Time to Put a Real Value on Data

CDOs are evolving from guardians of data quality and governance to drivers of business value, but how can they measure and present that value to justify the necessary investment?

As companies look to build and use insight to support decision-making processes, they are investing in data across analytics, customer experience and business processes. The ability to turn data into information and information into insights is a key business driver for several reasons.

Having those extra insights helps companies develop more competitive and personalized products and services, particularly from a digital standpoint. However, the insights rely on a strong foundation of collecting, organizing and presenting information in the right way that puts business objectives first.

It falls to the chief data officer (CDO) to not only bring the data from across the organization together in a coherent way, but to extract business value from it. This "infonomics" approach — adding financial value to data — is critical to help businesses thrive in an increasingly digital, customer-led business landscape. And yet it remains challenging to achieve.

"Despite this general understanding that information is a valuable enterprise asset, we have no standard way to assign an economic value to it. And that's because information inherently does not land on the balance sheet of an organization," says Darren Cooper, Director of Industry Solutions for Stibo Systems.

This need to gain business value from data is transforming the role of the CDO. Until recently, most CDOs have been appointed from a regulatory compliance standpoint, with a mandate of preventing fines such as the £500,000 levied on Facebook by the Information Commission's Office last month, relating to the Cambridge Analytica saga. Now, CDOs are increasingly being asked to put information to work in developing business results and reducing operational costs.

The CDO has a key role in support of an organization's digital agenda, which relies heavily on the ability to access and share trusted and insightful sources of information. However, with data stretching across complex IT landscapes and lines of business, CDOs have the task of getting everyone to talk the same language with data.

The tools CDOs have to help them achieve this are predominantly related to organizing and cataloging data. It's typical for companies to say that information is a corporate asset, but they stop short of measuring the quality of that data and connecting that value to business objectives.

"One of the key challenges of CDOs is selling their ambitions and views, not from a 'data is a corporate asset' perspective but by showing that data has some hard business value that's measurable in a particular way," says Mr. Cooper.

"What we're advocating is the need to present business with numbers equating to the availability and quality of information, with a specific business driver and business case. To do that we need to have some kind of return on investment valuation."

Stibo Systems has identified three steps to measuring and gaining business value from data: itemization, evaluation and monetization. The company begins by carefully understanding the business of its customers, including their mission, objectives, processes, roles, goals and more. By employing this approach, what the company refers to as putting "your business first," Stibo Systems can more effectively make recommendations about data using its three-step process.

By starting with itemization, organizations can build a complete picture of the data they possess, from where it is located and how it is used to its ownership, lifecycle and level of quality.

"We help our customers, in terms of understanding their business and bringing together key information, to get metrics about what they've had so we can measure, for example, how coherent customer data is across all of the different lines of businesses," says Mr. Cooper.

The second step, evaluation, is about arranging the information from a business perspective. Stibo Systems helps businesses assess the impact of data on the business itself by looking at the information from three angles: operational usage, analytical perspective and competitive viewpoint.

"We can work out what role a particular piece of information or collection of information has on you being competitive or not. That's something we advocate very strongly because it means we can not only bring together, organize and prepare data, but also start to develop more competitive insights into what the data actually means."

Once itemization and evaluation are complete, CDOs can begin to monetize. Armed with the knowledge of what data they possess and its condition and importance to the business, they can present tangible numbers to management to justify necessary investments in its governance.

The financial or business impact is not just about data quality, however. The relevance of the information, its competitive value and the cost of acquisition are critical. Stibo Systems helps CDOs through that process to identify where the business is in managing its data, where it needs to be and what the business impact is going to be.

All of this means the new kind of CDO not only wears multiple hats but also warrants a place at the highest leadership level, as the need to monetize information is increasingly recognized as a key business driver. CDOs touch every line of business and must deal with the complexities of not only the technology but also the communication across the organization.

"Often, we help our clients develop a customer-centric approach to data where we can tie the data that exists in different lines of business together to support new types of customer experiences," says Mr. Cooper. **"That's very much the type of project that business-savvy CDOs will get involved with – to try and get a unified view of what data means across the organization to support the development and rollout of new customer experience initiatives."**

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