

## ***Analytics: In-House or Outsource?***

By Gary Angel

If analytics isn't absolutely core to your business, then you'll probably be better off outsourcing -- at least until the hiring/training/method situation has improved dramatically. It's hard enough for companies to do non-core jobs well without all the difficulties currently afflicting Web analytics.

Do you get the analytics you need to drive your Internet business? Is your design team data-driven? Does your whole marketing team understand how to measure its own success?

If not, you're one of many organizations struggling to find a place for analytics within the organization. This isn't unusual, and it isn't cause for despair. The analytic function is distinctive -- it requires a mixture of business savvy, tool skill and measurement expertise that is rare to the point of vanishing.

There are no standards for proper Web measurement -- no educational training, no broadly accepted methodology for doing it properly, and relatively few experienced practitioners. With the breathtaking pace of tool change in the past few years, the experienced practitioners who do exist are often terribly out of date.

In short, Web measurement is in one of those cyclical job market phases that make it extraordinarily difficult for organizations to find and keep people capable of delivering real value.

### **Considering Your Culture**

Until recently, there hasn't been much of an alternative, but that is changing -- and with the growth of several substantial Web consulting practices that can provide analytics assistance and even full outsourcing, organizations may want to think about how Web analytics fits into their plans.

As with any outsourcing decision, the real key is determining how well analytics fits with your overall culture and how core it is to your business.

The easy answer, if your Web site is important, seems to be that of course, Web analytics is core. However, this is simply groupthink -- not reasoned reflection.

IT is essential to almost any business -- but it's also one of the most successful areas of outsourcing. Why? Because many organizations don't have and will never have a culture that can manage IT productively.

Outsourcing IT will never provide functionality equivalent to a really good in-house operation. Still, how possible is it to achieve a really good in-house operation?

The same challenge may apply to analytics.

## **Mulling the Big Questions**

Here are some factors to consider when thinking about outsourcing analytics:

**1. How large is your need?** If your requirement is for less than one FTE, then outsourcing is by far your best bet. If you expect to get competent -- much less, excellent -- analytics from part-time work by an existing person, you're likely to be disappointed.

The skill set and learning curve here are much too high. You are vastly better off renting a much smaller subset of hours from a professional measurement team. Even for a single FTE (full-time equivalent), you'll likely have severe issues.

When one person runs a measurement effort and does all the work, you'll have a hard time getting someone with the business savvy necessary to make the analytics useful, as well as the technical wherewithal to really drive the tools. In general, unless you can justify 2 or more FTEs for analytics, you should consider outsourcing.

**2. How measurement-friendly is your culture?** If your corporate culture is already immersed in measurement or is congenial to analysis, then there's a pretty good chance you can be successful at analytics.

Your existing management infrastructure will be much more receptive to Web analytics thinking, more likely to understand how to use Web analytics, and probably more likely to be able to identify potentially talented practitioners.

It's not for nothing that direct response organizations have been generally more successful in implementing Web analytics -- they have a culture that is thoroughly used to developing and deploying analytics.

If analytics hasn't been a central business, then outsourcing is a great way to bootstrap knowledge and get the right culture for the job.

**3. Do you outsource the design and implementation of your site?** If so, outsourcing is likely to be problematic.

Design firms are generally very bad at measurement, so your chances of getting a one-stop shop are small. Expecting your design firm to work well with a measurement vendor may be like asking for peace in the Middle East.

Analytics outsourcing works best when it's just you and the measurement vendor involved.

**4. How core is analytics?** If your business is the Web site, then you can't really afford to outsource something as important as analytics. You are probably better off looking for ways to use vendors more strategically -- to help train your employees, guide deep-dive analysis, and educate the organization about analytics.

If you are resource-constrained or just getting a measurement team off the ground, then strategic use of a measurement firm can make your analytic effort much more productive in the short term.

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### **Mapping Your Analytics Future**

If you've decided you need more or better Web analytics, it's easy -- if painful -- to go shopping in the job market.

However, building a department in an area where your organization lacks expertise is a task always fraught with risk -- and the current state of the Web analytics marketplace makes this step especially perilous.

Clear and realistic thinking right out of the gate about where your organization is - and needs to be -- with Web analytics can get you started in a direction that makes sense now and for the long term.