

Data monetization

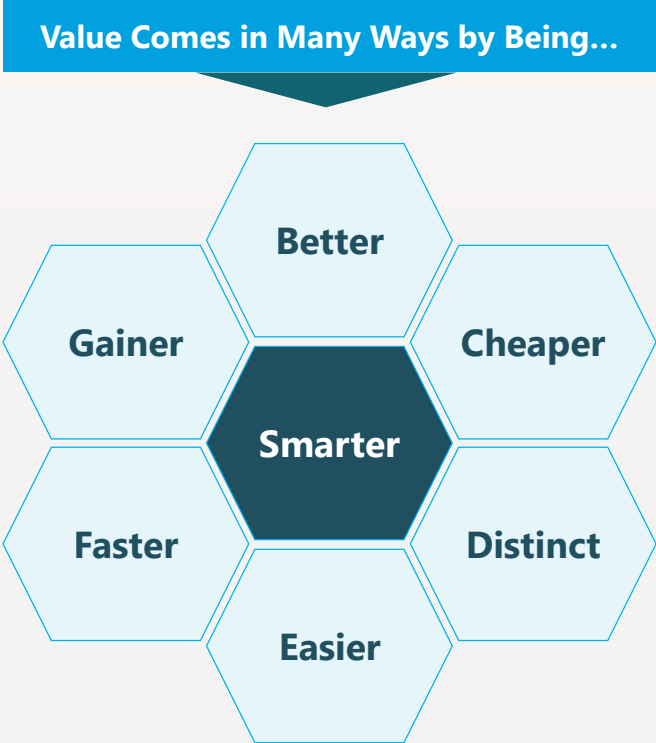
Gaining value and building a value proposition

Data Monetization

*The act of turning corporate **data into currency**. The currency can be in the form of actual dollars, but it also refers to data used as a bartering device or a product or service enhancement.*

Several mega-trends are driving the current focus on Analytics and Big Data and changing the landscape around decision making

	<p>Profitable Growth - The need to remain competitive compels investment in Analytics and the tools to improve insight into financial, economic, environmental and market information. The goal? - informed decision-making and rapid execution of those decisions.</p>
	<p>Regulations – Regulators are tightening their noose. Any hope for a respite will most definitely lead to disappointments. Expectations are further from businesses to provide deeper insight into risk, exposure, and control mechanism to mitigate risks across the enterprise.</p>
	<p>Hidden Insight and New Signals – Increasing complexity of internationalized trade has raised the stakes at all levels of decision-making. Data is generated at a far rapid pace then the human and technological capacity to process and consume, leading to the need for more powerful tools for uncovering hidden patterns that may go undetected.</p>
	<p>Data Volumes, Velocity and Variety – Global data volumes continue to grow exponentially. New data sources, including social media and other "big data" types, provide an opportunity to gain additional insight and drive a need for new IT strategies, processes and tools.</p>
	<p>Technology - Both a significant driver and important enabler. Rise of Cloud computing, mobility, and in-memory computing require new approaches. The good news, the falling cost of infrastructure along with rising computing and processing capacity can meet the challenges.</p>



Data monetization is the new gold rush. CEOs and boards are looking to CIOs to strike it rich by exploiting IT and data, generate efficiencies, and drive value

Pressure for CIOs to turn data into revenue is coming from the highest levels of the organization -- CEOs and boards of directors



Voices from the Street

We're really not spending money on data analytics. We're using it to find better alternatives for making money.

CIOs getting into the data monetization game aren't solving business problems; they're going after market share, and that can introduce new challenges.

Bill Schmarzo, EMC's CTO argues the new CDO role should be described as Chief Data Monetization Officer.

Businesses need evangelists for data and individuals with the intelligence to not only ensure information assets are governed, accurate, accessible and complete, but also promote the use of data for good across the business.

