

A network diagram consisting of black dots connected by thin black lines, forming a complex web of connections. A large yellow circle is overlaid on the right side of the image.

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READY FOR DISRUPTION: DATA MONETISATION

*An Insights Paper Based on the
2016 IAPA Skills and Salary Survey*

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INTRODUCTION

Many businesses are spending so much time and money trying to store and manage data that they're missing out on the insights that data contains.

Big data about companies and their customers is everywhere, and it's getting bigger. Reports suggest that the world creates 2.5 quintillion bytes (2.5 million terabytes) of data per day – and that 90 percent of the world's data was created in the last two years alone.

Widespread adoption of big-data systems, Internet of Things (IoT) sensors and devices, and new digital systems are leaving businesses awash in more data than they have ever had before. But with just 0.5 percent of data actually analysed for business decision making¹, many businesses are spending so much time and money trying to store and manage it that they're missing out on the insights that data contains.

Users of big-data analytics tools have long known that it can improve operational visibility, optimise the delivery of internal services, and help companies engage better with their customers. However, few companies recognise that their data has additional value – either by using it to shape new revenue-generating services, or by selling it to third parties that are willing to pay for the insight it provides.

Gartner, which predicted that 30 percent of businesses would be monetising their data by last year, calls the practice 'infonomics'² – and it has caught on as companies like Accenture lay out frameworks³ to guide the pricing and utilisation of data assets.

Implementing those frameworks requires attention to a broad range of factors including data storage; security; privacy and intellectual property; analysis techniques; dissemination; and access. Each of these disciplines is challenging on its own, but taken as a whole they reflect the significant challenge that data monetisation presents.

That challenge is compounded by the lack of skilled data scientists with the competencies to massage new insights out of existing data, and manage the flood of data from cloud services, new monitoring and artificial intelligence-driven tools, and IoT devices.

If businesses can find the skills and tools they need to unlock the benefits of the data they produce, the potential rewards – and competitive advantages – are significant. But if they fail to address the key aspects of data monetisation, the result will be one missed opportunity after another.

1 <https://enterpriseproject.com/article/2017/1/5-cio-imperatives-2017>

2 <http://www.gartner.com/smarterwithgartner/how-to-monetize-your-customer-data/>

3 <https://www.accenture.com/au-en/insight-data-monetization-summary>

VIEWPOINT

It's no surprise that a growing number of organisations are exploring the idea of data monetisation. When business competition is intense, any potential to derive additional business revenue, is appealing. When that source of additional revenue comes from the data that is essentially a by-product of doing business, the prospect is no longer simply appealing. It is compelling.

But deciding it's time to obtain value from your business data is only the first step. There are many more decisions and processes that need to be worked through before benefits and revenue are likely to be forthcoming.

For starters, how do you uncover the potential and value of data? Should your company focus on indirect measures that use data to enhance business operations? Or is a direct strategy – such as selling raw data, or creating APIs that enable third parties to interact with your data – a better approach? Is there room to adopt a mixture of both?

Whatever strategy is adopted, it will need to take into consideration customer and partner sensitivities to the use of data, and the myriad legal imperatives affecting the sale and use of business.

Then there is the question of productionising your strategy. Unless the data monetisation plan involves a one-off project, it is essential to find a way to keep strategy and activities ticking over, delivering benefit and building revenue without distracting attention from your core business.

The case studies you are about to read confirm that the benefits of data monetisation are real and tangible. They highlight the role that the right combination of planning, skills, platforms, tools and advice can play when turning a monetisation idea into a successfully executed strategy.



STATE OF DISRUPTION

Growing business recognition of the value of data is becoming a disruptive force that will permanently transform the business from one end to the other. Indeed, respondents to the 2016 IAPA Skills & Salary Survey ranked big data as being more disruptive than cloud technologies, mobile technologies, and cyber-security issues.

