

A White Paper

# Data Monetization Strategies

**How to Make Money or Save Money With  
Data and Analytics**



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Information Builders helps organizations transform data into business value. Our business intelligence, integration, and data integrity solutions enable smarter decision-making, strengthen customer relationships, improve performance, and drive growth.

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# Introduction

Money. In a time of declining revenues, diminishing customer loyalty, and shrinking profit margins, your organization is under tremendous pressure to find new ways to make it or save it.

There is something you may be overlooking that can help you to achieve these goals – your data. Significant financial value is locked away in your enterprise systems. The process of realizing it is known as data monetization.

There are two primary ways to monetize your data. You can use it to generate more revenue, or leverage it to uncover hard-dollar cost-savings.

***The most obvious way to make more money from your data is to sell it.  
But there are plenty of other ways.***

## Making Money From Your Data

The most obvious way to make more money from your data is to sell it. Gartner's Doug Laney says, "Companies in a variety of information-rich industries are already generating entirely new revenue streams, business units, and standalone businesses out of the data they hold. Over the long term, we see strong potential for such data businesses to spread to even the most traditional industries."<sup>1</sup>

If you've got high-value data, you can also charge clients or partners a fee for the use of analytic services applied to it. Power Systems Research, a provider of market information for engine, vehicle, equipment, and component manufacturers, combines customer data with the market data it maintains, and makes it available through intuitive dashboards. This opens up new revenue streams by giving customers access to data sets and sophisticated analytical capabilities for gathering industry insight.

But there are plenty of other ways to use your information to generate more income without selling information – or access to it – directly. For example, you can:

- Tap into the customer data contained in customer relationship management (CRM), help desk, and other systems to maximize loyalty and retention
- Empower your sales force to uncover up-sell or cross-sell opportunities that boost customer wallet share
- Understand buyer wants and behaviors to increase the effectiveness of merchandising, and develop more targeted and personalized campaigns and promotions

<sup>1</sup> Platt, James; Souza, Robert; Checa, Enrique; Chabaladas, Ravi. "Seven Ways to Profit from Big Data as a Business," BCG Perspectives, March 5, 2014.

Helzberg Diamonds empowers its managers to glean insights from point of sale (POS) and other data, so they can better anticipate market trends and boost revenues. Users at 230 stores can closely examine product sales and campaign performance, and track store-specific information, such as associate performance, credit sales, and extended care plan performance. This helps the company up-sell and increases the average sale.

## Leveraging Data to Save Money

Your data is also full of valuable intelligence that can help you better control costs. For example, digging deep into your operational information can empower you to:

- Improve demand planning, inventory management, and resource allocation to eliminate waste
- Remove excess costs from supply chains and other operations by identifying inefficiencies
- Scrutinize quality assurance processes to reduce the expenses associated with product defects and warranty claims

Quinte Health Care monetized its data to cut \$10 million from its operating budget. Decision-makers are able to measure processes and analyze patient data to easily identify areas where money can be saved – for example, where costs may be higher than average or where length of stay is longer than average across the province.

## The Big Data Opportunity

The potential to transform your data into a profit-enhancing asset has always existed. But now companies are contending with big data – growing volumes of internal information, as well as new structured and unstructured external sources such as mobile, the cloud, and social media. Since they've invested so much into gathering and storing this massive amount of information, they want to derive as much value as possible from it. Data monetization is one way to boost the returns on big data investments, and make big data management strategies more lucrative.

According to Accenture, "Digital technologies now enable massive data collection, as the cost of data storage has fallen. Other technology advances facilitate real-time data analysis and personalized communication. Simultaneously, there has been a realization that an enormous amount of the data being produced could offer additional value if enhanced and analyzed to tap its potential." This is why, the consulting firm says, "The new opportunities to monetize data are as vast as big data itself, and no doubt many are still to be identified."<sup>2</sup>

<sup>2</sup> Bohe, Astrid; Hong, Montgomery; Macdonald, Craig; Paice, Nigel. "Data Monetization in the Age of Big Data," Accenture, 2013.

# Getting Started: Defining Your Data Monetization Strategy

## Step One: Which Information Will Deliver the Most Value to Your Employees, Customers, and Partners?

First, you'll need to determine which information will have the greatest impact on your bottom line. Will your sales force be able to close more deals with better insight into customer histories? Will giving customers access to project or product data improve acquisition and retention? Will sharing information with partners increase the cost-efficiency of your supply chain?

Yellow Pages recognized that an improved ability to demonstrate return on investment (ROI) to its advertisers would drive better customer engagement. So it built an intuitive customer-facing application that allows advertisers to tap into big data to track the results of their digital marketing campaigns. By proving value in an easy-to-understand way, Yellow Pages is boosting retention, revenue, and up-sell/cross-sell.