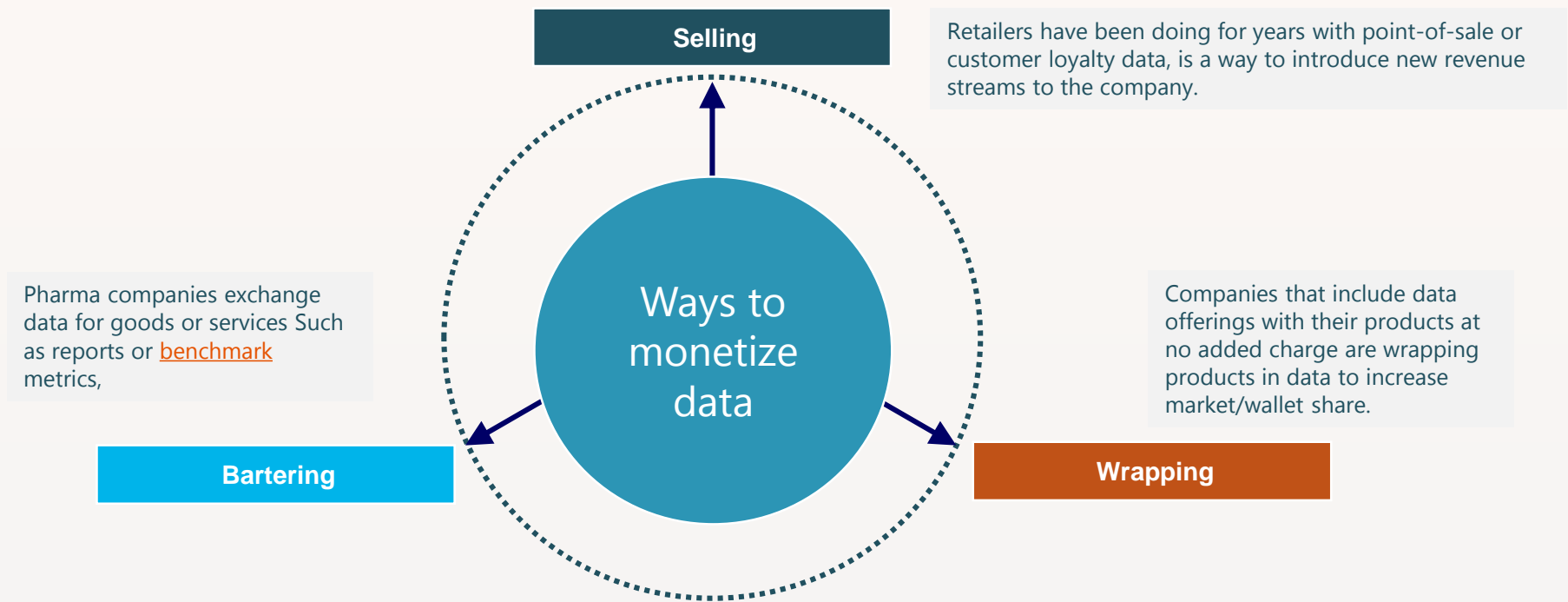
Companies are engaging in "a hidden market for data monetization," and are starting to "trade data among themselves for mutual benefit," according to John Lucker, Deloitte LLP's market leader for advanced analytics and modeling.



Strategy& estimates that the revenue from commercializing data will be US\$175 million in 2013 and will ramp up to \$300 billion per year in the next three to five years across capital markets, commercial banking, consumer finance and banking, and insurance.

