The Importance of a Data Strategy that Flexes & Adapts to the Changing World of Business

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Sofa Summits – **DATA & THE MACHINE**

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WHAT IS DATA STRATEGY?

- **Foundation** to all data practices

- **Long-term, guiding plan** that
    - defines the people,
    - processes and technology required to address data challenges and support business objectives

- **Can also be described as the technical exercise** in which organization leaders look at
    - Employees need so they are empowered by data
    - Processes that ensure data accessible and of high quality
    - Technology that will enable storage, sharing and analysis of data

DATA STRATEGY – WHY WE NEED IT?

- **Slow and inefficient business processes**

- Data **privacy**, data **integrity** and data **quality** issues that impact data usage

- **Low level of understanding** (which creates misalignment) of the critical parts of the business
  - Low clarity about business needs and goals

- **Inefficient use of data between different teams/areas**
  - Lack of communication/visibility about data availability
  - Duplication of data across business units

THE ELEMENTS OF DATA STRATEGY

	DEFENSE	**OFFENSE**
KEY OBJECTIVES	Ensure data security, privacy, integrity, quality, regulatory compliance, and governance	Improve competitive position and profitability
CORE ACTIVITIES	Optimize data extraction, standardization, storage and access	Optimize data analytics,
DATA-MANAGEMENT ORIENTATION	Control	Flexibility
ENABLING ARCHITECTURE	SSOT (Single source of truth)	MVOTs (Multiple versions of the truth)

Data defense is about minimizing downside risk
Data offense focuses on supporting business objectives such as increasing revenue, profitability, and customer satisfaction

DATA STRATEGY GOALS

Innovation

- Create value and/or efficiency by innovating

Business needs

- Support and empower data users

  (anyone in the organisation where data is a powerful enabler to drive value)

Risk and regulations

- Ensure that security risks and compliance requirements are addressed

  (this can vary by industry and region)
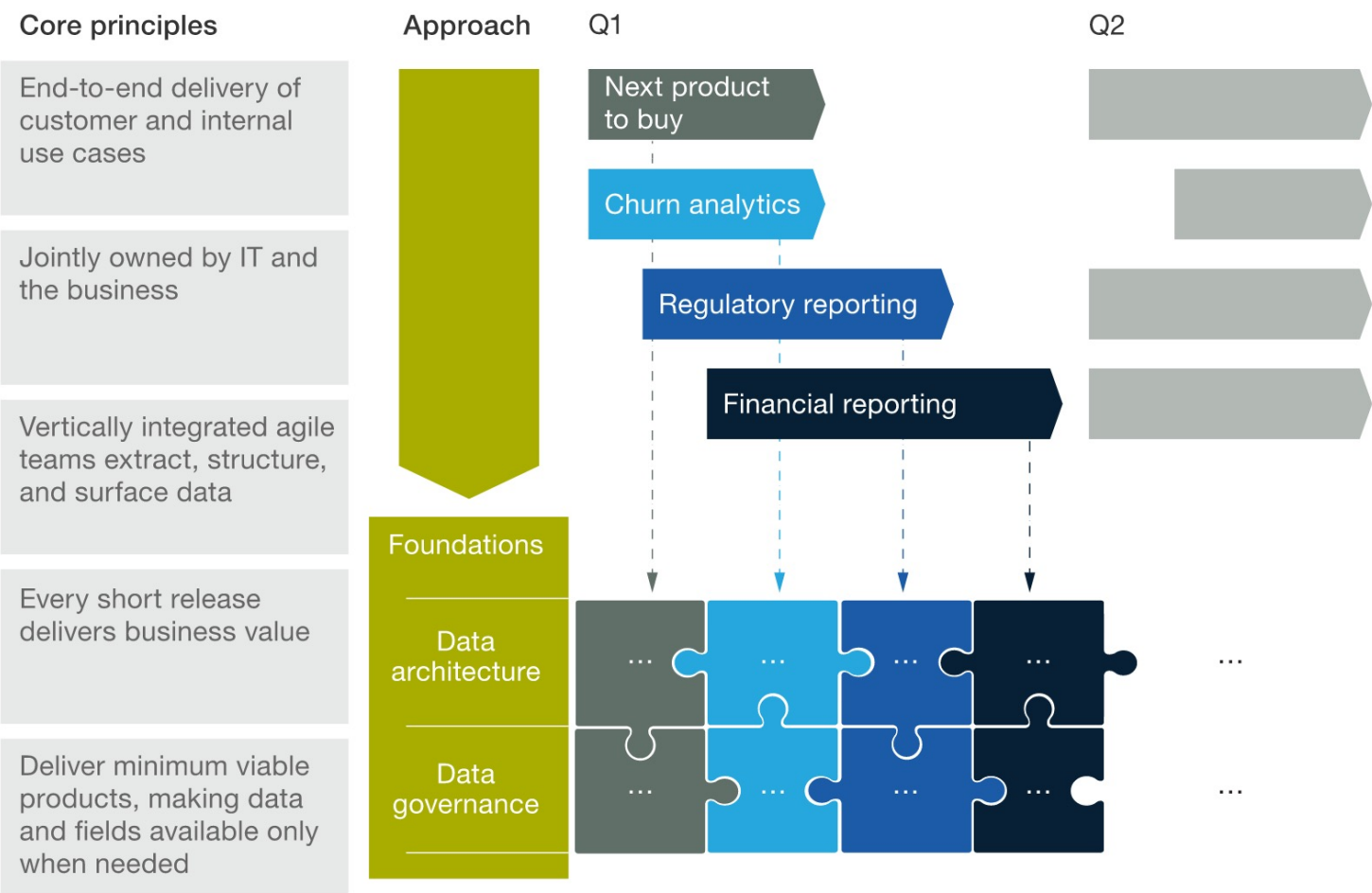
7 ELEMENTS FOR DATA STRATEGY