The high profile of big data stems both from its recognised value to the business, and the complexity of the techniques necessary to harness its full potential. These techniques include:

- Infrastructure challenges such as designing massively-scalable storage arrays capable of storing and managing petabytes and exabytes of enterprise data. This includes both the physical disk storage as well as aging, deduplication, consolidation, backup, disaster recovery, and strategies for unstructured data management needed to keep massive amounts of data online for continuous use. Companies also need supporting networks capable of handling the transfer of massive amounts of data to both local and remote users. Increasingly, they will turn to cloud-based data storage services that let them offload the storage and preparation of data for analysis.
- Policy challenges around data security, retention, ownership, and availability across business units. This also includes issues such as protecting data from outside compromise through use of encryption and appropriate endpoint protections; implementation of data-security policies that authenticate all users accessing that data; monitoring and controlling the external use of data by authorised third parties; and compliance with relevant privacy laws, compliance policies, and governance requirements.
- Skills challenges that stem from trying to attract and retain not only skilled CDOs, but enough skilled analytics professionals to build and execute a comprehensive data monetisation strategy. Such professionals – who range from low-level business analysts to high-level data scientists – are hard to come by, which is why salaries surged from 2015 to 2016 across data-intensive industries such as finance and insurance, information media and telecommunications, information technology, and professional scientific and technical services.

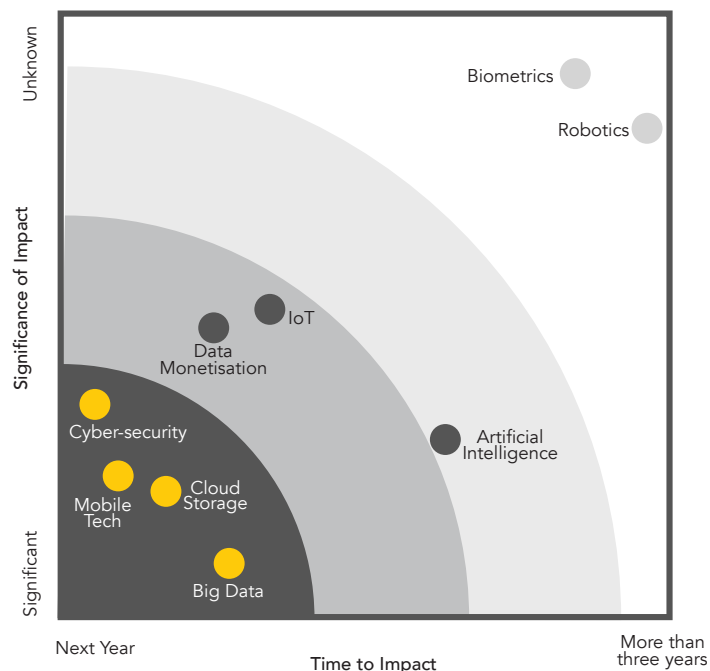
Interestingly, industry organisations see data monetisation as significantly more disruptive than those in vendor organisations with 61 percent seeing the impact happening in 2017. Victoria rates the disruption from data monetisation as having a far greater impact than anywhere else in Australia.

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Respondents to the 2016 IAPA Skills and Salary Report in financial services or professional service verticals saw the most disruption from data monetisation. Twenty-eight percent of respondents in the finance and insurance industries said they see data monetisation as being a disruptive force within three years.

One form of monetising data is an everyday activity within the financial services industry, where data is regularly fed to partners to support the delivery of complementary, ancillary services. And while the most interesting new products often come from new perspectives on data, monetisation of data can be a tricky process that requires careful attention to regulatory requirements and an ongoing relationship with those consuming it.



CAREFUL ATTENTION TO REGULATIONS AND SHARING PARTNERS

The need for such a relationship is often overlooked amongst companies exploring opportunities for monetising their data, says Raymond Tse, senior manager for advanced analytics with financial services and insurance firm Suncorp.

“Even the logistics of how we depersonalised and exchange data, to make sure they’re matching it on a sensible basis, is time consuming and bespoke,” Tse explains. “If you want to do 10 of these arrangements, you really have to go through this process 10 times.”

Newer, born-online verticals, such as the ultra-competitive market for job seekers, is dominated by SEEK, an Australian company that has expanded to cover 17 countries since its founding in 1997. Its core business – matching job seekers with employers – has exploded to the point where the company’s 100m registered job seekers are able to choose from over three million job opportunities at any given time.

Because it is a completely online business, SEEK has always relied on data collection and analysis to design new products for its users and customers. This has led to a significant effort in data analytics within which data monetisation has long been a core focus.

FROM HERE TO THERE

The data monetisation journey may begin with the development of robust data architectures, but successfully putting a value on your data takes a lot more than a few breathless bullet points on a presentation.

