WHY YOU NEED A DATA VALUE STRATEGY

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Your company has a robust data strategy and clarity around the strategic importance of leveraging data to achieve its business objectives. The enterprise routinely collects and acquires necessary data sets, and the analytics team is providing well-crafted summaries companywide.

So far, so good. But now what?

Many enterprises conceptually understand the value of data, yet most lack **formal data** valuation policies. **Less than half** of structured data is actively used in decision-making. Meanwhile, discovery and preparation consume the majority of the typical data analyst's time.

The value of data rests upon its uniqueness, how it is being used, and by whom. There are many opportunities for value extraction from the time the raw data is collected to when data-driven insights are applied—and beyond.

As a result, any company seeking to improve value must define a clear data value strategy driven by the following questions:

- How can we leverage our data for maximum business advantage?
- Should we use data to raise internal efficiencies, to build competitive advantage, or both?

While "both" may seem like the obvious answer, accelerating the journey from status quo to new value capture demands vision, discipline, and experience. Without an explicit data value strategy, the latent value buried within the troves of data upon which most companies now run may remain just that—latent, and ultimately wasted.

Go big with data value (or go home)

McKinsey reports companies that leverage customer behavior insights outperform peers by **85 percent** in sales growth. There are two common ways that brands can improve bottom-line results by accelerating data value creation:

- Companies should initiate a discovery and evaluation process to determine what, if any data is already being leveraged properly. Disparate silos and failure to collaborate with common data will leech productivity, efficiency, and profitability.
- Investing in the capabilities of internal teams and tools to leverage data assets is also key. No matter how well-tuned data may be, without the proper AI-driven tools (backed by a team of data management and analyst experts), top speed potential will never be realized.

Advanced insights into transactional data can improve consumer identification and deepen understanding of the underlying behavioral patterns driving purchase decisions. Data analysis will optimize products, services, and processes by enhancing managerial decision-making. Cloud-driven agility enables companies to do more with the data already gathered much more quickly and efficiently.

New technological tools signal the next frontier of data value creation. Applications that provide data insights (delivered in intelligible formats) make it easier for less technically inclined leadership to make intuitive choices and derive more business benefits. Performance management software enables managers to routinely make data-based decisions. Embedded data visualization software can add value through pattern recognition, while artificial intelligence (AI) drives machine learning, language, and AR/VR innovation.

DISCOVER **INGEST** **PROCESS** **PERSIST** **INTEGRATE** **ANALYZE** **EXPOSE**
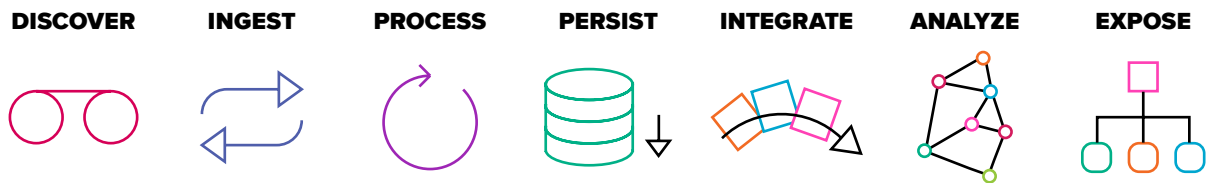
But the benefits of a data value strategy extend beyond current corporate operations. There is often untapped revenue to be captured by applying the analytics that generate quality internal insights in ways that external users will find valuable. (For some companies, it may make sense to focus on complementary data chains so that those may likewise be monetized.)

Navigating new revenue streams

A study of organizations and companies found that while the volume of their stored data was growing on average by **40 percent** annually, few had policies in place to determine the value of this stored data for other potential users. The monetization of data through its sale for use by third parties is a potentially lucrative revenue source.

The data value chain has multiple points at which value can be extracted, but in order to further tap this potential resource, an enterprise needs ***an external value strategy***, that is, a full understanding of how to commercialize data (by the regulatory book), including: which data has the greatest value and which formats will prove most useful for external users.

With that in mind, one of the first steps a company must take is to assess the market and determine whether greater benefits will be derived from pursuing enterprise or smaller opportunities.

Setting a strategy must also account for data sets at different stages (raw, processed, or in the analysis-and-insights phase), and strategic planners will have to assess how this may impact other stages of data collection and/or analysis.

