



MODERN DATA MONETIZATION STRATEGIES

How to put your data to work in the Data Cloud, so it brings in revenue and new opportunities



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EXECUTIVE SUMMARY

Fueled by machine learning, digital marketing, quantitative asset trading, and a host of other data-driven applications, demand for data from an ever-expanding variety of suppliers has grown exponentially. International Data Corporation (IDC) predicts that revenue from big data and business analytics solutions will hit \$274.3 billion by 2022.¹ In the United States, marketers and other companies spent \$11.9 billion on third-party audience data in 2019, up 6.1% over the previous year, according to the Interactive Advertising Bureau (IAB).²

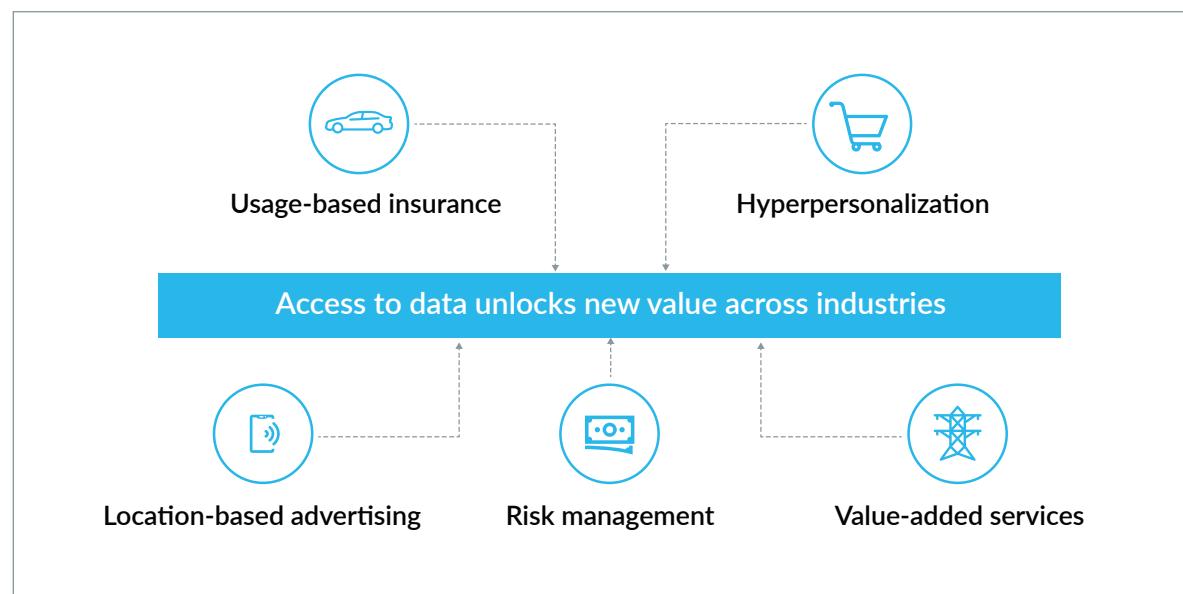
Without a doubt, this demand is a huge opportunity for organizations that can best harness and maximize the value of their data. In fact, 51% of global data and analytics decision-makers surveyed by Forrester in 2019 reported selling or sharing their data, up from 32% in 2016.³

It is no surprise that data commercialization is on the rise, as the right data can yield operational efficiencies and strategic insights. Eighty-seven percent of executives surveyed by Forrester in 2020 said their companies were either launching or planning initiatives to improve their ability to access third-party data, up from 77% in 2019.⁴

They're doing it because third-party data can provide a meaningful competitive edge. It can:

- Improve customer experience
- Strengthen ties with partners and suppliers
- Increase transparency across the supply chain
- Generate new revenue streams
- Uncover market opportunities
- Improve business decision-making

Your customers and business partners are likely eager to get data from you, especially if you can make it easy to do so. In the pages that follow, we give you a step-by-step guide to jump-starting your data monetization journey, from identifying marketable data, to choosing the right distributor, to building out your pricing models, and beyond.