#1 BUSINESS REQUIREMENTS

- Data oriented to address specific business needs

  must help achieve strategic goals and generate real value

- Identify business leader and all business stakeholders in the organization

  - Business leader is responsible for alignment and support for investment

  - Other business stakeholders represent more granular level for departments or functions within the company

- Together define and understand the strategic goals that connect department needs to organisation goals

By going through this process we gather the knowledge of what the business is trying to accomplish

7 ELEMENTS FOR DATA STRATEGY

#1 BUSINESS REQUIREMENTS

Translate Data Strategy into tangible Use Cases[1]

Core principles	Approach	Q1	Q2
End-to-end delivery of customer and internal use cases		Next product to buy	
Jointly owned by IT and the business		Churn analytics	
Vertically integrated agile teams extract, structure, and surface data	Foundations	Regulatory reporting	
Every short release delivers business value	Data architecture	Financial reporting	
Deliver minimum viable products, making data and fields available only when needed	Data governance		

McKinsey&Company

7 ELEMENTS FOR DATA STRATEGY

#2 SOURCING AND GATHERING DATA

Keeping in mind the business requirements

- Analyse data sources
  - does it have the right level of detail?
- How data is gathered
- Data location
- Data refresh
- Many times data is not located in a centralized location
  - Trace its location
  - Build pipelines to make it available to the business
- Is it GDPR compliant?

An example of a matrix that can help address this element

Business Question	Data Needed	Data Source
• Which channels drive the most conversions?	Sales, Traffic, Website visitors	e-commerce, traffic counting, POS
• How do I reduce the lead time of buying online and shipping from store?	Transit times, labor, store orders and lines	Order management, time tracking, shipping system

https://www.analytics8.com/blog/7-elements-of-a-data-strategy/#

7 ELEMENTS FOR DATA STRATEGY

#3 TECHNOLOGY INFRASTRUCTURE REQUIREMENTS

- Be careful by going after the most recent hype of technologies – focus on business needs

- Building a flexible and scalable data architecture

- How much does operational system supports analytics needs?

- Technical infrastructure for data on-prem or cloud-based solution?

