Meaningful data is the secret weapon for future proof corporations: Power to Predict

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In [RGP's Dialogue Magazine](), the "Power to Predict", the central theme which is highlighted [in this article](), we focus on the opportunities and challenges for organizations on how to achieve the desired Return on Data.

If there is something in abundance, that is data. The amount of data is growing at an unbelievable pace, while the data quality is trailing behind. The call to improve data grows louder every day. Top executives appeal for better data is not new. "We must have control and reduce complexity to manage our destiny. Only then, will we be able to improve efficiency and effectiveness. " Meaningful data is the secret weapon for *future proof* corporations

40% of corporate initiatives never realize the "desired" goals
Gartner, a global leader in research, uncovered that the lack of good data quality is the primary reason why 40% of corporate initiatives never realize the "desired" goal. Not a big surprise, when 9 out of 10 corporations do not have a board approved data strategy.

Furthermore, the corporations with a data strategy believe that it is well positioned by creating a CDO (Chief Data Officer) role at board level. However, these individuals still achieve so little because half of the new C level individuals have no budget and the other half have no staff. This approach creates an illusion that misleads one to believe that the corporate plans will eventually deliver the ideal result; a restored relationship among data, information, knowledge and wisdom. Yet this is sorely not the case.

Data Warehouse Disappointment
Many large organizations have a data warehouse. It is even common place to have multiple. In spite of extremely high investments, these data warehouses deliver very little in practice. The root cause to the problem is that most data warehouses "manipulate" data in one way or another with system defaults. False meanings or no meaning attached to raw data is useless data.

It is a big misunderstanding to expect that data warehouses can service the needs of internal clients when feudalistic data practice is so prevalent, suggests Althea Davis, Director of Data Strategy at RGP.

No, she is not against data warehouses. She advocates that data responsibility of this magnitude should not fall within IT, and that it does is a huge concern. "Many people believe that IT is responsible for data, says Davis, "but this is absolutely not correct." IT is responsible to provide support such as data delivery, data storage and data accessibility.

For most CIOs it is sometimes painful, when they hear that data is not their responsibility. Yet for the decision makers in the board room there are a few crucial questions related to data: Where are we now? Where are we going? The answer to these questions may sometimes be addressed with intuitive responses, yet supported by trusted data with meaning is highly advised. In most corporations the data quality is far from "trusted", based on Davis' experience.

'INCREASE COMPETITIVE STRENGTH OR YOUR COMPANY WILL COLLAPSE'

Cost of dirty data

Some nine out of ten boards take decisions based on dirty data: "On average you could say that eighty percent of all data is redundant, obsolete, and flawed. Corporations are unaware of these facts, while this dirty data is the root cause of enormous cost. I dare to say that the cost of dirty data to most large corporations is between 20 – 25 % of its net profit. This is based on various research groups findings over the past few years. For example, a financial institution with quarterly results of € 800 million has definitely wasted some € 160 million due to dirty data. This is not a one time but a reoccurring cost. Controls are usually duplicated effort and it is common to bear extra cost for external staff for tactical corrective actions; the band-aid effect. Davis refers to this as "hidden cost" because corporations consider this type of work as a form of basic hygiene, yet, Althea Davis considers this useless tactical fixes that amount to nothing. People put most of their effort into repairing data instead of putting their energy into value added activities with lasting effects.

Why Data Warehouse Projects Fail

Half of all data warehouse projects result on average in disappointments. Here are ten most common problems:

1. The project is over budget
2. The schedule is exceeded and over budget
3. Business critical functions are not implemented
4. Users are not satisfied and results are disappointing
5. The system is not accessible for users
6. The system doesn't accommodate new functions or new users
7. Data and reports are of poor quality
8. The user interface is too complex
9. The cost model for the project is flawed
10. The management can't realize the benefits of the project

Application Centric versus Data Centric

It is a danger to the operating expenditure that knowledge workers spend more than 50% of their time on non-value add activities. These tasks are increasing; however, the problems never get resolved. This is also due in part to the growth of data which is on average between 35 – 50% per year in large corporations. However, if these firms think that only more investment in technology is the data solution, they are wrong. You have to place corporations in two categories on how data strategy is implemented; there is an application centric and data centric approach. The later approach; data centric is the only appropriate one in her opinion. "Corporations with a data centric approach, have a clear focus of which data will support their goals and needs. They are goal focused and know how to link data and information assets to their goals. For example, a goal to innovate or

to achieve better operational effectiveness. " The data centric organization achieves clearly more success than the application centric corporations .

'80% OF ALL DATA IS ANTIQUATED OR POLLUTED'

Return on Data

Firms are especially challenged when it comes to their ability to generate return on data ("ROD"). In other words, this is proof that better and high data quality is a pre-requisite to positively influence decision making. Yet only a few firms experience benefits in this area. Obviously some financial measures such as the quality of the debit accounts are a bit easier to measure than the intangibles like the shortfall of decision making process and unpredictable results.

A data centric approach puts corporations in a position to generate return on data. ROD can be realized across three business levers: revenue, cost or risk. What makes us money? What saves us money? What keeps us out of jail?

At banks, we see that they have focused their data strategy to address the risk drivers to accommodate compliancy and regulatory requirements. At first, the banks strive to provide regulators with demonstrated evidence of control. Now we see banks targeting their data strategy a little more toward commercial goals. Large retail firms are ahead of the pack on this. "You should treat data as a strategic asset, Davis advises. "I frequently visit firms who possess mountains of big data. The mountain of unstructured data exists in emails and social media. Firms know intuitively that they should do something with data: however, they have no idea what to do and don't act. While other firms experience the data pressure and see it as a necessity to act."

I think that there are technology partners who can quickly bring structure into the data mountain together with solid data strategy consulting capabilities. The lead time will depend in part on the size of the firm however this could be accomplished within a few weeks to a few months. My role in this arena is to focus on information streams to determine and advise on what they need, not on what they request. It appears to be complicated; however, it is not. I consider questions regarding integrated data governance as a large puzzle where some pieces do or don't fit.

Often it is assumed that good data strategy is expensive. That is not true and a flawed assumption. Just by eliminating some of the hidden cost, corporations earn back quickly the entire investment to manage its data.

Who is the owner of data?

Within businesses data exponentially multiplies, it is necessary to find out who owns the data. In practice you will see that there are a lot of owners of data. They are the knowledge workers who create data and there are others who are data users. In addition, the type of data differs from transaction data to customer data and financial data. There is danger lurking on the horizon that there are inconsistencies in the information flow due to the varied sources of data creation including devices. " The secret is data centric firms understand what differentiate their data management approach; they organize their information flows centrally, says Althea Davis, companies which embrace data this way increase their competitiveness, while other companies fail. Ownership and execution becomes business critical. "

Often the ownership of data is historically grounded in the number of source systems or processes. In heavily regulated industries, such as financial services, mission-critical functions such as risk

management and compliance efforts require obtaining information at the aggregate level. They are data users. This often leads to the creation of additional or (double) information and confusion about roles and responsibilities. To define where the ultimate ownership lies, many companies choose to allocate the ownership to Finance or IT. However they choose increasingly today to establish ownership of data in the business units where it rightfully belongs. While the discussion still rages on about who owns the data, it is crucial to allocate data responsibilities to the rightful owner and gain value from data and information assets. Otherwise, profits will not just flow out, corporations will fall over.

To prevent essential information from solitary life in a silo or worse getting lost, an integrated strategic approach to data management ownership and accountability will put corporations closer to achieving business gains from information assets.