FOUR STEPS TO START YOUR DATA MONETIZATION JOURNEY

STEP 1: SIZE UP YOUR DATA ASSETS

The first order of business is to define the inventory of potentially shareable data. Information that would disclose trade secrets, otherwise jeopardize competitiveness, or run afoul of legal protections and privacy policies obviously won't make the cut. That still leaves a wealth of possible inventory, including:

- Operational data, for example, transaction records and sensor logs
- Commercial data, for example, industry developments, sentiment, and prices
- Marketing data, for example, aggregated or de-identified customer information, preferences, web traffic, and so on
- Behavioral data, for example, data captured in digital and physical environments

Alternatively, you may have analytical information that incorporates open-source data such as social network posts or government statistics. And, last but not least, every organization has what Gartner calls **dark data**⁵, or information that is collected as part of regular business activities but is not used or analyzed. This data, if mined and combined with other signals, can provide interesting insights and be a valuable component to monetization strategies.

TIP: Consider adding a layer of analytics or enriching your data with additional data sets.

As you identify the types of data you own, you will have to decide whether giving access to the raw data is of value to customers or if the data needs to be combined or enhanced with additional data sets. For example, a retailer's store-level data is valuable to suppliers as is, but they might be willing to pay a premium if that data were combined with weather and demographics data sets.

Depending on the types of customers you have, adding a layer of analytics to the data, that is, creating specific dashboards and reports, might be exactly what they need to make better decisions, especially if they lack the expertise or resources to perform the data analysis themselves.





Figure 1: Adding insights to a data set increases its value.

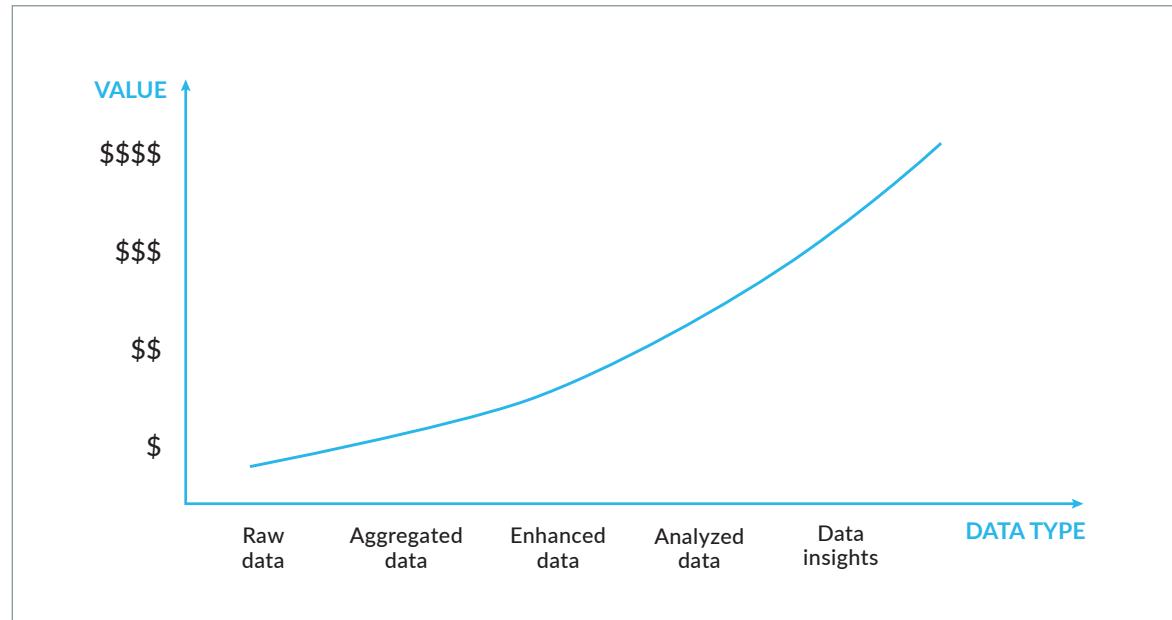


Figure 1, above, illustrates a typical value curve in which the more insights and enrichments that are added to the data, either via the addition of data sets to the original source or the creation of prebuilt analyses, the higher its potential value.