- Is there a standard integration tool to process data from different source systems

- How data access will be provided to the end-user?
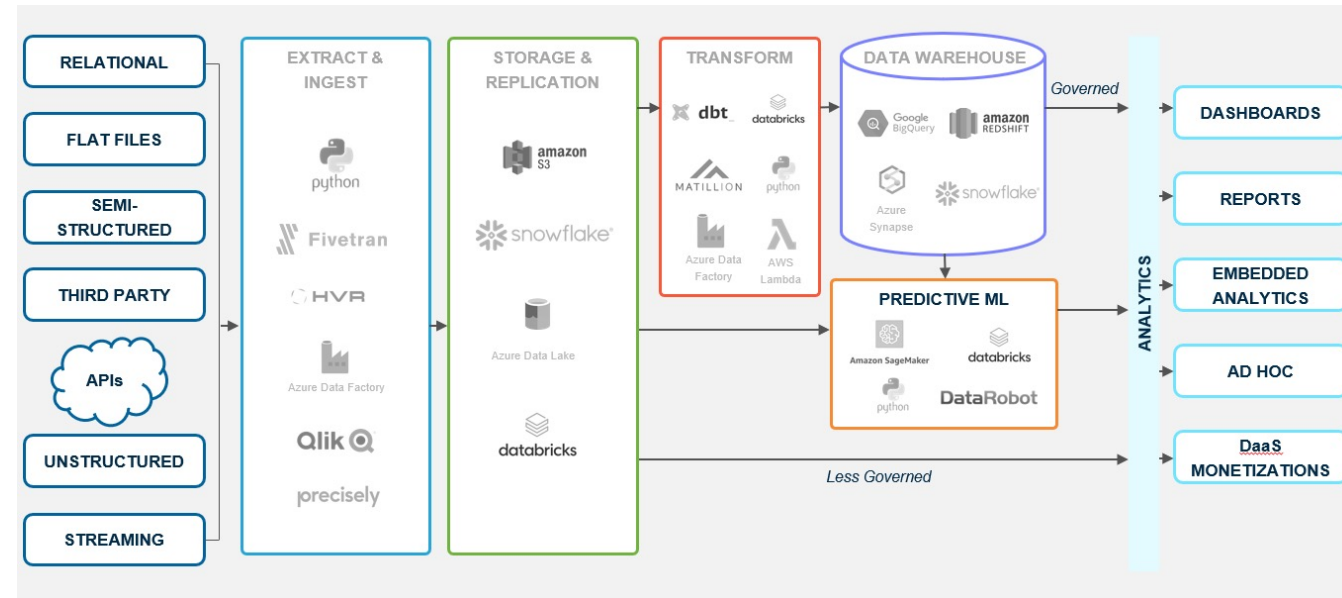
A modern data architecture represents all stages of the data lifecycle, from original data source to reporting—all the way through to analytics. These are key components to understand when creating a data strategy.
https://www.analytics8.com/blog/7-elements-of-a-data-strategy/#

All these considerations are part of a overall architecture and data management plan

