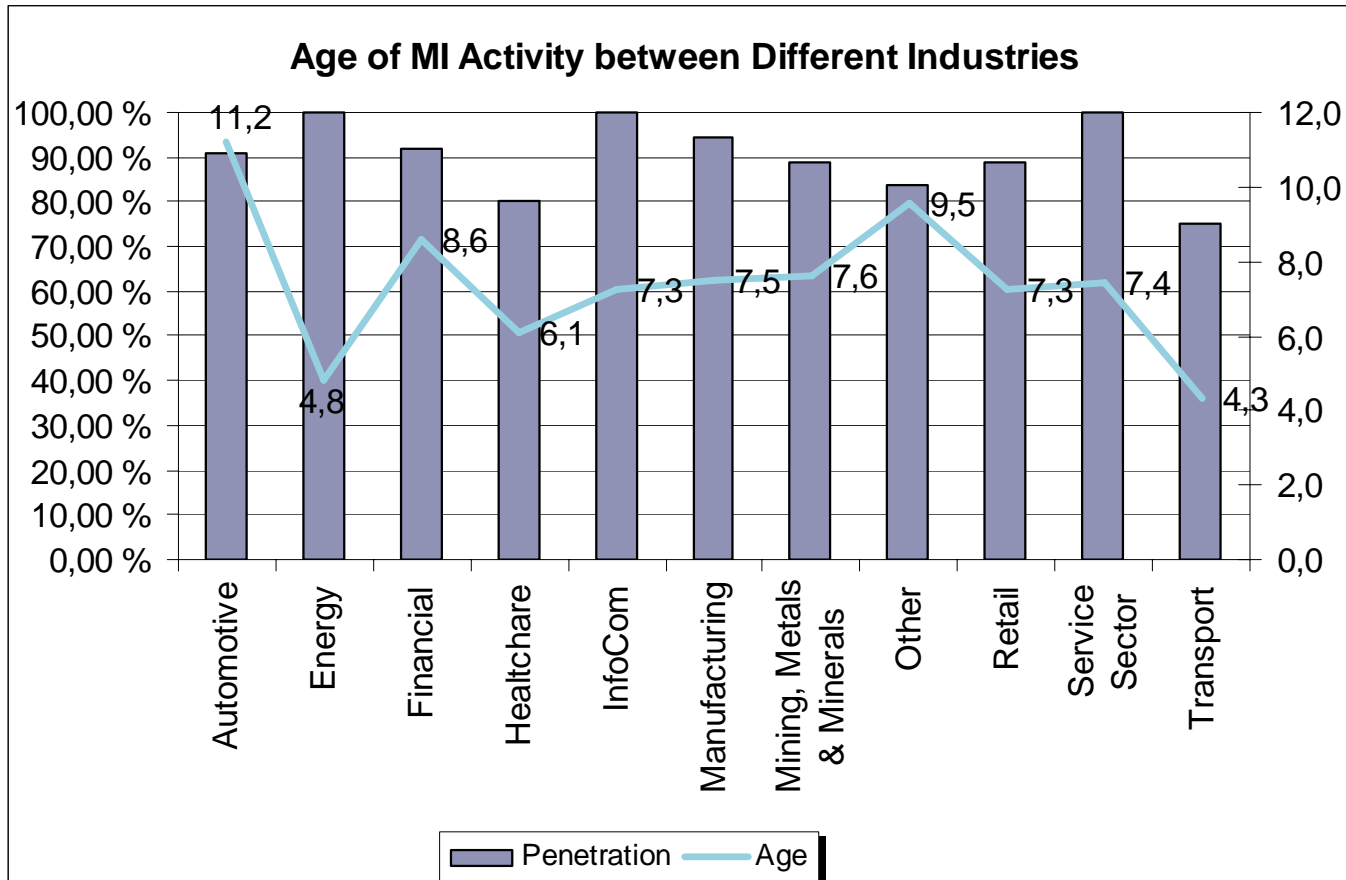
- 84% of the companies conduct Market Intelligence (MI) activities
- In the USA, all companies report to conduct systematized MI activities

MI Activity



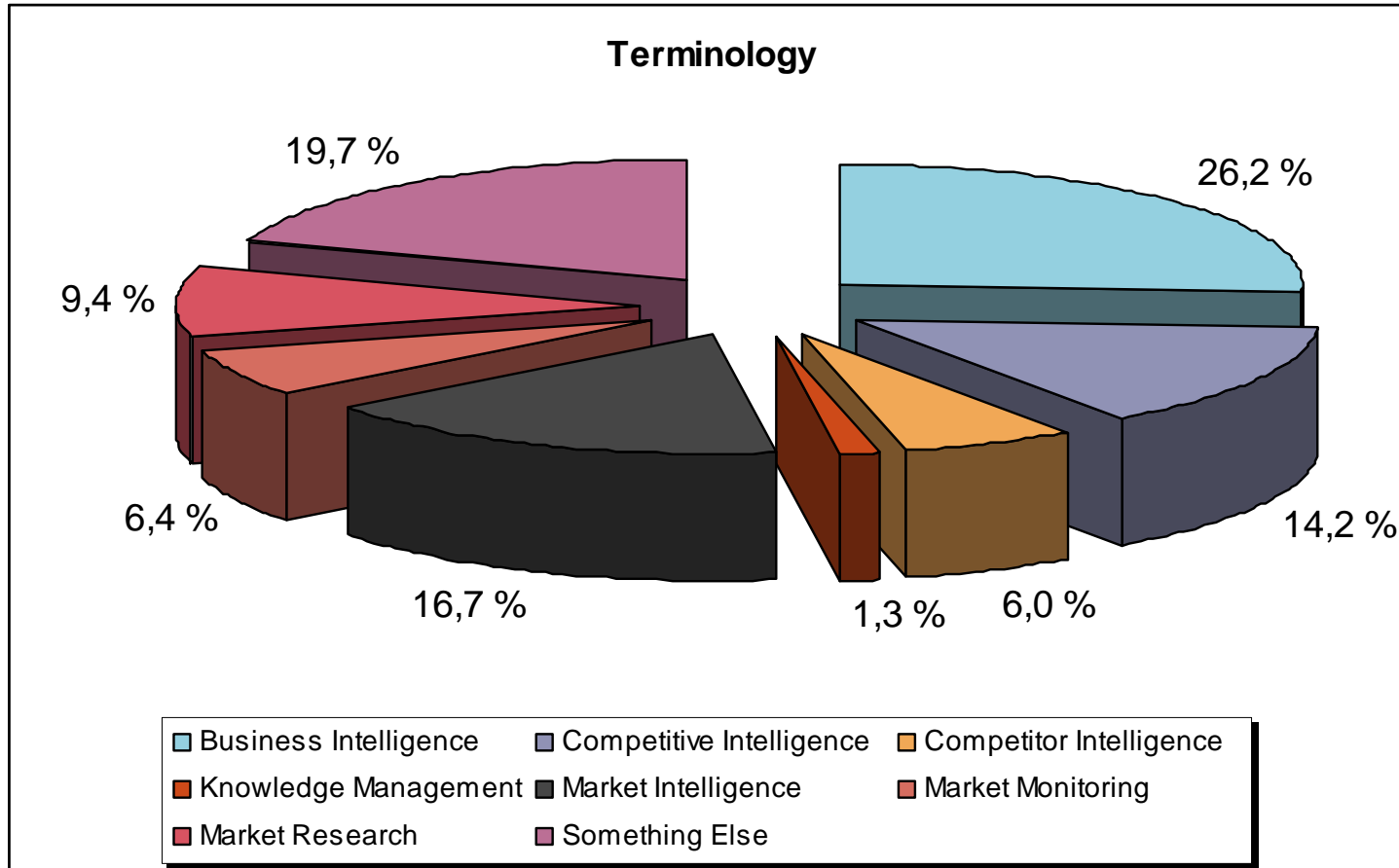
MI Activity in different industries

- Energy, ICT and the service sector were the forerunners regarding penetration
- The automotive industry had, on average, had MI activities for 11.2 years



