QUANTIFYING THE BENEFIT OF DATA
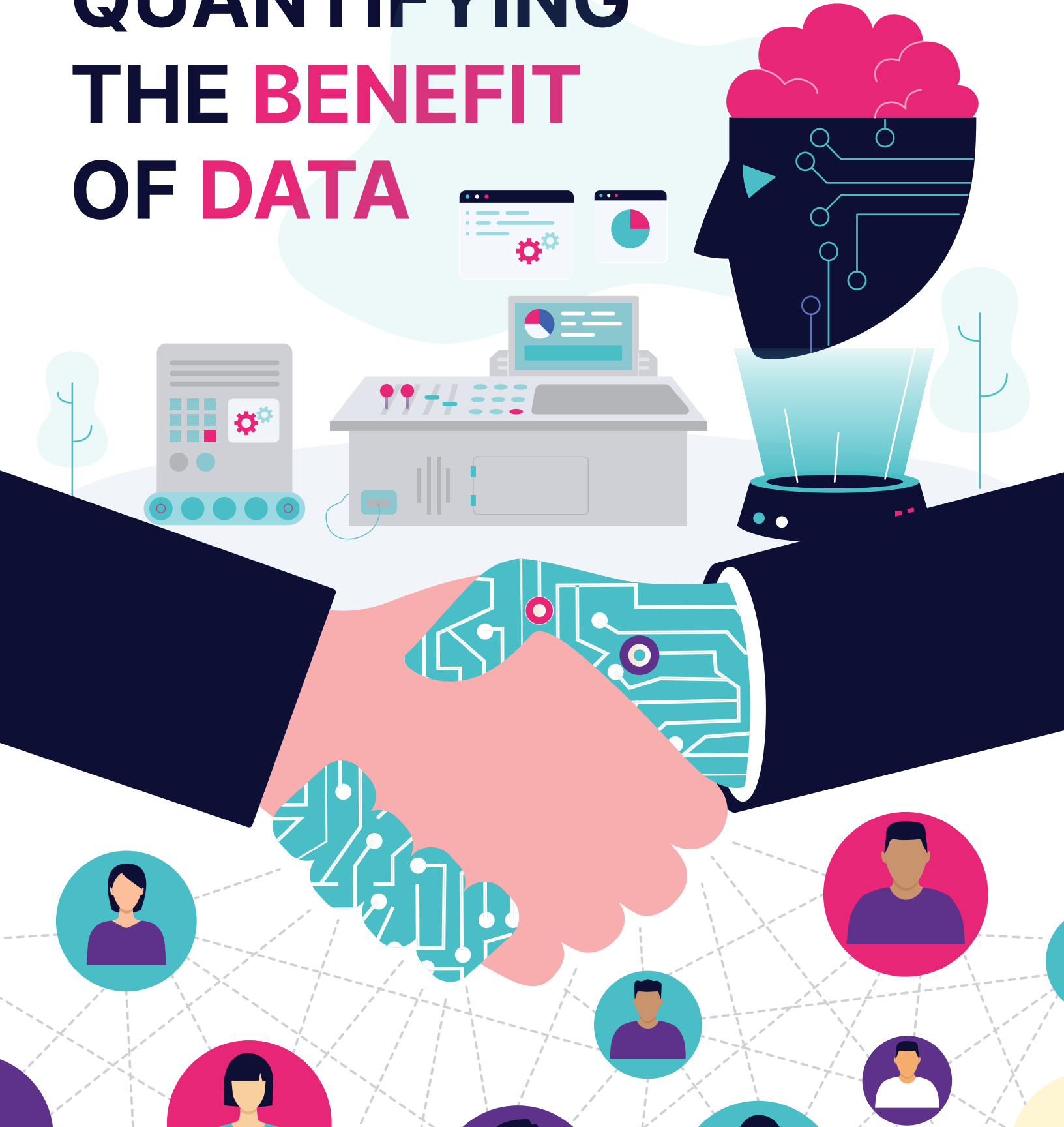
FOREWORD

Data has become a top priority for business leaders across a wide range of industries.

This is because data has tremendous potential—when leveraged correctly, it can transform entire workflows, streamline business processes, and inform strategic planning, which can lead to significant cost savings, and sometimes, even revenue growth.