Source: Strategy&

Identifying monetization opportunities across the data and analytics spectrum can help uncover new lines of businesses



Potential Offerings	...and the values that can ben unlocked
Information Commercialization	<ul style="list-style-type: none">• Services that drive top line growth through improved use of information assets:<ul style="list-style-type: none">– Increase revenue by monetizing data to support vertical specific insights offering data products as a service or an offering.– Develop new data centric products and services that support new customers, new products and new markets.– Increase revenue by consolidating internal and external data sources to create unique information assets that can be monetized with 3rd parties.– Increase revenue by identifying and enabling information centric opportunities to more effectively develop new products and services.• Sub offerings: Information Assets Commercialization Strategy, Data Monetization, Data Brokerage

While the debate can continue on the true value of data from a CFO / accounting standpoint, CIOs can consider some key methods to make their case

Non-Financial Methods

Financial Methods

1. Intrinsic value of data

- Focus is on intrinsic value, rather than business value
- Data is unique to one's organization and not available to competitors or marketplace, and hence be monetized to gain value

1. Cost value of data

- Cost of acquiring or replacing lost data is well articulated
 - A value can be assigned to the data by measuring lost revenue and how much it would cost to acquire the data

2. Business value of data

- Measures data characteristics in relation to one or more business processes
- Data type is mostly unstructured or semi-structured; timely aggregation and synthesis can bring value insights to both the organizations its suppliers / vendors (by monetization)

2. Economic value of data

- Measures how data contributes to the topline as well as how it brings an economic impact, more than just accounting impact
- Life span of data should also be considered to factor its value

3. Performance value of data

- Impact of data one or more KPIs along the entire value and supply chain; hence a clear incentive to monetize the data to bring all-round efficiencies

3. Market value of data

- Explore what works, selling, bartering, or selling in initial phases to determine price and premium / discount (if any)

The companies that get it are looking at their CIOs and saying, 'You're the one who owns this stuff. You're the business information officer. Help us figure out how we can make money off this -- or make more money off it.'

A thorough analysis of the business opportunity, data regulations, and economics can help provide a head start as organizations begin their data monetization evaluation process

Business opportunity evaluation: Thinking beyond the obvious customer

1. Successful [data monetization strategies](#) start with an understanding of the businesses or industries that can benefit from your content.
2. Evaluate customers who are near to you in the industry -- as well as those customers who are adjacent and nonobvious.
3. Prioritizing opportunities; successful companies often supplement primary customer focus to work on a potentially lucrative adjacent opportunity.

Data regulation evaluation: Assessing the guardrails

1. Carry out a realistic assessment of data privacy and compliance assessment in both primary / secondary as well as allied industries is crucial to help set the tone and anticipate any forthcoming business challenges.
2. Staying on top regulatory insight and guidance can help avert risks arising out of data monetization efforts and realize RoI.

Cost / Benefit Analysis and Benchmarking

1. Evaluating the costs and benefits of data monetization efforts begins with two fundamental questions: What will this offering cost us to build *and maintain over time*? and What pricing and pricing models will our customers accept?
2. A careful assessment of the time, resources, and costs for the efforts needed to store, synthesize, and monetization can help set price discovery and cost estimation and build pricing models / points.
3. Companies can experiment with these models -- by channel, by delivery vehicle, by customer type -- over a fixed period and evaluate the results.

Leveraging big data as an asset, organizations are tapping new business efficiencies and revenue streams across the value chain!



How Your Organization Can Monetize a Huge Data Trove!

Create opportunities for growth through a deeper understanding of your customers

Improve product performance by analyzing product categories within various customer groups / channels

Optimize pricing based on customer's willingness-to-pay

Gauge and improve performance across marketing and promotions mix efficiently

Leverage account intelligence to better align demand plan with sales forecast

Improve sales effectiveness by analyzing customer behaviors, attitudes, and preferences

According to Gartner 30% of businesses will be monetizing data assets by 2016.

Cisco estimates that IoT has the potential to generate about \$19 trillion of value over the coming years...