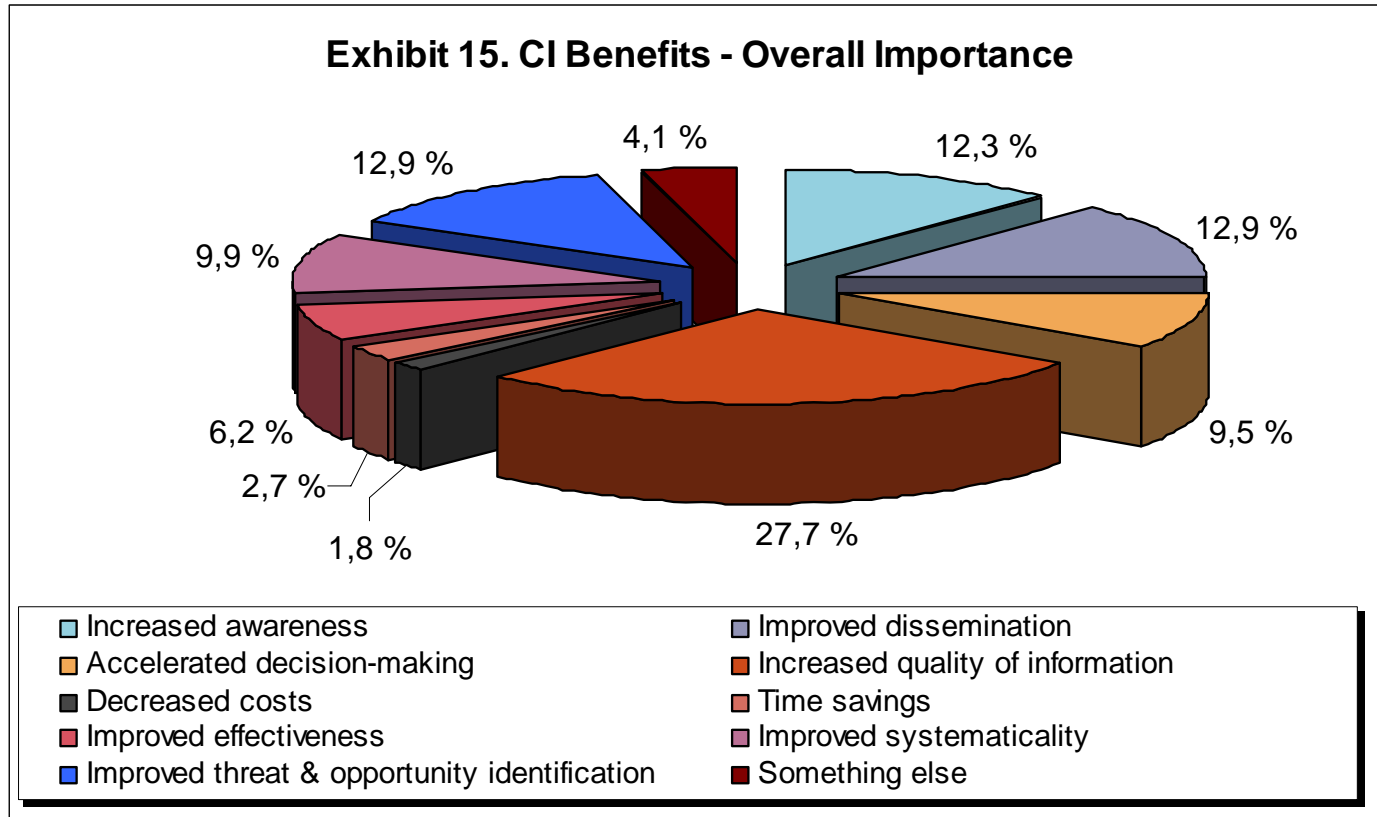
Terminology

1. Business Intelligence (26.3%)
2. Market Intelligence (16.7%)
3. Competitive Intelligence (14.2%)



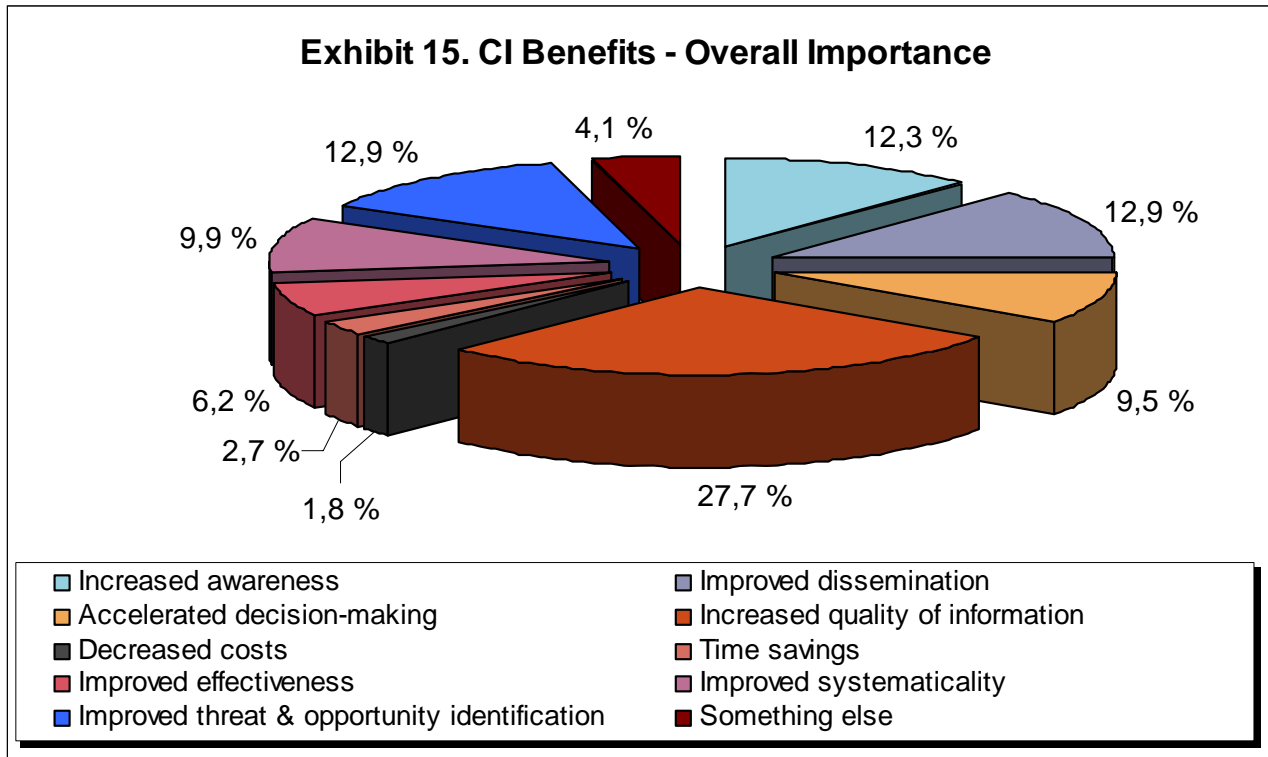
Major Benefits of Intelligence Activities

- Increased information quality 28%
- Improved threat and opportunity identification 14.6 %
- Improved dissemination 14.6%
- Increased awareness 12.3%



GIA Recommendations

- Measure the benefits of MI activities
 - Cases: Success stories
 - Time savings in information retrieval
 - Cost savings through centralized information purchases
 - User studies



The Future of Market Intelligence



Drivers

- Increasingly dynamic markets
- Globalization
- Need for MI efficiency
- General need for business information from the external business environment

MI in 5 years

- Investments in sophisticated IT solutions
- More centralized activities and larger MI organization
- More integration to other functions
- More MI training and education

Constraints

- Information overload
- Complexity
 - Scope of information need
- Top Management commitment
- Weak position in organizations



Local Study Highlights from the United States

Marc Limacher, I.S.I.S. Global, Inc.