However, despite data's various benefits, an investment in data can take a while to pay off. And this can be frustrating to business leaders, especially if the ROI from data hasn't been explained or fully outlined to them.

Because of this, it's crucial that data leaders learn the skills needed to clearly articulate the benefits of data.

At Rockborne, it's our mission to diversify the data space. The first step in achieving this goal is to educate as many people as possible about the ins and outs of the data industry. So, this whitepaper is our attempt at pulling back the curtain, by providing the public with insights into a world that can often feel intimidating—but doesn't have to be.

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CEO, Rockborne

Special thanks to our contributors

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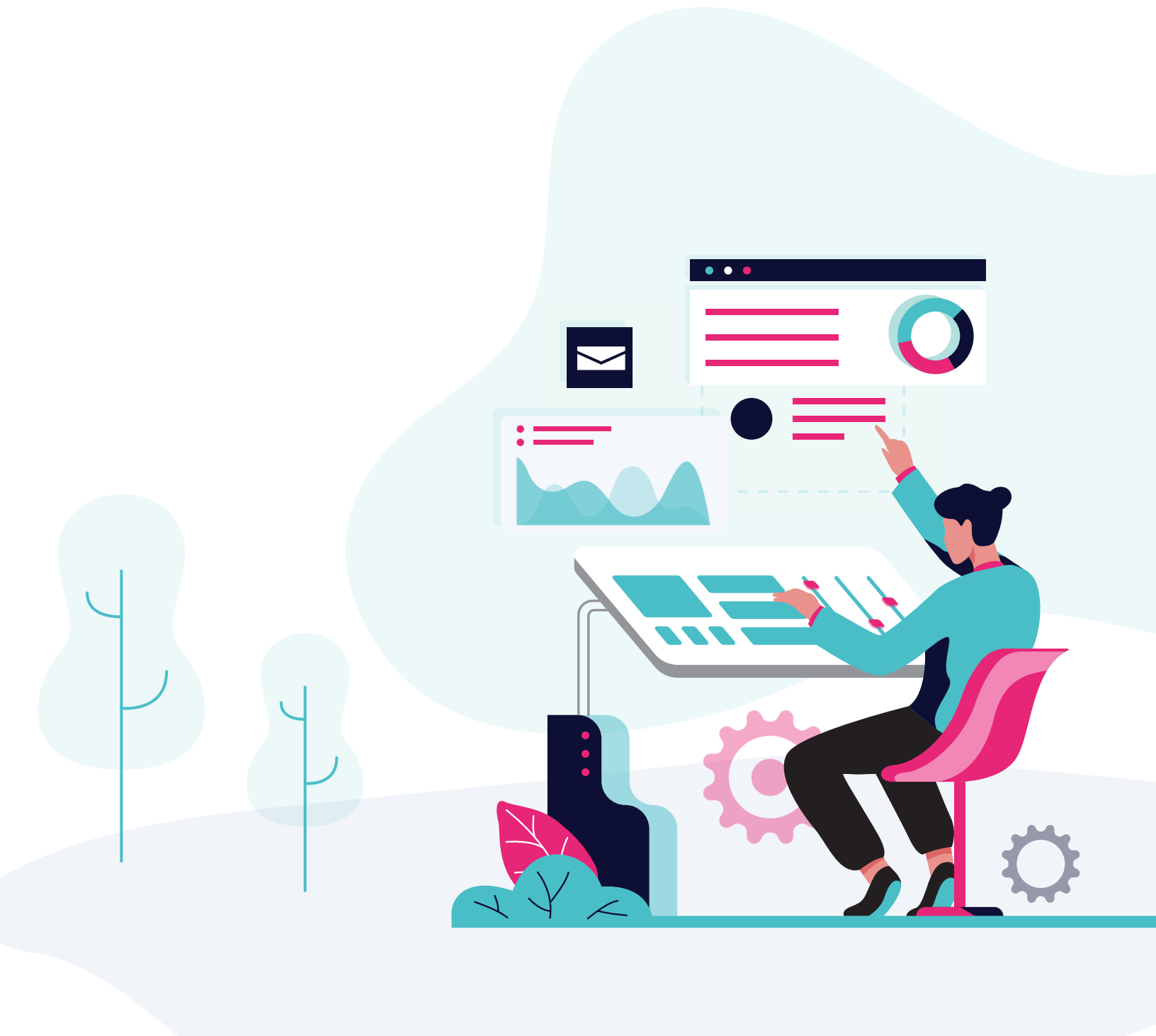and Artificial Intelligence, BSI

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WHY THE VALUE OF DATA NEEDS TO BE JUSTIFIED

Investing in data isn't cheap. In fact, depending on the size of an organisation, the costs of building out a data team (including processes and technology) can cost in the millions.