7 ELEMENTS FOR DATA STRATEGY

#4 TURNING DATA INTO INSIGHTS

- Visualizations

- Story Telling

- Democratization of data

- Data Granularity
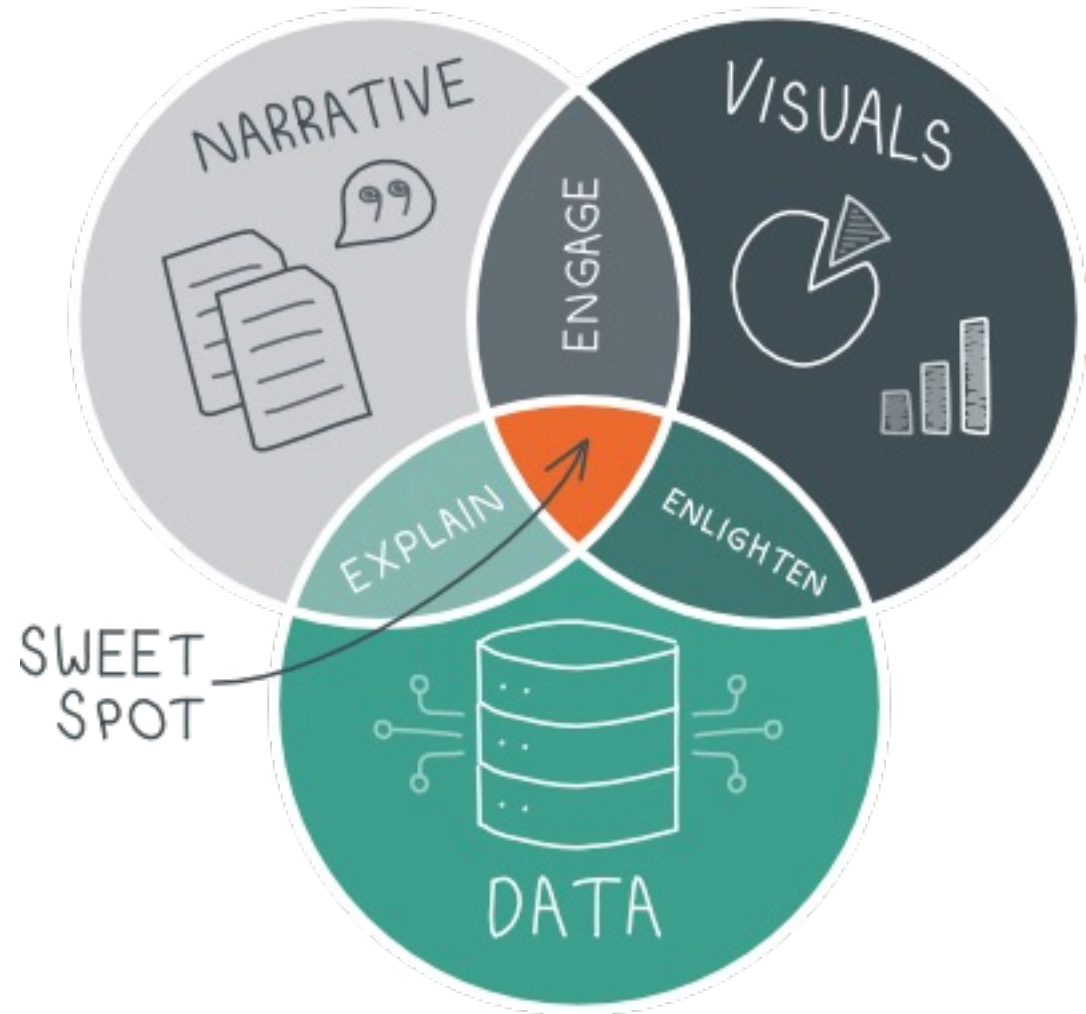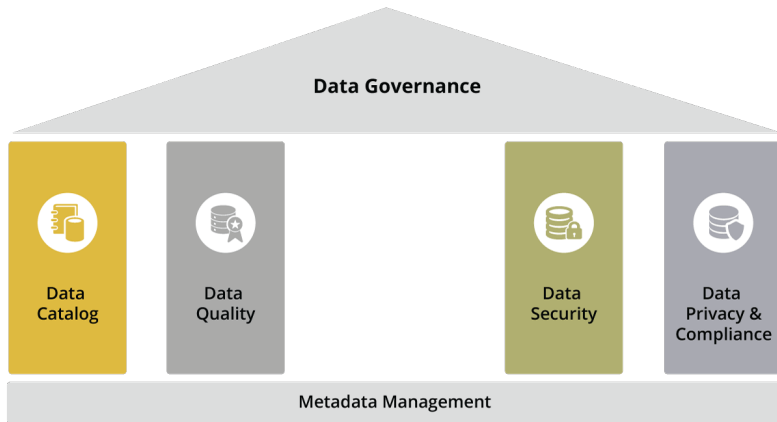
7 ELEMENTS FOR DATA STRATEGY

#5 PEOPLE AND PROCESSES

becoming data-driven is more than just technology

- People in the organization and the processes to create, share and govern data

- Look at the skillsets of the people in the organization
  - Do they need data & analytics training?
  - Training in the new data analysis tools

- Does the organization needs to hire more people?