“Executives get excited about monetisation and decide that they have got to do something straight away – but that understanding of the data is crucial to understand where they can get the opportunity to sell the data to a customer, or to get the business benefit from that,” said Daniel Shaw-Dennis, senior vice president of global marketing with analytics supplier YellowFin, which has helped many businesses monetise their data and recently released the DashXML framework¹ to facilitate the delivery of data and analytics to third parties.


These executives may also want to consider what additional sources of information can be added to the mix to enrich their own data. Gartner research director Olive Huang, for one, points out² that social media, context-sensitive mobile data, and IoT data “radically expand the scope of the 360-degree customer profile”.

Monetisation can also deliver value from the provision of curated data sets to supply chain providers that use it to drive new efficiencies: for example, a logistics company might be willing to purchase data on customers’ grocery purchases to help it optimise the distribution of its fleet vehicles based on demand.

Curated data can also be used to drive targeted advertising and loyalty programs, which can boost revenues by improving both momentary and long-term customer interactions. Such programs have become a standard part of doing business and offer extensive customer insight that can offer untold value by shaping business and investment strategies.

BUSINESS CHAMPIONS HELP TO DRIVE VALUE

Another crucial element to successfully realising the value of corporate data is to appoint a business champion who can “turn that data into behavioural changes to drive value,” Shaw-Dennis adds. Ideally, this will be someone with the right combination of business savvy and technical knowledge.



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1 <https://www.yellowfinbi.com/blog/2015/10/yfcommunitynews-yellowfin-launches-dashxml-to-make-building-custom-analytical-apps-quick-and-eas-206133>

2 <http://www.gartner.com/smarterwithgartner/how-to-monetize-your-customer-data/>

Positioning this champion within the organisation is a critical step: champions might sit with product teams, R&D groups, in the CFO's office, or elsewhere depending on whether the monetisation goal relates to innovation, commercialisation, or simple revenue raising.

"In the ideal world you want to give the technology head an understanding of how to potentially commercialise data, and the commercial person the requisite understanding they'll need to get a real grasp of the numbers," says Shaw-Dennis.

"Using hard numbers to back up your decisions is crucial. If you've got a chief data scientist working with multiple areas of the business, they're getting value across the spectrum that will grow parts of the business."

GETTING VALUE FROM DATA – THE ROLE OF AI

Growing integration of artificial intelligence into data-analytics tools will help businesses implement monetisation strategies as increasingly intelligent agents are relied upon to pick out hidden nuggets from ever-growing volumes of data.

"You want to be proactive in terms of understanding the questions you're asking of the data," says Shaw-Dennis. "Those questions are the things that are going to be important to you without someone having to build a report. The mechanics are there, but we need to have the right people in place to exploit and understand the data."

"For me, it's about how we get value from the data, and how we interact with other people to increase the value of the data," Tse says, noting that the skills to effect monetisation are highly specialised and often need to be put under the stewardship of a specific commercial role.

"It's not a skill set that data people normally have," he says, "but it's learnable. It's all about having purpose first, and then acquiring the data to deliver new products or services. And it's one area that will increasingly get more focus over time."

PENTANA: DRIVING NEW VALUE FROM CAR DEALERS

As a highly specialised software provider, Pentana Solutions has dominated its industry niche with more than 3027 dealers and 48,500 users across Australia, New Zealand, China, Philippines, and Thailand. This represents more than 80 percent of the automotive dealership market – providing a rich data set about the sales, maintenance, and reliability of cars sold in those countries.

Despite its large data set, Pentana had never actively sought to monetise that data in the past. However, evaluation of its data assets led it to weigh the opportunities hidden in that data and the company moved to introduce an analytics service that it could onsell to its commercial partners.

Working with business-intelligence provider Yellowfin, Pentana worked through its data sets and constructed a cloud-based reporting portal that could be readily offered to its customer base.

This portal, called 'Automotive Intelligence', has been offered to automobile manufacturers to give them real-time visibility into the performance of their brands across the target markets. Manufacturers can benchmark dealers against each other and against industry best practices, track the performance of specific models of car, and identify new profit opportunities based on real-world data.

By drawing on Pentana's internal data set and offering it to customers in a completely new way, the portal has allowed manufacturers "to rapidly turn data into knowledge," the company's CEO Steve Kloss explains.