STEP 2: CHOOSE A PRICING STRATEGY

Different methodologies exist for pricing your data, each with its own benefits. Two of the most common ways of looking at how to price your data products are cost pricing and value pricing.

Cost pricing involves understanding your costs for data collection, storage, preparation, transformation,

and sharing so you can add a percentage margin as you price your data above your costs.

You should consider the following:

- **Cost of data sourcing:** The time and effort taken to select and extract data sets
- **Cost of data packaging:** The time and effort related to preparing the data for consumption and any related augmentation or enrichment done to the data
- **Cost of data sharing:** The time, effort, and other costs associated with copying, storing, and transferring data to the consumer

Depending on the distribution channel you select (discussed in Step 3), costs can be a significant factor.

DATA OFFERINGS

The type of data offering may determine how to charge for it and how much to charge. Here are five of the most common types of data or data services you can monetize:

Raw data:

A customer accessing raw data for later analysis

Packaged data product:

Ready-to-consume data requiring little or no analysis/transformation

Data analysis or insights:

Dashboards, metrics, and indices

Data enhancement:

A service that augments customer data with additional insights

Data trade or exchange:

Using your data to pay for data access

It also may be that your goal is not to maximize data revenue, but rather to use the offering as a customer acquisition tool. If so, you might price your data at or below cost as a loss leader, or even give some of it away for free. The size of the discount might then depend on the value of the new business sought and the expected conversion rate of prospects into clients.

Value pricing on the other hand, involves looking at your data from a customer's perspective and identifying the value it will bring. With this pricing strategy, consider the following:

- **Uniqueness of data:** Is this data unique in any way or form?
- **Access restrictions:** Is the data difficult for customers to access? Are there specific barriers (physical or otherwise) preventing customers from obtaining the data themselves some other way?
- **Technology and expertise:** Is aggregating or using this data technically difficult? Does it require specific expertise not found in many companies?
- **Market alternatives:** Are there other companies already providing similar data sets? Where would customers have to go in order to acquire similar data sets and at what cost?
- **Analysis and insights:** Is the analysis of the data time-consuming and costly? Are customers already paying (either in consulting fees or in additional internal resources) to analyze this type of data?

- **Business value:** Most importantly, will this data help companies improve their business operations, performance, or customer satisfaction? Could it help them develop better products or services?

Plot these elements on a quadrant like the one shown in Figure 2 to help guide internal discussions around pricing. On the y-axis, plot the accessibility of the

data, that is, how easy or difficult it would be for customers to obtain it. On the x-axis, plot the range of the data offering, from raw data to rich analytics on top of the data. Substitute the elements on either axis with what makes sense for your company and the industry in which you operate.

You can then determine pricing tiers based on the visualization you've created.

Figure 2: Visualizing your data can help you determine its value.



It's possible to produce an incredibly costly data set of no value to anyone else or, ideally, a lower-cost one with immense potential value to a buyer. You need to take this into consideration, as well.

The final element in the pricing analysis is what we call packaging. Determining costs and value is helpful in establishing different pricing tiers, or packages. The traditional "good, better, best" framework also applies to your data, with the following elements to consider:

- **Timeliness:** How fresh is the data provided? Should there be options for acquiring new versus historical data sets? What about updates or corrections to previously delivered data?
- **Update frequency:** How frequently would you need to update the data and would customers be willing to pay for higher-frequency updates?
- **Scope:** How broad is the data set and is there potential to offer segmentation or different "cuts" of a set of data, by separately packaging and pricing different intersection of tables, rows, and columns? Would some customers be willing to pay a premium for larger data sets, while others might be interested only in narrower data sets?
- **Distribution breadth:** Will you offer data to anyone who wants to buy it or only for certain types of buyers or use cases? Will you limit the number of parties that can buy each sleeve of data, to increase scarcity and therefore positively affect price?
- **Additional services:** Would adding access to analytics, prebuilt dashboards, or preconfigured schema and chart metadata for the most commonly used visualization tools make the data more attractive?

