

Junk status. What it means for SA businesses. And how BI is key to overcoming the challenges.

By [June Daniels](#), issued by [Praesignis](#)

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With South Africa's sovereign credit rating now at junk status or sub-investment grade, life for ordinary South Africans and South African businesses just got a whole lot worse.

Times Live journalist Katharine Child writes in her article published on Times Live (4 April 2017), "*Christie Viljoen, senior economist at KPMG South Africa, said this decision will mean investment funds will sell their debt as they are mandated to place their money in investment-grade jurisdictions only.*"

"Reuters reported that as much as \$10 billion dollars could leave the country. Forex trader Simon Brown explained that as more people sell rands and buy other currencies instead, the value of the rand drops."



What does junk status mean for our economy?

- South Africans will now pay higher interest rates and the cost of debt increases.
- International credit costs will increase, which means a decrease in funding for infrastructure spend.
- The rand may decline, causing inflation to rise.
- The country's economy will more than likely slow down due to the downgrade.
- We could also see a possible repo and prime lending rate increase.

What does junk status mean for your business operations and your employees?

- This could mean that companies will not give salary increases, whilst inflation is more likely to climb from 6.4%, which could lead to resignations.
- Various industry sectors could see an increase in job losses.
- Business and consumer confidence will decline, resulting in lower investments and decreased spending.

Should there be a spike in job losses/retrenchments, one of the biggest challenges businesses will be faced with is operational effectiveness as capacity and resource issues start to impact productivity and deliverables.



June Daniels

A dire picture indeed for South African businesses. Taking into account the impact of junk status, if business intelligence was never a need within your organisation, let's take a look at some of the business benefits of BI, and how they can make South African businesses more effective and efficient, and assist businesses in overcoming the challenges presented by the current economic situation. We extracted the five most applicable benefits from an article published on Enterprise Today, by Los Angeles-based freelance writer and editor Drew Robb.

1. **Actionable intelligence:** *A big reason BI is gaining so much ground is its ability to provide actionable intelligence. "It is increasingly important to give business users tools that can provide simple and easy access to both the data in their legacy databases and the mountains of new data from geolocation coordinates, click-streams, apps and devices, server logs and so on via Hadoop," said Scott Gnau, CTO of Hortonworks. "These modern applications are key to uncovering actionable intelligence which ultimately drives business transformation."*
2. **Sales personalisation:** *The contribution that business intelligence makes to the overall success of an enterprise cannot be overstated in today's digital economy, said Robin Schumacher, vice president of Products, DataStax. "The personalised and targeted online experience a business delivers to its customers is one of the reasons - along with cost savings - online retailers average four-and-a-half times the sales per employee versus traditional brick-and-mortar companies that don't possess a strong digital presence," said Schumacher.*
3. **Speedy answers:** *Traditional BI platforms have come a long way over the past decade. In the past, they used to glean intelligence from a relatively small subset of data overseen by specialists who were the only ones who could access and interpret the information. The business would ask a question and the specialist would get back to them a few days later with a response.*

But the business intelligence and analytics used today is not the legacy BI of GUIs, RDBMS data warehouses and human analyst involvement. Instead, it is often machine-initiated and involves combining online transactional interactions with analytics and search operations at lightning-fast machine speeds.

"This is the type of BI sometimes referred to as hybrid transaction analytical processing (HTAP) or translytics," said Schumacher. "It enables businesses to effectively customise their customer's online experience with each interaction, which positively influences the buying process and enables them to win over their competition who isn't using modern BI methods."

4. **Real-time decision-making:** *In the old days, data warehouses were used to aggregate data from different lines of business and departments. Business intelligence tools provided a unified view of operations for managers in order to identify opportunities for growth and efficiencies. But this type of approach is losing ground to systems that make executive decisions in real time on the basis of current data.*

"Rather than static analysis of past operations, modern big data platforms bring analytical capabilities to operational data in order to make decisions as business happens," said Crystal Valentine, vice president of Technology Strategy at MapR. "It is the desire to push past traditional intelligence and reporting capabilities that has driven the decline of legacy data warehousing technologies that we are seeing in the market. At the end of the day, insights are great but the ability to act on those insights in real time brings greater business value."

5. **Mobile BI and enhanced information access:** *It has become the norm in the consumer space to be able access the information you need, when you need it, regardless of time or place. For some time, therefore, business users have demanded the same functionality for enterprise apps. And BI has been quick to come to the party.*

"The right data at the right moment can help clinch a deal, make an extra sale, serve a customer better and retain

business that would otherwise have been lost," said Martha Bennett, an analyst at Forrester Research. "Whether it's liberating existing dashboards from the desktop, or re-architecting entire workflows around mobilising key business data, many organisations are reaping the benefits of mobile BI."

With an extensive stable of BI, data analytics and data visualisation products and services, Praesignis can offer businesses comprehensive solutions to consistently manage their data and extract value, in the face of the current economic climate.

(Economic data courtesy of Fin24 and ABSA.)

ABOUT THE AUTHOR

June Daniels is Business Development Executive at Praesignis.

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