With data monetization being a largely unexplored territory for many companies, in-house valuation expertise may be lacking. Brands need to either create or bolster internal teams and processes that are agile enough to undertake the assessments and tasks associated with data value creation. With sufficient internal capabilities, companies may also consider the benefits of cross-industry alliances—particularly in an age where consumers value seamless transactions and integrations.

A word of caution

One cannot seriously consider data monetization without also recognizing the potential risks related to all handling of data. As security concerns continue to increase, companies formulating their strategy must make data security integral or face the possibility that any value created may be undermined. Concerns may range from an actual breach to a careless employee's loss of data, along with the almost certain negative publicity.

Regulatory frameworks governing transparency, purpose, consent, and data minimization are still evolving across the world. Yet there is general awareness that any data monetization business involves customer privacy issues. Adhering to and demonstrating rigorous compliance with security and data protection standards has advanced from being a nice benefit to becoming prerequisite. However, fear of consumer concerns need not inhibit evaluation of the overall market opportunity.

What companies need to provide is assurance that consumers are respected; that consumer data is protected, and that consumer data has value. One excellent technique is to ensure a valid exchange of value to the end consumer for the usage of their data—a competitive differentiator from the basic service. Companies may offer a range of insights-driven incentives that customers will gladly exchange personal data for, but this fair exchange of value requires testing and creativity.

While more could be written on strategy, theory, and best practices—the most effective way to demonstrate the benefits of data value strategy is to share SoftServe's experience with our clients.

A TALE OF TWO CLIENTS

A company may recognize the value of data and understand that there are insights to be gained. Less clear may be which insights are needed, where they can be derived from, and where learnings can be applied.

Client 1: digital differentiation

Despite vast expertise within its field, one SoftServe client needed assistance in building a differentiating advantage against competitors with greater digital resources. Focusing on both internal and external strategies, SoftServe helped to digitally transform its global consulting operations end-to-end.

The challenge was two-fold: build digital transformation services for the client's clients and create an innovative and transformative internal data value strategy. To help accelerate and optimize a truly integrated global platform, SoftServe created several solutions to augment the proprietary product, including:

- Delivery of an assortment advisor to define optimal price and supply for products based on collected performance data
- Design and development of an advisor to evaluate the effectiveness of promotional campaigns and marketing budgets
- Development of a solution to produce predictive and prescriptive analytics using a data science platform
- Development of a dynamic pricing solution that provides yet another source of data analysis in our client's portfolio.

Client 2: better sales

A leader in price optimization and pricing management applications, this client sought to enhance insights for sales initiatives with the hopes of transforming the rate of contract renewal and prospect retention. To better support these objectives, the company sought to provide optimized sales and price recommendations without risking its bottom line.

Building upon the client's existing product while developing a new version, SoftServe developed a set of pre-packaged analytic user components:

- Master data format
- Data profiling tool
- Automated SSIS packaging
- Data quality validation

These components, combined with several key technologies—predictive analytics, software integration, and custom predictive engines—resulted in on-demand, high-value analytic capabilities. SoftServe's work enabled prices getting to market significantly faster, cross-browser compatibility of the redesigned interface, improved visual analytics with greater analytical depth, and generally better pricing due to improved precision, market alignment, and greater transparency. With a clear value strategy in mind, SoftServe delivered insights that enabled our client to not only gain value through internal performance optimization but enhanced their positioning with their own clients.

In closing

At Softserve, we understand that the value of data depends on both the current and desired (future) state of affairs, and no data value journey will ever be precisely the same.

From data pipeline automation to SaaS/RaaS solutions, creating enhanced visualization tools, or building a platform to accelerate user insights—our team understands the full potential of data. Let us help you better understand yours. **Contact SoftServe today.**

ABOUT US

SoftServe is a digital authority that advises and provides at the cutting-edge of technology. We reveal, transform, accelerate, and optimize the way enterprises and software companies do business. With expertise across healthcare, retail, media, financial services, software, and more, we implement end-to-end solutions to deliver the innovation, quality, and speed that our clients' users expect.

SoftServe delivers open innovation—from generating compelling new ideas, to developing and implementing transformational products and services.

Our work and client experience is built on a foundation of empathetic, human-focused experience design that ensures continuity from concept to release.

We empower enterprises and software companies to (re)identify differentiation, accelerate solution development, and vigorously compete in today's digital economy. No matter where you are in your journey.

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