A tiered pricing plan can help attract new users with lower costs for data access only, while ensuring that your existing customers get the data and services they need, at a cost that best fits their needs and budget.

TIP: Consider a freemium structure featuring teaser limited access for new leads, a charge for standard access, and premium fees for additional service features. Let freemium data be broad in terms of coverage scope (all geographies, for example), but limit the number of data columns or raise the level of aggregation to leave freemium users "wanting more."

You'll also need to decide whether to sell data by the set or by subscription, perhaps monthly or annually, or if you want to charge based on usage of the data.

When you plot the different attributes of your data and the elements that comprise value for customers, you can create a matrix like the one in Figure 3 (on the following page) to help identify the different packages you can offer.

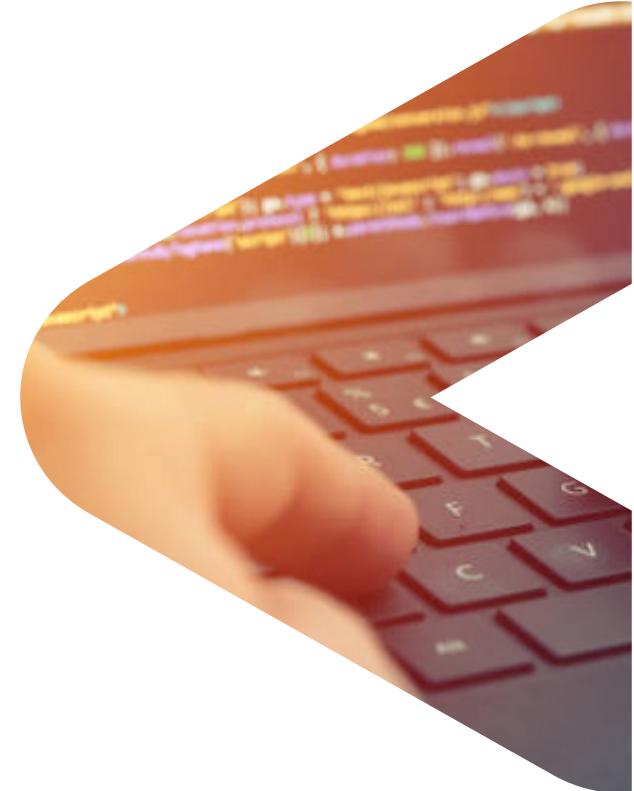


Figure 3: Sample pricing and packaging matrix

Package	Data Richness/ Data Attributes	Data Access	Data Scope	Update Frequency	Amount of History Provided
Elite	Data with insights	Continuous	Global	Monthly	5 years
Premium	Analyzed data	Continuous	Global	Monthly	3 years
Plus	Enhanced data	Continuous	Regional	Monthly	3 years
Standard	Aggregated data	By request	Regional	Quarterly	2 years
Basic	Raw data	By request	Local	Annually	1 year
Free	Sample data	One time	Regional	None	None

STEP 3: SELECT A DISTRIBUTION CHANNEL

Data providers now have a large and often bewildering array of choices for distributing data to clients, each with its advantages and drawbacks.

Traditional methods include:

- Doing a direct data transfer (for example via SFTP or Amazon S3)
- Using a third-party data broker
- Using a data marketplace

A **direct data transfer** to clients cuts out intermediaries and gives you more control over the final product. The downside is that you do all the work, often with standards such as FTP and APIs, which have multiple disadvantages (see “[The Pitfalls of Traditional Data Sharing Methods](#)”).