***Focus on one or two types of information with the greatest potential for boosting revenues or cutting costs.***

Focus on one or two types of information with the greatest potential for increasing revenues and/or profits, or reducing costs. In many cases, this will require some preliminary research and analysis, to uncover patterns in customer behaviors and purchasing patterns, or in core operations.

This approach will deliver the fastest returns. It will also provide you with demonstrable successes, so you can easily garner support for expanding the strategy to include other areas where data can be monetized.

## Step Two: Where Is the Data Coming From?

Next, you'll need to identify the data you need, and where it resides. Once you've determined its source and location, you'll need to plan for its capture, collection, and consolidation.

While information from internal systems may not be all that challenging to access, there are other important sources to consider, such as social media and the cloud. Enhancing your existing data with customer sentiment and other insights from these sources will substantially increase the monetization potential of your information assets.

***Identify the data you need and where it lives, so you can capture, collect, and consolidate it.***

The information Scotiabank required in order to boost sales lived in multiple diverse retail banking systems. It solved the problem by building a comprehensive environment that captures all the needed information and delivers it weekly to more than 1,000 branches. This accelerates its ability to open new channels and improves the way sales officers reach out to customers, qualify leads, and align customer profiles with the product mix. As a result, Scotiabank expects to generate an additional \$250 million in annual sales across all its products.

### Step Three: Is the Data Ready to Be Monetized?

Maximum financial value can only be achieved once you've ensured the integrity of your information assets. In many cases, the data you're gathering will come from multiple sources. For example, if you're seeking to monetize your data by translating customer behavior patterns into more targeted offers and promotions, you'll need to draw information from CRM, point of sale, Salesforce automation, and other systems. Without the proper quality controls in place, inconsistencies and redundancies may hinder your ability to monetize.

***Don't let inconsistencies and redundancies hinder your ability to monetize – ensure your data's quality first.***

Global information management company Informa relies on data quality management and data governance solutions to centralize and cleanse contact information from individual clients and organizations, and store it in a marketing database that serves multiple countries. Informa now has more accurate client profiles and more efficient data management procedures. This has enhanced customer satisfaction, enabled more efficient marketing campaigns, and boosted revenue due to more effective conversion, up-sell, and cross-sell activities.

### Step Four: Can All Stakeholders Participate in Data Monetization?

Opportunities to monetize data exist across a business. That's why it's so important for all stakeholders to leverage enterprise information to boost revenues and reduce costs.

For example, executive management can review high-level data through dashboards to track critical performance metrics related to profitability, while analysts can dig deep into data about individual operational processes to identify areas in need of improvement, or uncover ways to maximize productivity. Employees can tap into information to improve the way they interact with customers, enhancing the customer experience to drive higher levels of satisfaction, loyalty, and retention – which will ultimately boost customer lifetime value.

Companies like Butler Health System have had tremendous success monetizing data by giving operational employees direct access to information. The Pennsylvania-based organization has increased revenue through higher patient volumes by enabling business and clinical users to analyze health records.

***Make sure all stakeholders – from executives to operational employees to partners – can leverage and monetize data.***

But it doesn't end there. Sharing data outside company walls presents even more potential for monetization. When organizations collaborate with their customers and business partners using enterprise data, the value of information increases exponentially.

The Appraisal Institute, an association of appraisers and property analysts, enhanced retention and increased revenue by providing its 25,000 members with value-added services. An Associate Status Dashboard was built, allowing members to tap into enterprise data to track the requirements and goals needed to upgrade from associate status to designated distinction. Because the dashboard makes it easier for members to reach that status, it increases membership revenue for the Institute, since required course fees for designated memberships are higher than those charged for associate memberships.





# The Challenges of Monetizing Data

With such clear benefits, why isn't every company fully monetizing its data?

A recent report highlights some of the reasons. Companies collect vast amounts of information about everything from prospects and customers to suppliers, processes, and operations. "Data of this sort is so abundant that it is often overlooked. Its growth is so exponential that the companies are unprepared."<sup>3</sup>

And although the report focuses primarily on financial services firms, the advice contained within is universally beneficial and should be heeded by organizations in all industry sectors: "In the next five years, fortunes will be made and lost based on which corporate leaders can grasp this fact; reorient their approach; initiate enterprise-wide, data-led transformations; and effectively monetize this new type of asset."<sup>4</sup>

***Before you try to monetize, be sure to organize, govern, and share your data.***

Until now, many organizations have been hesitant to, or unable to, monetize their data, because they lack the ability to:

## Organize

Data must be structured to meet the needs of the organization – in this case, for the purposes of data monetization. There is a wealth of information available. Cloud, social media, and other sources in the "Internet of things" offer insights never before available. But successfully tapping into those insights requires an infrastructure equipped to enable the access, integration, and sharing of all that data – regardless of its origin or source.