The system is now being expanded to service the needs of the dealers in Pentana's core clientele, offering them reporting and benchmarking products that can optimise the day-to-day running of their businesses. In this way, monetisation has proven to be a game-changer – adding new value to an otherwise static data set that had gone underutilised for far too long.


CYBERSECURITY IS AN ESSENTIAL PART

As the level of data has increased so too have issues around storage and security of data. New data breach laws have placed a dollar value on a security breakdown resulting in an unreported data breach - \$1.8m. Increasing consumer concern over data held by corporates means each data breach notification also carries reputation and brand damage.

Monetisation efforts need to incorporate a high level of security around storage, access and usage to avoid new revenue streams inadvertently adding breach, privacy and reputational risk to the business.

Many organisations recruit staff and rush into monetisation strategies “without understanding the data they have and how that is structured to get the answers that you need,” says Shaw-Dennis.

Cross-correlation of internal data with external data sources offers a wealth of opportunities for data monetisation, but legal protections and ethical requirements mean that any data monetisation strategy – particularly if it involves third parties – needs to be run through a gauntlet of internal tests and checks before being put into place.



Key skills reside in the data and analytics department, where a deep understanding of datasets and insights already exists

DATA AND ANALYTICS SKILLS MANDATORY

Key skills for monetisation reside in the data and analytics department, where a deep understanding of datasets and insights already exists. For SEEK, rich profiles of job seekers, for example, offer “an incredibly rich data set”, says director of global analytics and artificial intelligence Antony Ugoni, that is combined with job advertisements and logs of online behaviours compiled during job seekers’ searching to deliver rich insight into the data’s value.

But, as suggested in the latest IAPA Skills & Salary Survey, finding skilled analytics professionals remains a challenge for many organisations. Analytics skills “are in incredibly short supply,” Ugoni says, adding that the company has sought to cast its net far and wide by not requiring candidates to demonstrate proficiency in any specific tools.

“My experience has always been that people who have used tool A to good effect, will learn our tool B,” he explains.

“We don’t pay attention to the products; we pay attention to the techniques they’re using, the business problems they’ve worked on, and the interpretation and artistry they’ve brought to the solution.”

MAKING MONETISATION COMMERCIAL

It's one thing to prepare data for monetisation initiatives, but physically delivering the anonymised and summarised data to a third party requires effort in the pricing of access and the mechanism for access.

"Setting the price for data can be a difficult business because there are no hard and fast metrics around data monetisation; rather, pricing needs to be based on the consideration available to both parties in the transaction," commented Suncorp's Tse.

"You might see incremental revenue of x dollars if you have their data, but if they're deriving 10 times that how do the payment terms and conditions work?" Tse says. "Your typical procurement function in a large organisation is more used to buying chairs and computers, than entering into these types of arrangements. But this all part of translating this into a commercial transaction."

"The marketplace is constantly teaching us what are the right signals," Ugoni explains. "Our database team have a really good sense of what they need, and there is always a healthy tension around what is the best databases structure vs what is the best analytics structure of that data."

That "healthy tension" has driven the development of business-focused products that are continually focused on putting candidates in front of employers. These products have given those employers "deep search" capabilities that let them more quickly identify suitable candidates.

"This is not marketing in the traditional sense," Ugoni says, "but we're using data to put the right product in the right place, at the right time, to the right person."

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CONCLUSION

With the right approach, data monetisation is proving to be a powerful transformative force for companies across many different industries.

Data has always been part of business, but the data explosion has created new opportunities for organisations to turn that data into a source of new revenues.

Increasingly sophisticated analytics tools make the process of exploring data sets easier than ever, and ongoing investments in machine learning and artificial intelligence are allowing even small businesses to leverage analytics best practice for financial gain. Cloud-based data storage and analytics services are taking away much of the pain around big data, allowing even smaller companies to focus less on infrastructure and more on extracting business insights from their data.

Successfully monetising data does, however, have its challenges. Businesses must pay careful attention to proper information governance as well as the sourcing of analytics expertise for both analysing and repackaging data sources. Companies that rush into monetisation, or try to effect a monetisation strategy without the right mix of business and analytics skills, risk heading down a blind alley.

With the right approach, data monetisation is proving to be a powerful transformative force for companies across many different industries. Data is already flooding into businesses at higher volumes than ever before – with the addition of social-media information, real-time monitoring data from IoT devices and myriad other sources there has never been a better opportunity to turn data into financial gold.

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