- Organizational structure might be impacted
  - Should analysis be aligned to business unit or IT?
  - Decide IT support for analytics needs

7 ELEMENTS FOR DATA STRATEGY

#6 DATA GOVERNANCE

- Right people have access to the right data

- Data lineage

- Data catalog

7 ELEMENTS FOR DATA STRATEGY

#7 ROADMAP

- Roadmap should include a timeline and respective business **wins** that are earned along the way

- Include in the Data Strategy roadmap
  - Resources availability and/or contractors help is required
  - Organization budget process
  - Competing projects that impact the right resources from supporting the initiative

https://www.mckinsey.com/industries/financial-services/our-insights/designing-a-data-transformation-that-delivers-value-right-from-the-start
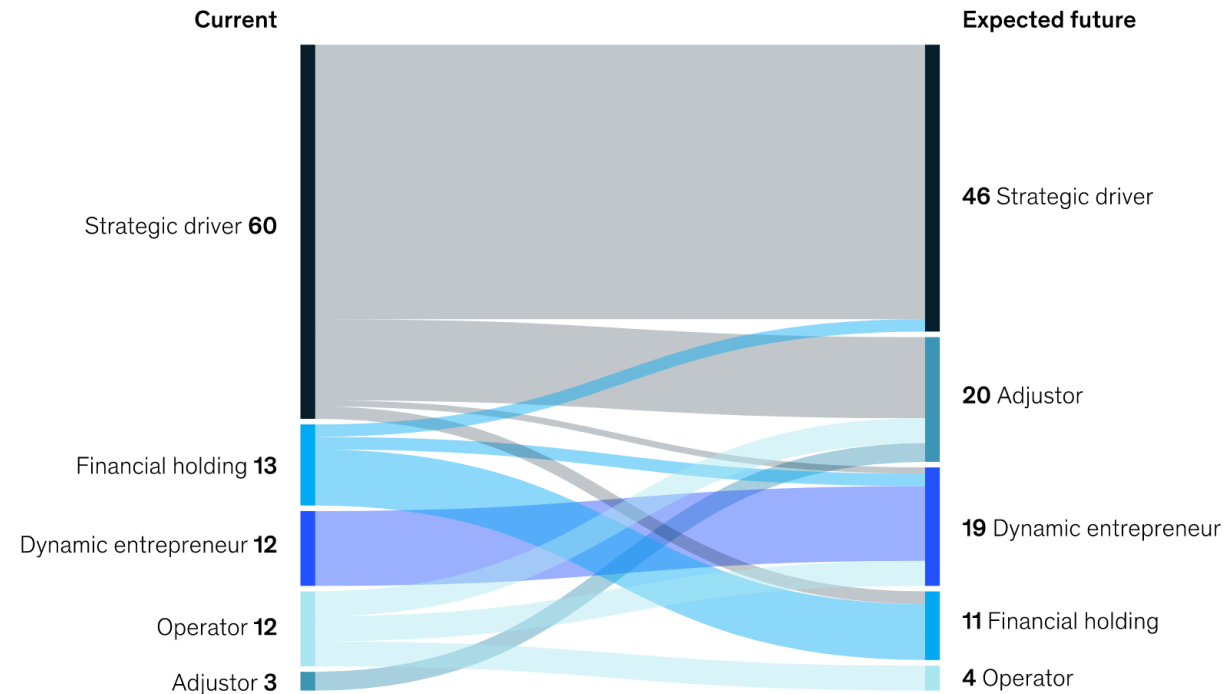https://www.analytics8.com/blog/7-elements-of-a-data-strategy/#