Summary Country Profile: USA

- CI is fully utilized (100%) among the US companies surveyed, over half of which have practiced CI for 5 or more years.
- US companies focus on their specific industry, competitors within that industry and employ CI resources to better understand their customers.
- The US trails other countries in adopting IT tools for the specific use of CI activities. However, roughly a 3rd of participants anticipate implementing a CI application in the near term.
- US CI senior managers focus domestically and tend to have either regional counterparts with independent authority or no counterparts abroad.

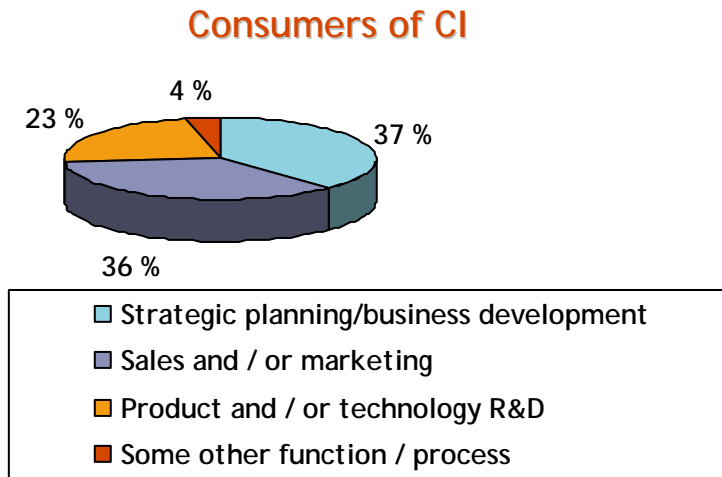
USA Organization

- The most common primary customer for CI is either the CEO or head of sales & marketing.
- Slightly more than half the senior executives presiding over CI have full responsibility.
- Few of the senior executives have full responsibility abroad.
- Approximately half of the respondents had either no responsibility abroad or no CI operations abroad.
- Compared to other countries, the US has the most layers between the senior CI executive and CEO.

CI Production & Consumption

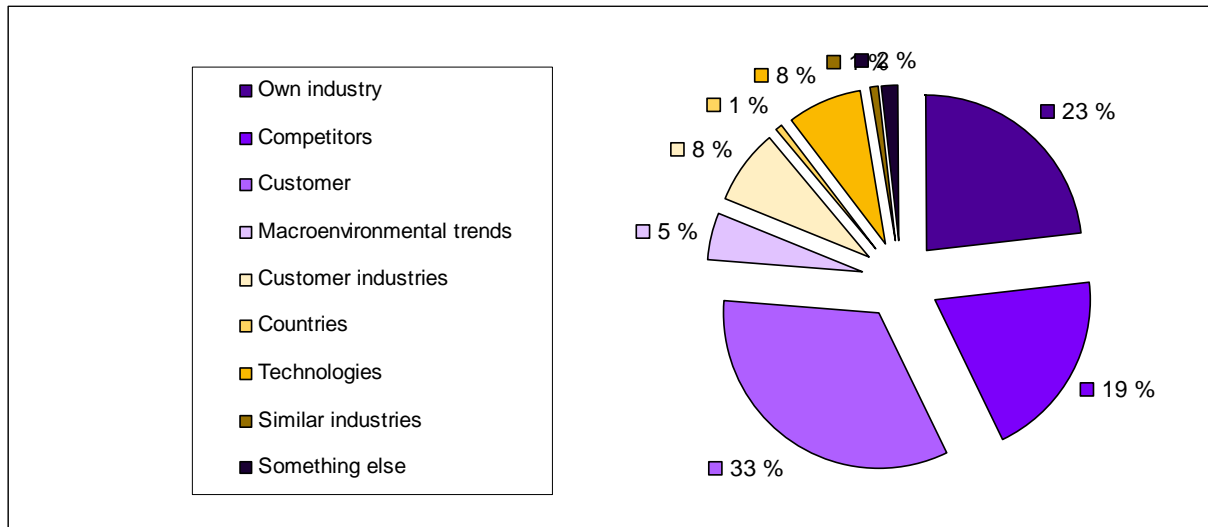
- Although the US had among the lowest ranking of automated tools in place 35.7%, it has a lot of data streaming in on a regular basis. Continuous monitoring for the US was 38% vs. 32.8% globally.
- US companies also ranked slightly above the global average (74.1% vs. 69.9%) in generating their own CI content.
- E-mail was one of the top CI distribution tools named.
- Some companies reported adapting CRM tools for CI use, as collection, self-service and/or distribution tools.

- The US has the highest weighted % of CI users in the Product and/or technology R&D area.
- The US reported PR & finance teams (investigating acquisitions) among other consumers of CI.



Intelligence Needs

- US companies reported the rapid pace of changes in their industry: new players, mergers, acquisitions and new product development made CI activities critical to their business success.
- Companies in mature markets felt CI helped them differentiate their products and services.
- Economics were a key driver of intelligence needs: understanding suppliers' costs, competitors' pricing models and how companies should price their own products and services.

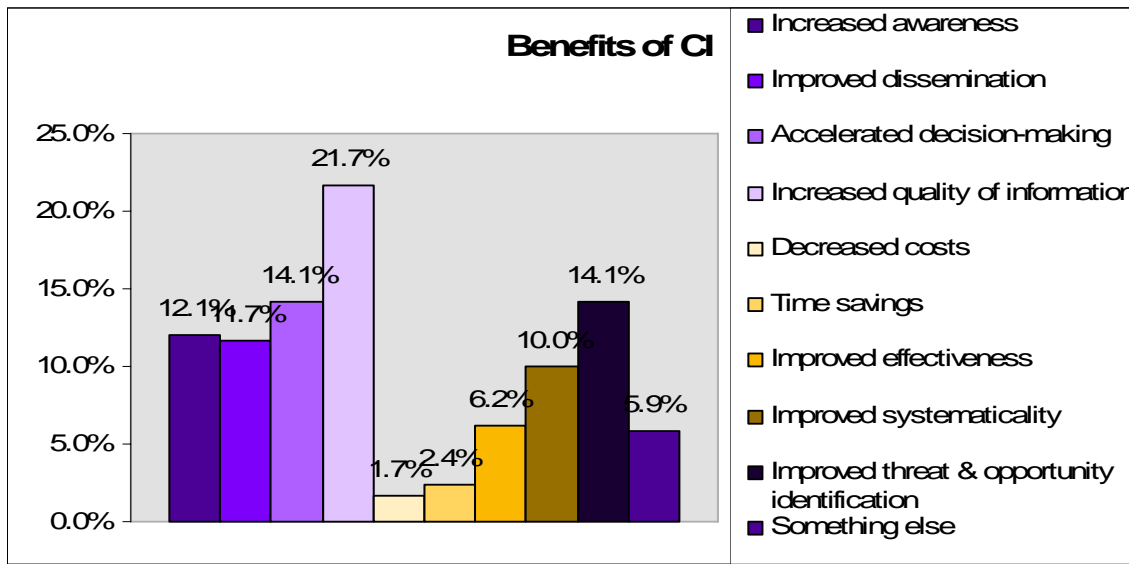


CI Benefits in the USA

In addition to the rankings below, soft measurements were described for quantifying the benefit of CI. Examples include:

- Input to product design and the development of marketing plans.