A **data broker** can help market your data and will sometimes also control pricing. But you’ll miss out on forging direct relationships with the ultimate users of your data, and you may not have the ability to choose who sees the data or get a sense of how they are using it. Moreover, if you need to update the data on a regular basis, every engagement with a less sophisticated data broker may be like the first, requiring all the data transformation and loading you did the first time.

Traditional data marketplaces also promise to help with client acquisition and pricing plans. But they offer limited opportunities for promotion and incomplete control over the presentation, in addition to the usual file transfer and update hassles. API-based data marketplaces require both the buyer and seller to code to a bespoke API, and then maintain, troubleshoot, and update that code over time.

There is a common failing of the traditional distribution channels. They all move data from point A to point B, often with a couple of stops in between (see Figure 4 on the following page). The problem is that data that travels is vulnerable to corruption, loss, theft, latency, and obsolescence. In contrast, Figure 5 shows a better way to securely share data.

CASE STUDY: Monetizing retail data and analytics

U.K. retail data visualization specialist Atheon Analytics collects, manages, and enriches large data sets, providing data and tools that allow customers to explore, understand, and act decisively from insightful analysis on retail sales data. Its flagship product, SKUtrak, allows product suppliers to explore, report, and analyze data to make complex decisions with confidence.

When its customers started asking for direct access to data to perform deeper analysis, Atheon built SKUtrak Data Share, a new solution powered by Snowflake Secure Data Sharing, which it now offers as a paid service.

“Data sharing offers us a great new revenue stream. It’s become part of our product portfolio,” said Atheon’s Data Architect, Rose Ahearne.

► WATCH NOW

Atheon Analytics explains how it monetizes data with Snowflake.