However, **the lack of expertise in handling big data** and developing information products will create an opportunity for the growth of specialist intermediaries, acting as information brokers or resellers

So if there is so much to gain, why efforts to exploit data for profit continues to fraught with risks

Top 10 Challenges in Data Monetization

1. Lack of executive support
2. Lack of responsibility and accountability
3. CIO has technical focus
4. Lack of measurement
5. Resistance to change
6. Compliance and risk are burdensome/costly
7. Other priorities prevail
8. Cost, value and benefits of information assets is unknown
9. Technology shortcomings and poor IT reputation
10. Accounting practices incapable of handling information assets

Key Questions to Ask at the Onset of any Data Monetization Initiative

1. What's your data business model?
2. What is the level of maturity of process, technology infrastructure, and most importantly, talent.
3. Is the Data Good Enough?
4. Do the regulatory standard for your industry allow for data collection and monetization
5. Is there a data-definition process in place? If yes, is it complaint?
6. cyber, privacy and breach notification policies and procedures in place?
7. Are their formal contract in place with supplier / partners?

Insurance

Consumer Finance & Banking

Commercial Banking

Capital Markets

\$26B

\$61B









\$35B

\$53B


Financial Services Estimated Data Monetization Market Size = \$175 B (2013)

Source: Strategy&

A sampling of analytics monetization themes and how organizations are realizing gains at different stages of value chain

	Applying Analytics...	For Benefits
	...to build a new revenue model	<u>The NASDAQ stock exchange</u> turned its data assets into a true cloud service and putting Amazon's cloud storage to unique use.
	...measure customer satisfaction and loyalty	Avid Budget gained \$200 million in incremental revenue by understanding the lifetime value of its customers.
	...to asses and optimize financial management processes	Global leading industrial products manufacturer realized measurable efficiencies across the supply chain and partner network using Big Data analytics
	...detect fraud and piracy	AT&T improved helped improve credit card fraud prevention via phone geo-location.
	...minimize churn	According to Bain and Co., a 5 percent increase in customer retention can increase a company's profitability by 75 percent.
	...improve marketing ROI	According to McKinsey studies, companies that factor data insights heavily into marketing and sales decisions can boost their marketing ROI by 15 to 20 percent.
	...embrace a new business model	Retailers, telecom operators, bankers are learning to CO-OPT , rather than compete with emerging digital-enabled operators in their respective industries.
	...rethink definition of value	Volkswagen Group France is using big data to increase aftermarket service revenues and build brand loyalty.

Recommended key steps as organizations evolve along their Big Data Maturity and scale up from Analytics to Monetization

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- 1 Formulate a Big Data strategy and roadmap along with strategic business and IT objectives
 - 2 Catalogue and map the data housed / generated across the various business streams; purge what is unnecessary
 - 3 Articulate and develop data models covering data sources of all types
 - 4 Identify use case as a startup to ascertain the efficacy of the data model (s)
 - 5 Identify primary and secondary stakeholders who can leverage and monetize data
 - 6 Ascertain the success of the use case against identified KPIs and data monetization benchmarks as well stakeholder response
 - 7 Extrapolate the best practices and success of data monetization efforts across other enterprise functions

Readings

1. [Data Monetization](#)
2. [Six Ways to Measure the Value of Your Information Assets](#)
3. [Data as Currency: Balancing Risk vs. Reward](#)
4. [Achieving Value and Success through Data Monetization](#)
5. [How to Monetize your Customer Data](#)
6. [TOP 10 Big data Trends IN 2016 FOR Financial Services](#)
7. [Top Cloud Adoption Trends in the Financial Sector](#)
8. [5 Essential Steps Toward Monetizing Your Data](#)
9. [Data Monetization: Turning Data into \\$\\$\\$](#)
10. [Monetizing Data: Milking the New Cash Cow](#)

11. [Cashing in on the New Currency- 5 Ways to Monetize Data](#)
12. [Digital Innovation & the Changing Role of the CIO](#)
13. [Driving Value Through IoT Data Monetization](#)
14. [Data monetization: 7 lessons learned](#)
15. [Big Data for Big Business? A Taxonomy of Data-driven Business Models used by Start-up Firms](#)

Thank you

Keep Learning!