- A deeper understanding of prospects and customers; more successful sales engagements.
- Determination of new markets and changes to pricing models.
- Significant input to valuing potential new acquisitions before competitors acquire the candidate companies.



CI Challenges in the U.S.

- Top management support. CI needs support in the form of available budget and buy-in on specific objectives.
- Engagement of the organization. CI needs regular input from the organization and application of its analyses to truly provide value.
- Elevation of CI: CI is perceived as an extension of market research. It requires its own identity and understanding of its charter.

Outlook: CI in the US in five years

GIA Recommendations

- **Invest in-house data collection tools**
- **Train employees so those with critical external data are helping to build CI data assets**
- **Set up automated reports for CI consumers.**
- **Broaden CI studies, whether internal or external, to include multiple regions.**
- **Conduct in-depth industry studies on a regular basis.**

- **Geography:** US companies anticipate studies will become more broad and include multiple geographies as corporations push for globalization.
- **Verticalization:** Simultaneously, CI will go deeper into vertical studies as companies fine-tune their individual industry knowledge.
- **Automation:** CI automation tools are evolving such that companies will be able to pull pertinent data from their employees and push it out to relevant CI consumers.
- **Depth of analysis:** With greater information flow there will be increased emphasis on in-depth analyses and application of CI findings such as threat scenarios, M&A, pipeline dissection and war gaming. The qualitative and quantitative analyses will include ROI calculation on CI studies.



Local Study Highlights from Germany

Carsten Gayer, Gayer Consulting

Market Intelligence in Germany

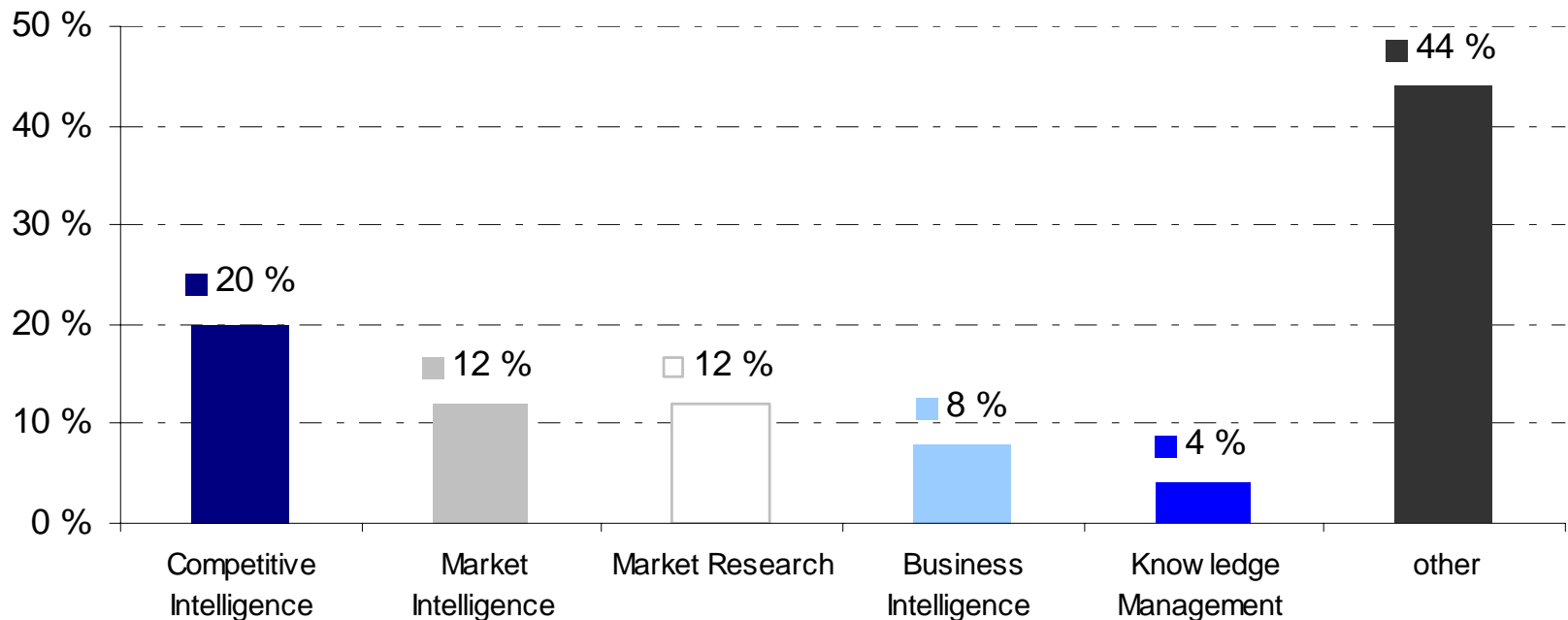
- MI as an academic topic
 - Virtually non-existent until recently, coming up at universities etc.
- Local suppliers in the MI industry
 - Info Brokers, Researchers, Analysts & Consultants
 - Information vendors
 - Training companies
 - IT solution providers
- Books on MI: Quite a few new publications, focus is on CI / Competitors however, e.g.
 - Rainer Michaeli, Competitive Intelligence, 2006
 - Johannes Deltl, Strategische Wettbewerbsbeobachtung, 2004
- Local associations focusing on MI
 - Number of German SCIP Members increased to 64