The challenges of traditional data sharing methods

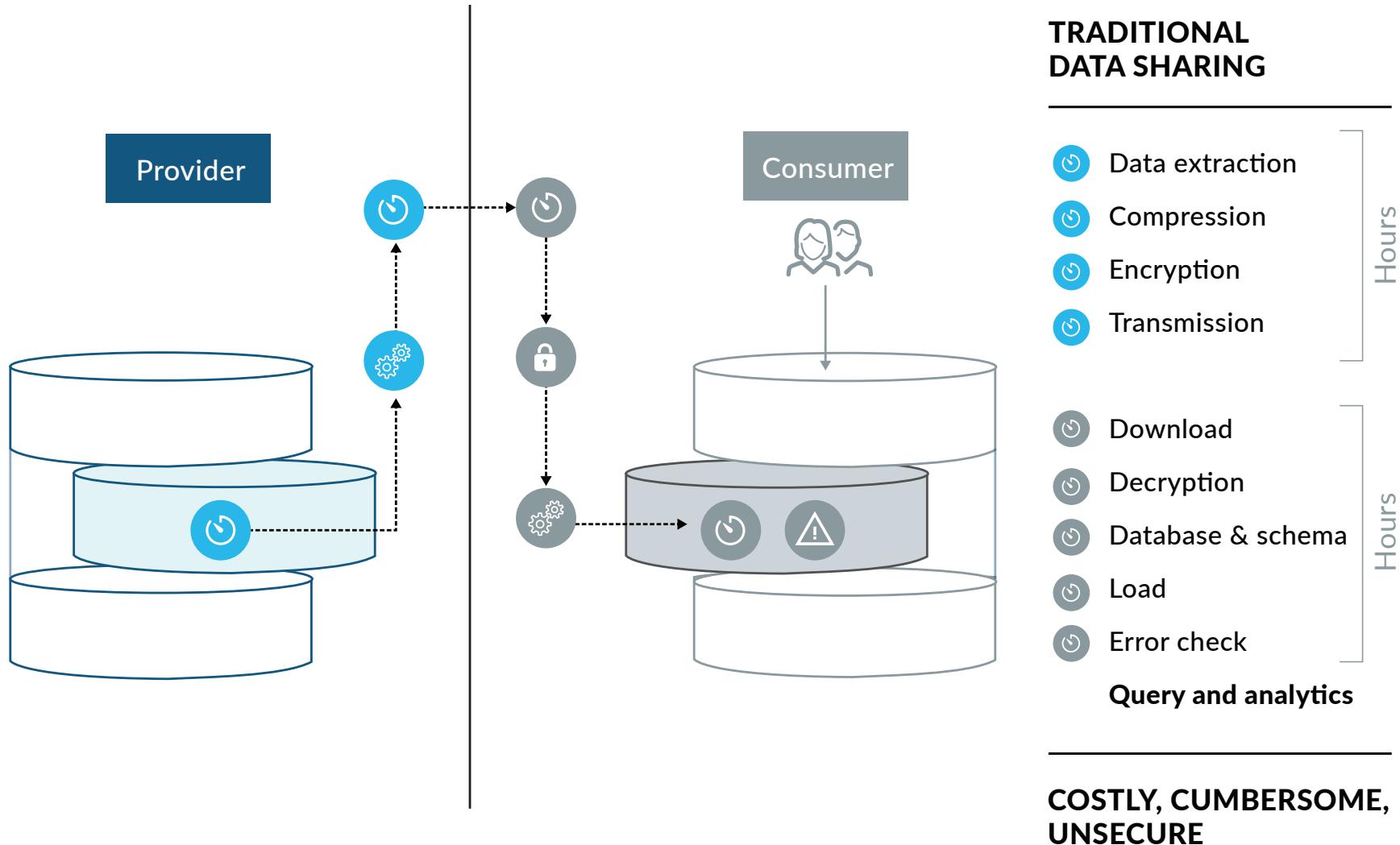
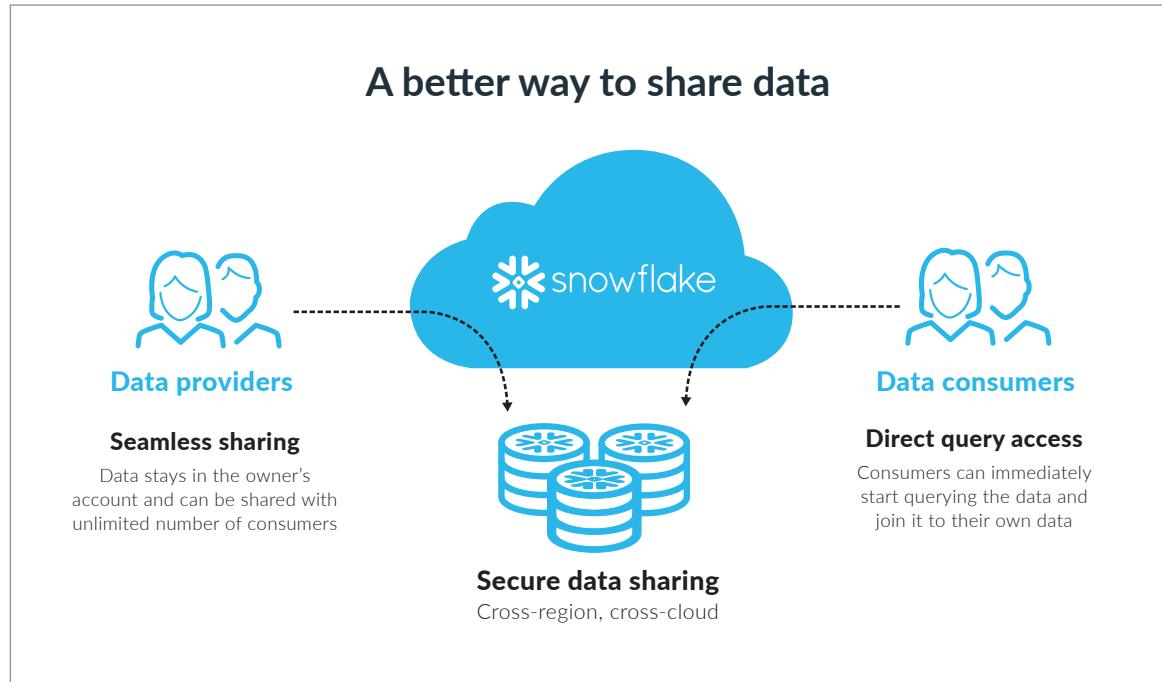