Given the current economic landscape, along with looming threats of a global recession, many companies are looking to cut costs where they can. And considering data's hefty price tag, data budgets will be scrutinised this year.

However, in times like these, data is more important than ever, because it has the potential to save businesses significant amounts of money.

According to an article by McKinsey, a European home appliance company used advanced analytics to scan over 12 million invoices, and found an opportunity to cut costs by 7.8%.[1]

While there are certainly long-term benefits to investments in data, many data leaders have difficulty quantifying these benefits, or communicating them clearly to the right people in their organisations.

So how can data leaders justify the cost of their team, and quantify their data efforts in a way that sells their value to their company?

The first step is to clearly identify the benefits that data can bring within your organisation.

[1] Grande, D., Machado, J., Petzold, B. & Roth, M. (2020). Reducing data costs without sacrificing growth | McKinsey. www.mckinsey.com. https://www.mckinsey.com/capabilities/mckinsey-digital/our-insights/reducing-data-costs-without-jeopardizing-growth

THE KEY BENEFITS OF DATA

The exact benefits that can be derived from data differ from company to company. However, there are some overarching value-adds that most organisations can garner from their data efforts:

TIME SAVING

According to Nick Blewden, Chief Analytics Officer at Ofgem, "time is money. So, if you save your people time, you are essentially "soft" saving money."

Time saving with data usually goes hand-in-hand with the use of technology and the adoption of automation tools and artificial intelligence (AI) that can help boost efficiency or take away menial tasks from employees so they can focus on other things.

"We've seen projects where you can quite quickly automate a job, and then free up people's time to be redeployed to work on other aspects of the business."

Nick Blewden,
Chief Analytics Officer, Ofgem

COST REDUCTION

The reality is that data investment, at least in some capacity, is no longer a choice. In today's fast-paced corporate world, companies that don't use their data will fall behind their competitors.

However, despite data's importance, many companies are falling behind when it comes to bringing their data efforts up to speed. According to Brian Price, Seasoned CDO and Senior Data Advisor HOT Data Consulting, "you'd be surprised at the number of organisations who still have difficulty harnessing their data or have incredibly inefficient data practices."

Data can predict risk or potential issues, which allows businesses to mitigate problems before they even occur. For example, in the manufacturing industry, companies can use data to keep track of equipment, and quickly identify when a machine needs maintenance.

STRATEGIC INSIGHTS

Data can provide valuable insights that can guide strategy, and help businesses make more informed decisions. It can also help companies take calculated risks when charting new territory. According to Blewden, "if your goal is to move into new markets or launch new products...data can help achieve these goals."

Data can also provide businesses with a deeper understanding of their customers or clients, which can help them improve their service offerings or products, so they align more closely with customer demand.

And according to Craig Civil, Director of Data Science and Artificial Intelligence at BSI, data and technology can even influence revenue:

"Even if you incur a bit more cost at the beginning by implementing new tech...it has the potential to reel in a whole new set of customers who wouldn't have normally gone to you."

Craig Civil,
Director of Data Science
and Artificial Intelligence, BSI

OPPORTUNITIES TO MONETISE

In addition to adding value to existing parts of a business and saving costs, data can also have inherent value that can be packaged up and sold as a product.

According to Blewden, "an apparel company could sell an index on trending styles that are most searched for, or a guide that shows the types of people who shop for certain things."

HOW TO SELL DATA TO YOUR BUSINESS

Once the benefit of data has been clearly outlined, data leaders must then learn how to sell those benefits to business leaders in a way that's easy to understand. To do this, data leaders must:

ALIGN DATA GOALS WITH BUSINESS GOALS

This means understanding the company's biggest challenges and identifying how data can help. According to Jamie Crossman-Smith, Managing Director of Grant Thornton's GTUK Digital Hub, "data people need to be very clear on the linkage between their company's strategy, and how data can be part of the solution."