www.dcif.de

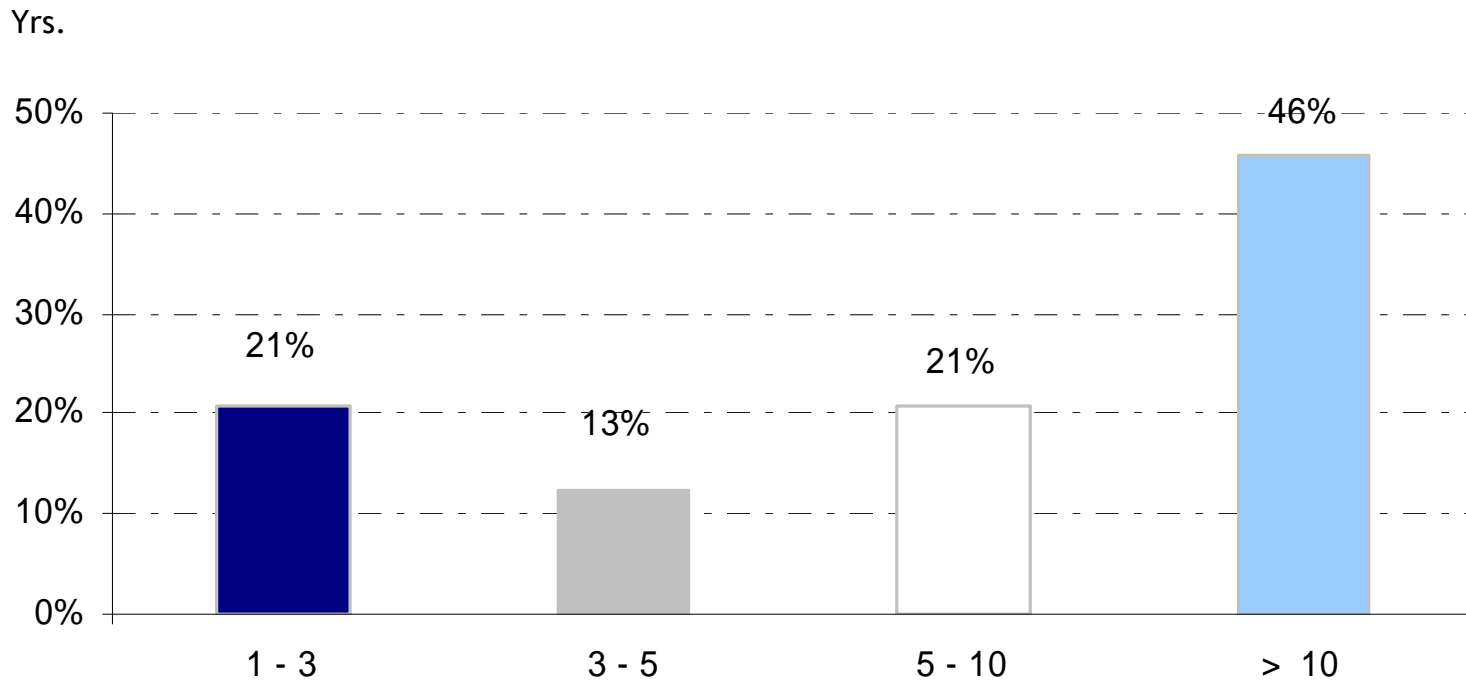
Terminology

- The term 'Intelligence' is used in only 40% of the cases
- Surprisingly vast diversity of names used including 'Market Research', 'Strategic Insight' and 'Strategic Market Analysis' and many more



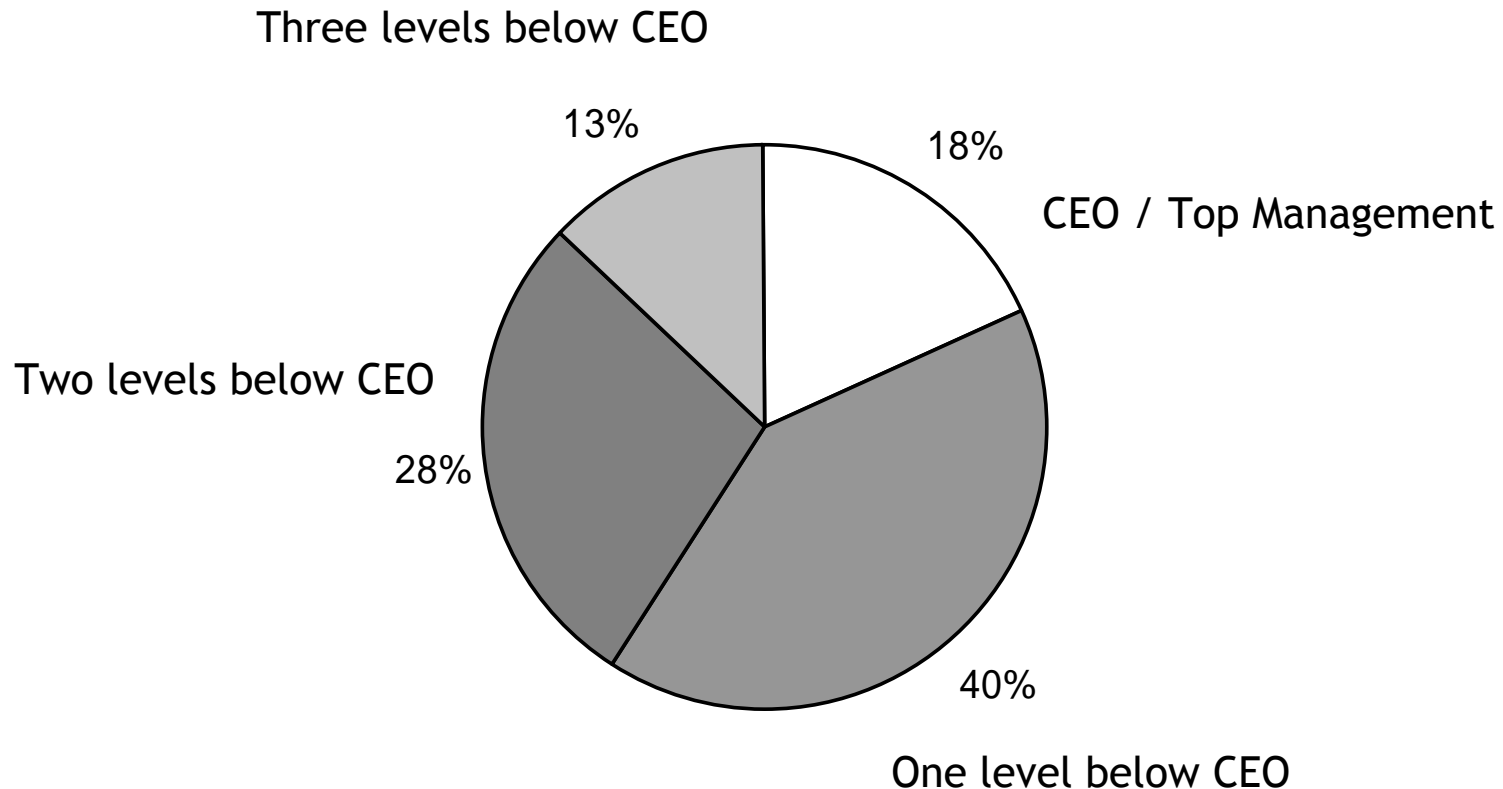
Length of MI/CI Tradition

- The MI/CI function can be called ‘established’ in Germany’s largest companies
 - In almost half of the cases the function has existed for more than 10 years
 - In one third of the companies the function is younger than 5 years



Who is being reported to?

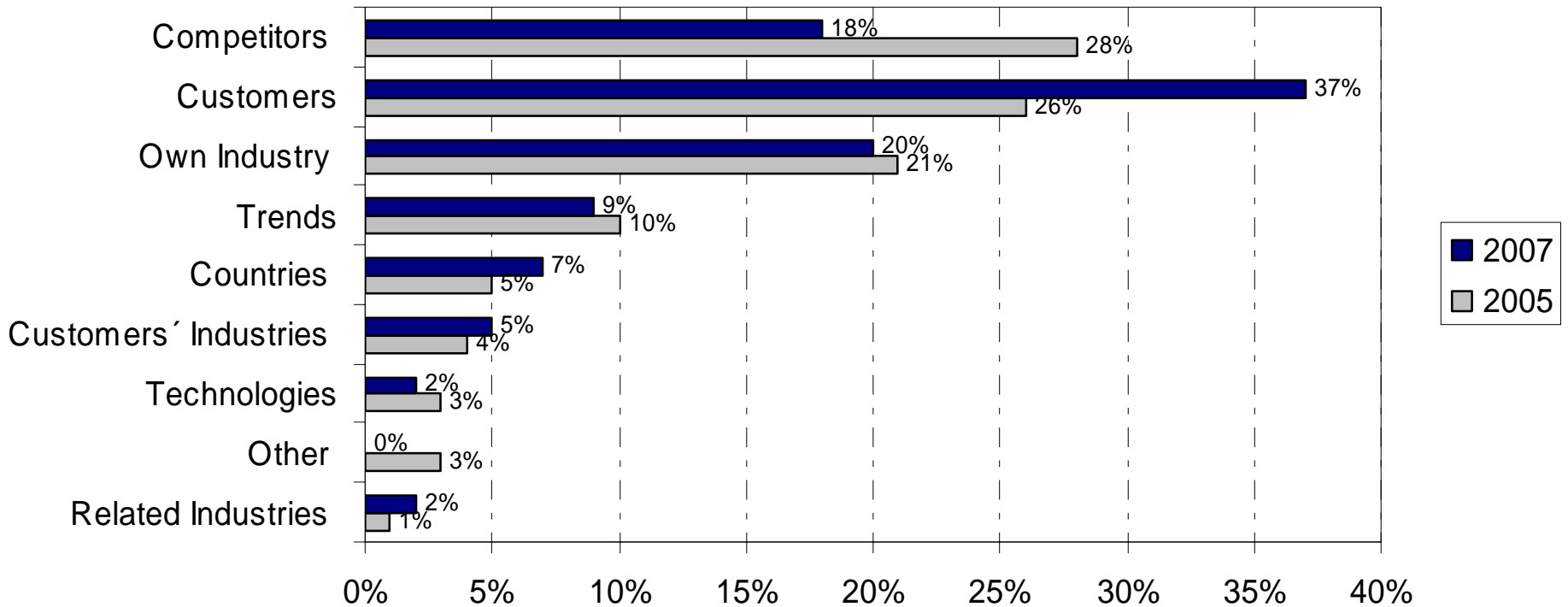
- Nearly 60% of the MI/CI Managers in Germany's TOP 100 companies report to the top or second management level directly
- This implies a high strategic impact of MI/CI in most cases