Figure 4: Traditional data sharing methods put data at risk of corruption, security breaches, or becoming outdated before it reaches the consumer.



Figure 5: With Snowflake Secure Data Sharing, organizations can grant access to their data without actually moving it to the data consumer.



Snowflake's secure data sharing technology enables organizations to share data directly with their customers, suppliers, and business partners, without actually moving it. The data remains fully encrypted and stays put in the data provider's Snowflake account; there are no duplicate data sets held by the consumer to chase down if regulations or relationships change, and data access is fully revocable at any time. The data is updated in near real time, not just whenever the IT team schedules a refresh job. The data provider retains real-time, fine-grained control and controls who has access rights and can change or revoke them at any time.

STEP 4: JOIN SNOWFLAKE DATA MARKETPLACE

With Snowflake's secure data sharing technology, Snowflake Data Marketplace, shown in Figure 6, allows data providers to easily publish a variety of data sets, which become immediately available for use or purchase by Snowflake users.

THE PITFALLS OF TRADITIONAL DATA SHARING METHODS

Traditional data sharing and distribution methods often use technology such as FTP, cloud buckets, or APIs. These methods have the following disadvantages:

- Storage costs for both parties
- ETL costs and effort for both parties
- Security vulnerabilities
- Service and support costs
- Latency and potential errors leading to poor customer experience

If you are just starting out in your data monetization journey, you might be tempted to develop APIs as a way of sharing data. Although APIs are a great way to connect different systems and automate processes, they have a series of additional challenges when they are used for data exchange, including:

- Requiring in-house expertise to develop and maintain them
- Requiring recurring effort and costs to develop and maintain them
- Limiting the volume of data available to access
- Requiring data consumers to learn to use the API
- Limiting the types of questions the data buyer can ask against the data
- Causing performance and quality issues that are difficult to resolve