## Govern

The success of your data monetization initiative depends on the suitability of the needed information. In other words, you must be fully confident in its accuracy and completeness. But many organizations are plagued by data quality problems, making it difficult for them to derive maximum financial value from their information assets. Aberdeen research claims that companies without data quality solutions in place have significant errors in approximately 22 percent of their records.<sup>5</sup>

<sup>3</sup> Plansky, John; Solomon, Jamie, Karp, Rebecca; Drisko, Carl. "The Data Gold Rush: Companies Need the Right Models and Capabilities to Monetize Data," Strategy&, 2013.

<sup>4</sup> Plansky, John; Solomon, Jamie, Karp, Rebecca; Drisko, Carl. "The Data Gold Rush: Companies Need the Right Models and Capabilities to Monetize Data," Strategy&, 2013.

<sup>5</sup> Krensky, Peter. "It All Begins With Data Quality," Aberdeen Group, July 2014.

## Share

Different audiences require information in different ways, so you'll need to provide data in ways that people or systems can use to uncover and seize monetization opportunities as they arise. For example, an analyst may require sophisticated analytical tools, while a customer or a business partner would prefer a more intuitive and straightforward approach, such as an app. However, many companies lack the capabilities needed to satisfy the needs of all stakeholders – from executives and employees to customers and partners.

Security is of the utmost importance here, considering that much of the data that can be monetized involves customers and is therefore sensitive in nature. Information that is being shared – whether internally or externally – needs to be fully protected from unauthorized viewing.

# What You'll Need

The right technology platform lies at the heart of any successful data monetization strategy. To tap into your information and significantly impact your revenue or profit, you'll need to put certain software solutions into place.

***Support your monetization efforts with integration, data quality, and self-service analytics capabilities.***

## Integration

The financial potential of your data can only be truly exposed when it is fully accessible. Integration technologies provide the ability to harness any amount of data, even big data, from any source, consolidate it, and make it readily available for analysis.

Remember that many of the sources required for monetization aren't always so easy to get to. You'll need an integration infrastructure that can gather data from even the most diverse and disparate environments – applications, B2B interactions, cloud-based systems, social media, and other sources. You'll also need to consider whether you need your data in real time or near-real time, and choose your solutions accordingly.

## Data Integrity

You've also got to make sure your data is fit for purpose to support your monetization strategies. Bad data can negate any gains achieved by data monetization. In fact, research shows that 88 percent of companies have realized a negative impact on their bottom line, while 21 percent have experienced damage to their reputations, thanks to poor data quality.<sup>6</sup> The risk becomes even greater if your monetization plan involves sharing information with customers, business partners, and other external stakeholders.

Data quality management solutions are an ideal fit here, helping to eliminate invalid, dirty, or missing data from your enterprise systems. Master data management can also come in handy, allowing you to create a single, consistent, 360-degree view of customers, products, suppliers, and other business entities across all systems and sources.

## Analytics for Everyone

The potential for data monetization exists in many areas across and beyond your business. But different stakeholders will need to access and interact with data in different ways, in order to realize its full potential. Be sure to choose a business intelligence (BI) and analytics platform that offers:

<sup>6</sup> "Global Research Report 2014: Making Your Data Work for You," Experian Data Quality, January 2014.

- Dashboards and scorecards for executive management
- Advanced tools for analysts, such as data visualization, predictive analytics, sentiment analysis, and price simulation
- Self-service, interactive analytic apps so business users, as well as customers and partners, can operationalize insights
- Mobile BI and analytics, to provide access to information via smartphones and tablets

Choose your solutions wisely. Piecing together a bunch of disparate tools to achieve the desired revenue or cost savings will likely have the opposite result – driving up cost of ownership and increasing maintenance expenses, and offsetting any gains. Look for a single vendor that can offer these and other capabilities via a fully unified, seamlessly integrated platform. The right solution will allow you to take a modular approach to implementing this functionality, so you can quickly and cost-efficiently deploy each of the capabilities – either together or separately – as your needs change or your monetization strategies shift.



## Conclusion

More and more organizations are monetizing their data to drive revenue, increase productivity, or reduce expenses. Data monetization enables your business to better leverage its information assets to increase the bottom line.

But, you'll need to plan carefully to ensure the success of your data monetization strategy. What data should be monetized? Where does it come from? Is it clean? Can everyone who needs it get to it? And, most importantly, is the technology infrastructure in place to support the goals of the initiative?

Companies like Helzberg Diamonds, Scotiabank, Yellow Pages, Power Systems Research, and Butler Health System demonstrate the benefits that can be achieved when data monetization is done right. With the appropriate processes and solutions in place, your organization can also derive more substantial financial value from its enterprise data.

***Want to learn more?***

***Read the Data Monetization Solutions Brief at: [informationbuilders.com/go/datamonSB](http://informationbuilders.com/go/datamonSB)***

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