Evolving intelligence needs

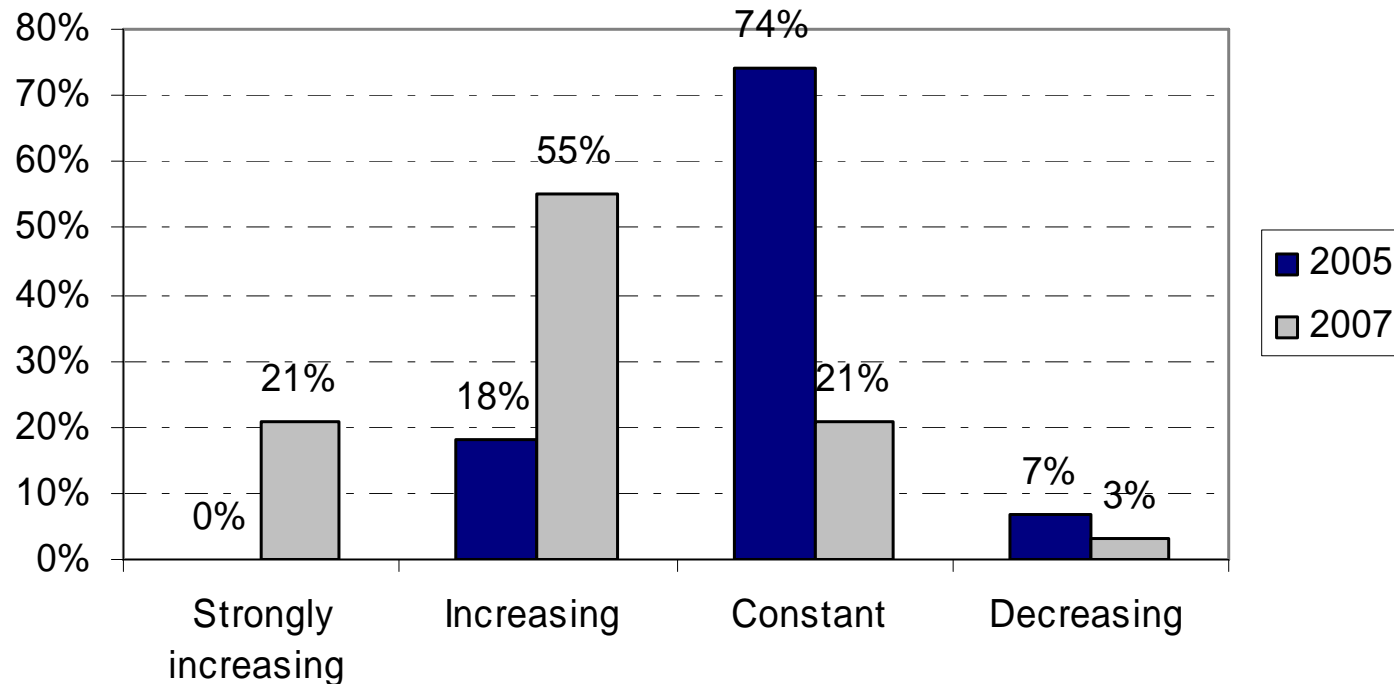
Relative changes in focus:

- Competitors down
- Customers up



Increasing investment in intelligence activities

- Three out of four of the respondents believe that investments in the MI/CI function will be increasing over the next five years
- In 2005, 74% reported that investments within the next five years will remain stable





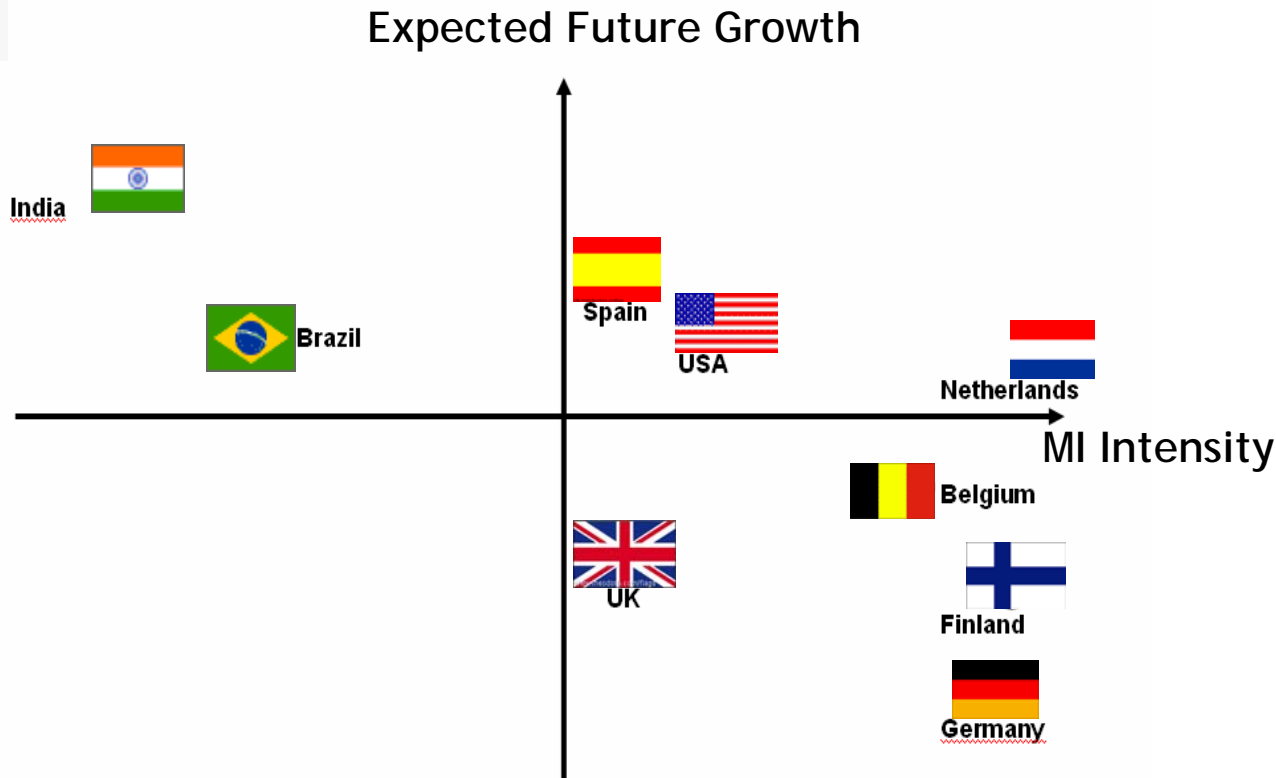
Local Study Highlights from Brazil

Thomas Rideg, InfoAmericas

Brazil - Overview

- MI Intensity

- 95% of top 100 companies with MI activities
- Second youngest MI history: 5.8 years
- Users of MI: 80% either Top or middle management
- IT tools used for MI: 65% of companies