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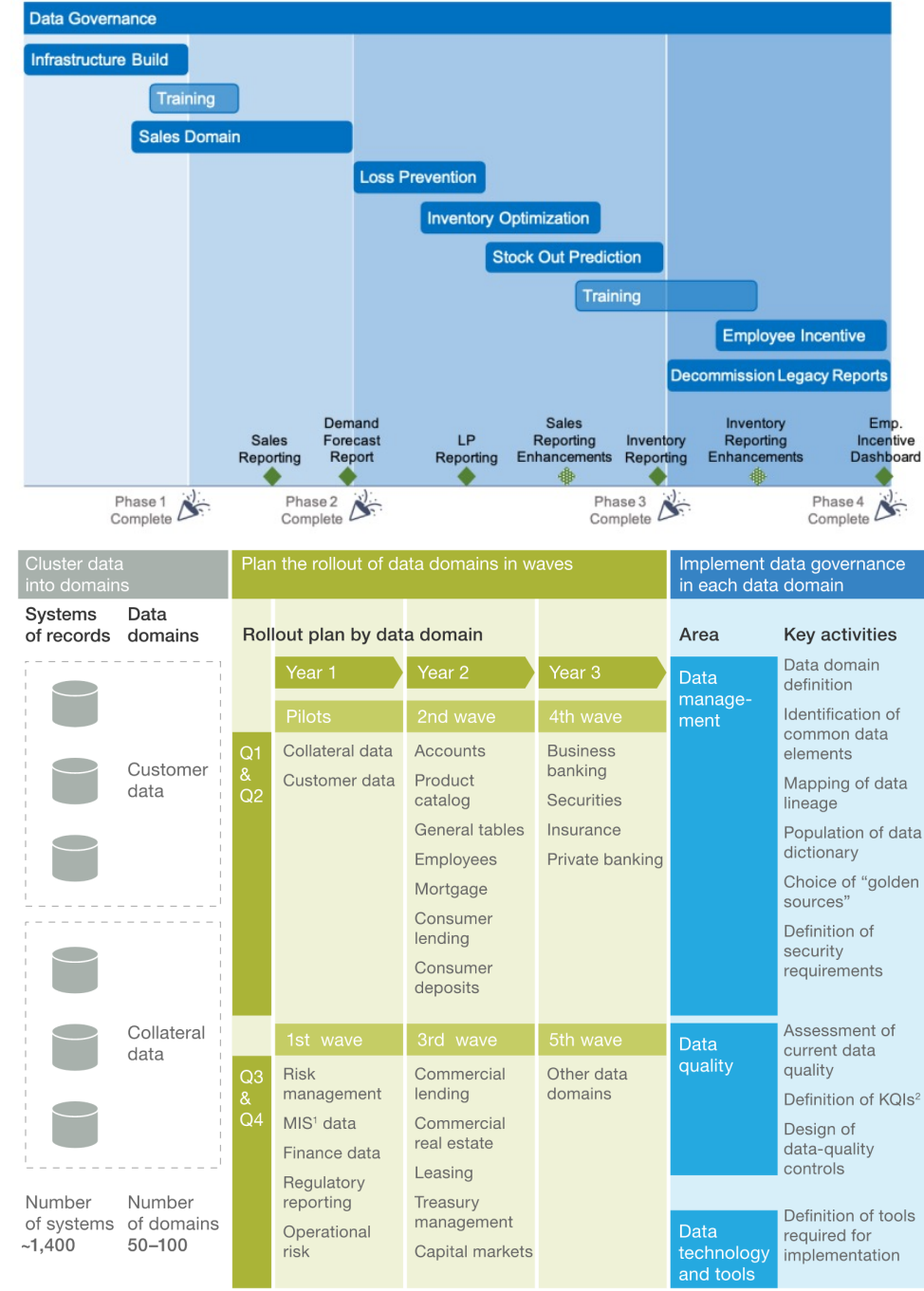
DATA STRATEGY

MAKE A DIFFERENCE BY BEING ABLE TO FLEX

- Re-evaluate choice of corporate-center archetype

- Specifically, a **significant shift** is building toward the relatively **new adjustor archetype**

  - especially by strategic drivers and operators

  - this shift would allow corporate centers to offer support that is tailored to the different needs of various business units

Distribution of corporate-center archetypes, %

Current   Expected future

Strategic driver **60**

Financial holding **13**

Dynamic entrepreneur **12**

Operator **12**

Adjustor **3**

46 Strategic driver

20 Adjustor

19 Dynamic entrepreneur

11 Financial holding

4 Operator

Note: 80 companies analyzed; data from 2017–2021
Source: McKinsey analysis

Thank you!

Data Strategy aligns your business plan and priorities with your technology strategy

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Image from "but Asking Can Hurt," She Writes - Ask Questions