"A successful data leader needs to, essentially, be a data salesperson."

Jamie Crossman-Smith,
Managing Director,
Grant Thornton GTUK Digital Hub

In other words, data leaders need to be able to convince their business that their product (data) is worth the money. And Price adds that this needs to happen sooner rather than later: "data leaders need to prove value early and quickly, and then move on from there, if they want their data efforts to succeed."

�💡 TIP: DOCUMENT YOUR VALUE

"One of the most valuable enablers to proving the benefits of data is having an insight-to-action log that explains how your data has led to a tangible action, and then outlining how those actions have added value to the business."

Brian Price,
Senior Data Advisor,
HOT Data Consulting

💡 TIP: EXECUTE QUICKLY ON SOME LOW HANGING FRUIT

"For your first data project, identify some opportunities where you have the biggest chance of success, and go for those ones to establish a clear value-add early on. This will give you credibility to fall back on down the line."

Craig Civil,
Director of Data Science
and Artificial Intelligence, BSI

FIND DATA ADVOCATES IN THE BUSINESS

It's also critical to find advocates within the company who are bought into the vision and can vouch for your team. That's because the success of a company's data team is contingent on how much support it receives from the business.

As Civil puts it, "data leaders can't create magic without the proper tools and support from the business."

To get buy-in, Civil and Price believe that it's all about connecting with the right people, or as Civil puts it, "winning hearts and minds within the business."

"It's about having conversations, starting with execs who are experiencing pain, and explaining how data can help solve their challenges."

Brian Price,
Senior Data Advisor,
HOT Data Consulting

DEVELOP STELLAR COMMUNICATION SKILLS

Data leaders need to make the benefits of data super easy to understand. As Blewden explains, "you need to talk the language of the business strategy, and make it clear you're here to deliver benefit."

According to Price, "stakeholders can find it hard to relate to data leaders who are too technical, so being clear and socialising your data activities will help inspire confidence from them."

If data leaders don't do this, it could mean trouble for their data team.

"If you fail to communicate the benefits you're providing on a continual basis, you'll be viewed as a cost."

Brian Price,
Senior Data Advisor,
HOT Data Consulting

Clear communication requires an understanding of who you're talking to, so the message can be tailored accordingly. For instance, if a data leader is trying to convince a board of directors, they'll likely focus on the problem-solving aspect of data, and how it can help them put out fires; or (on the more positive front) how data can enable the business to generate more revenue.

Or, if a data leader is pitching to finance, perhaps they'll focus on the cost-saving.

MANAGE EXPECTATIONS

Data can help support business objectives, but it won't magically fix all of a company's problems.

It's critical that data leaders manage expectations, so businesses don't feel let down or disappointed with results.

"Throughout my entire career, I've never come across an instance where data wasn't part of both the problem and the solution."

Jamie Crossman-Smith,
Managing Director,
Grant Thornton GTUK Digital Hub

This is easy to accomplish when proper data goals and objectives have been clearly outlined and communicated.

FIND THE RIGHT DATA TALENT

It's critical for data leaders to establish a clear business case for their investment in data, and to recognize that these value-add metrics will need constant review.

Of course, none of this is possible if you don't have the right talent on your team.

"Finding data professionals with a good mix of technical and softer skills can be challenging. If you're struggling to resource data talent, consider partnering with a specialist recruitment agency, like Harnham, to help fill your team's data skills gap."

David Farmer,
CEO, Harnham

HARHAM AND ROCKBORNE ARE HELPING COMPANIES FILL THEIR DATA SKILLS GAPS.

ABOUT HARNHAM

Established in 2006, Harnham is one of the world's leading providers of recruitment services and advice to the Data and Analytics marketplace. Learn more about how Harnham can help you find data talent:
https://www.harnham.com/

ABOUT ROCKBORNE

Rockborne's mission is to diversify the data industry. They do this in two ways; by connecting companies to diverse, Rockborne-trained data consultants, and by providing corporate data training to help companies upskill their existing talent. Learn more:
https://rockborne.com/