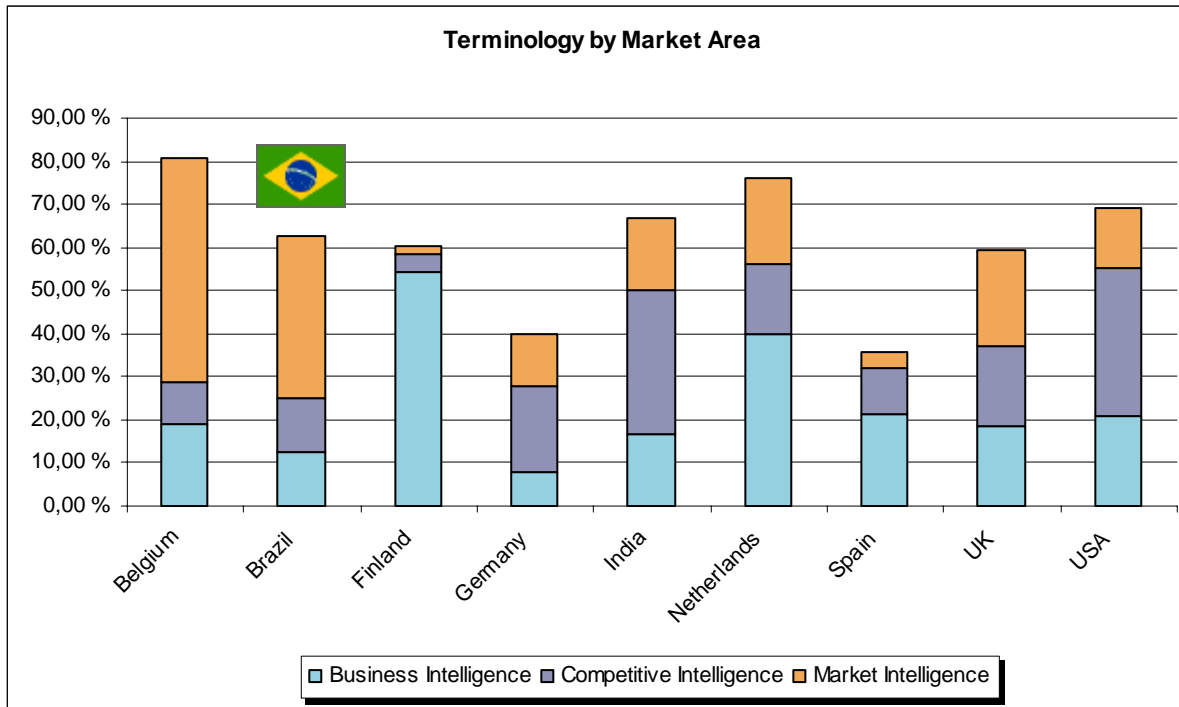


- Future Growth

- Planned investments in MI: High
- Above global average

Terminology

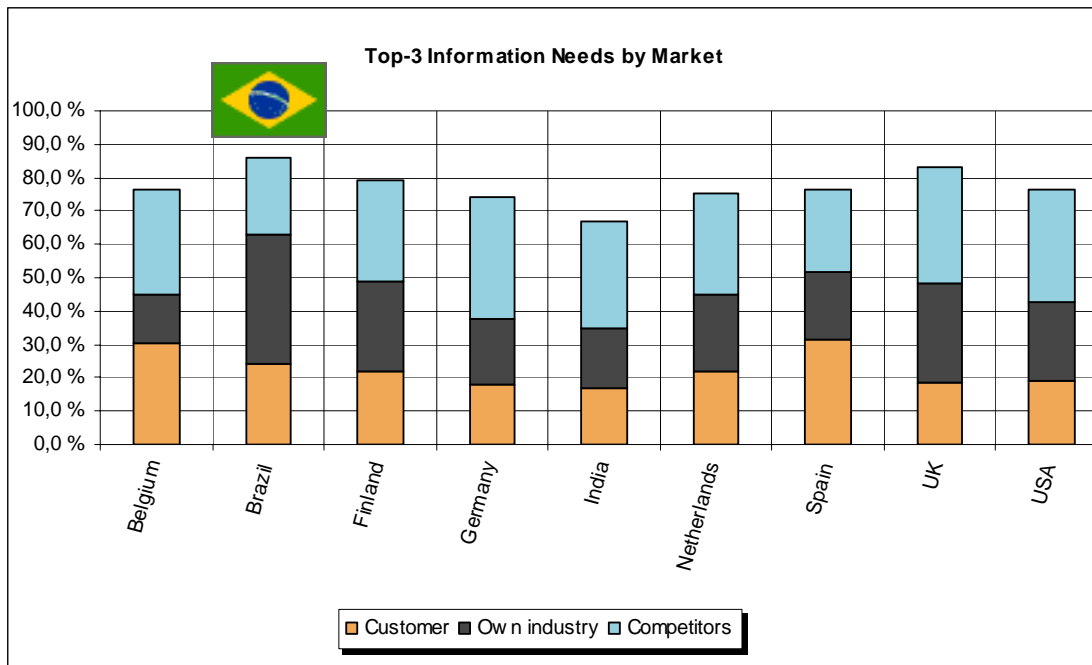
- MI is the preferred terminology in Brazil
- MI is seen to encompass the market, competitive, regulatory and consumer environments



- CI is still often related to espionage, which can bring a negative connotation; this is reducing as the practice matures.
- BI is related mostly for internal systems and tools and the name is often adopted by IT departments

Intelligence Needs

- Information on the industries is the most requested. This is driven by:
 - Lack of publicly available information in many sectors
 - Increasing competitiveness restrains companies to share info with associations
 - Multinationals responding to HQ's overseas; Brazilian giants with a dominant position in the market/sector



- Consumers are often tended to by different dpts
 - Mkt research
 - CRM
- As local companies mature, their intelligence needs increase focus on market & competitive strategy

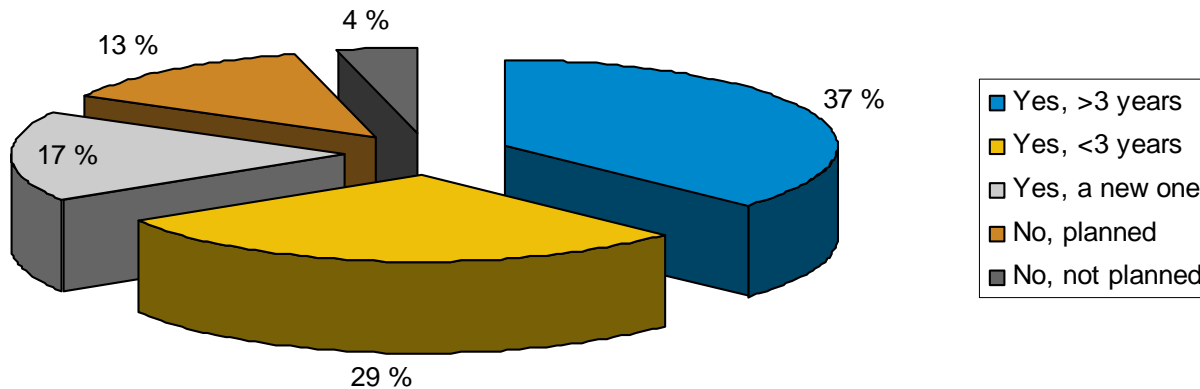
GIA Recommendations

- Ensure that the intelligence activities cover the entire business environment
- Involve your colleagues - above and below you. Interview them on their priorities and involve them in your developments.

Intelligence Tools

- 83% of interviewed companies claim to have MI tools
 - A 55% increase from 2005
- In many cases, the tools are well utilized for storing information but not used to their potential in the management, distribution and monitoring of market information.

Brazil: MI Tools



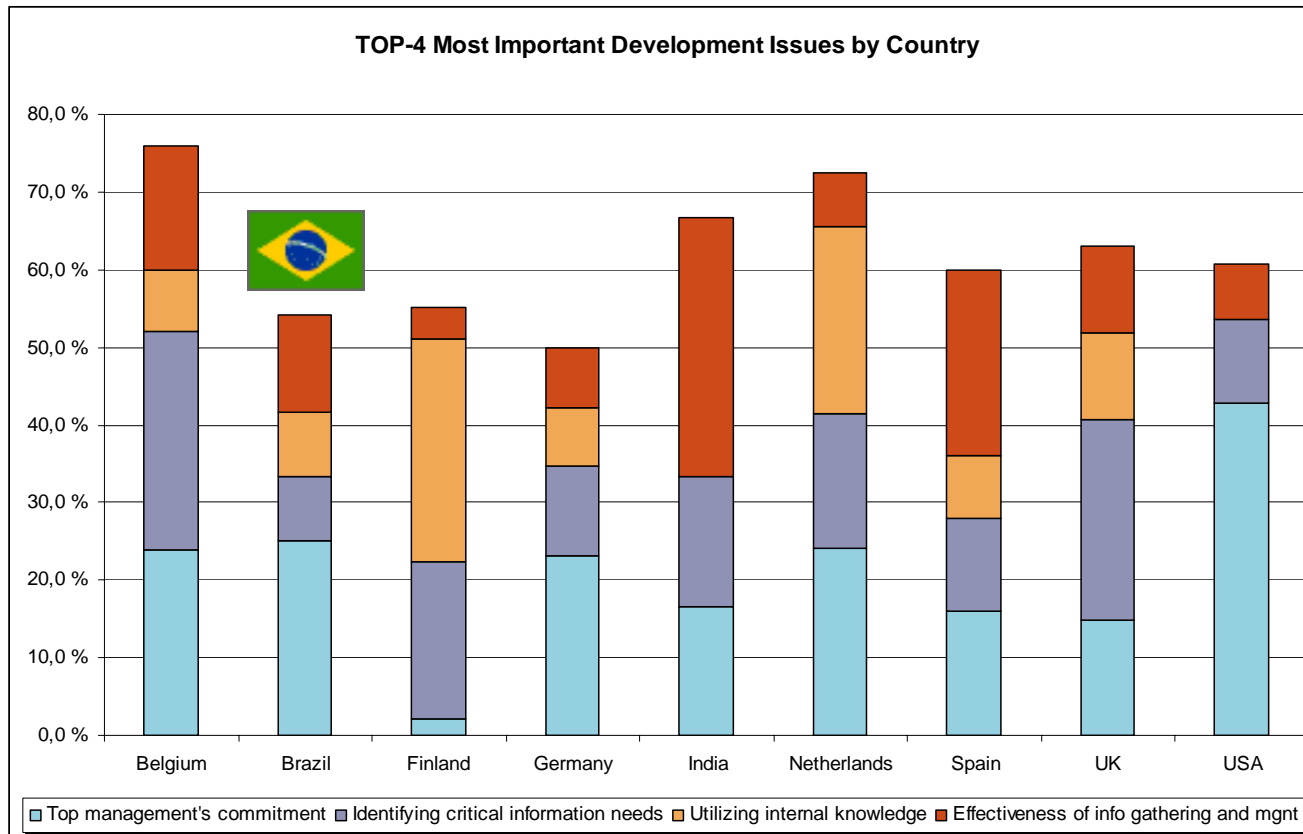
GIA Recommendations

Use MI tools in order to:

- Provide the organisation with basic intelligence tailored to personal needs
- Automate information collection & structuring
- Provide a knowledge base for intelligence profiles & reports
- Market the intelligence program
- Allow the MI team to work with more advanced tasks than basic information management

Critical Development Issues

- Management Commitment stands out
- Cultural habit of “keeping information” rather than “sharing information”

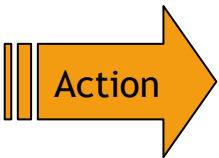


- MI initiatives bring long term results and are difficult to measure. Top management concerned with short term → challenging

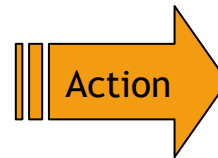


MI Challenges in Brazil

- 1) Involvement of MI internally. MI needs to establish its position by providing a clear value add to the whole organization



- 1) Interview different business units to understand their priorities and gain commitment
- 2) Report intelligence findings and recommendations to appropriate departments
- 3) Think strategic, but also report tactical and short to mid term competitive action. This will prove continuous value of the CI activity to short-term thinkers



- 2) Tools. Although companies are increasing utilization, it is not always appropriately distributed.
 - 1) Build an interactive system that will integrate ad hoc and continuous monitoring findings
 - 2) Enable different forms of input and access to different players, permitting both in-house and outsourced stakeholders to input intelligence, and enabling different level employees to view and take action on the intelligence
 - 3) Create an exclusive access to strategic planning and top management, enabling immediate action on the reported intelligence



Outlook: Market Intelligence in Brazil in five years

- Penetration rate is already high. Companies will have more top management commitment and more sophisticated knowledge management systems to enable turning Market Intelligence into Strategic Action.
- Adhoc reports and Continuous Monitoring will increase.
- Efficiency and quality pressure will result in increasing partnerships between MI departments and MI agencies.

Summary and Conclusions



GIA Recommendations for Successful Market Intelligence Activities

- **Strategic Risk & Opportunity Analysis** - Be a strategic risk analyst rather than an information collector
 - Outsource non-core activities of the MI function
 - Focus on analyzing the impact of events in the business environment
 - Utilize IT software for collection, storage, analysis and communication of MI related information
- **360 Analysis** - Ensure that the MI activities cover the entire business spectrum, not just competitors and customers
 - Combine appropriate analysis methods like scenario analysis, trend analysis, value chain analysis, competitor analysis, and war gaming in order to ensure a comprehensive perspective



GIA Recommendations for Successful Market Intelligence Activities

- **Conduct a variety of MI activities** (continuous market monitoring, ad-hoc research & regular reviews) in order to have both a proactive and a reactive capability
- **Business Process Integration** - Integrate MI into business processes such as strategy, business development and marketing & sales
- **Seniority Rules** - Appoint a senior manager responsible for MI and also establish an MI steering group in order to increase top management's commitment



Thank You for Your Attention

Download the Global Study for Free

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