Snowflake Data Marketplace

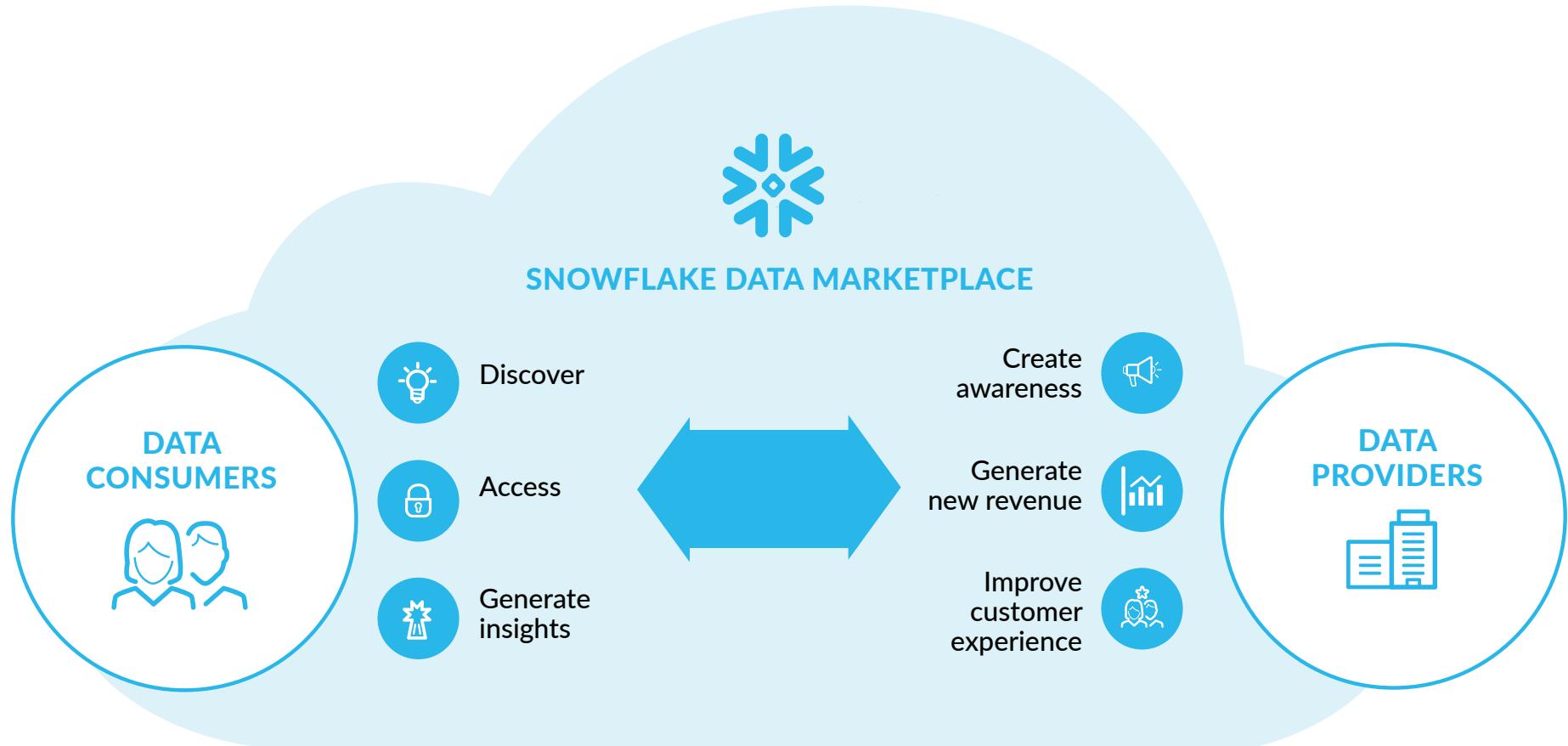


Figure 6: How Snowflake Data Marketplace works

The benefits of Snowflake Data Marketplace to data providers and data consumers include:

Benefits to Data Providers	Benefits to Data Consumers
Reduce time to activation as data in Snowflake Data Marketplace can become immediately available to all Snowflake customers.	Easily discover and access external data, including open and commercially available data.
Improve the customer experience with access to always fresh, ready-to-query data.	Eliminate data transformation costs (no ETL).
Increase margins by eliminating costs and delays of pipelines and reducing customer service and support costs.	Improve operational efficiency.
Generate new business through data monetization.	Always access the most current data available from a given provider.
Glean valuable insights into how customers are using the data.	Securely join internal data with data from Snowflake Data Marketplace in simple SQL statements or BI dashboards.

The following case studies show how two companies leverage Snowflake Data Marketplace and discuss their respective monetization strategies.

CASE STUDY: MONETIZING WEATHER DATA

Weather data is a vital asset for business intelligence across industries. In the U.S. alone, weather accounts for more than \$600 billion in lost revenue annually. Weather strategies help companies forecast sales, mitigate risk, adjust transportation routes, and confidently make decisions.

Weather Source provides a continuum of past, present, and forecast weather data from the year 2000 to present, with a forecast of up to 15 days. Each of Weather Source's hyperlocal solutions can be tailored to the points of interest most relevant to a customer's business.

Weather Source joined Snowflake Data Marketplace to expand its reach to potential customers and to streamline the delivery of its data assets. With Snowflake, Weather Source is able to reduce costs and effort for publishing its data sets because it no longer is required to transform, load, or reconstruct data for each customer. With Snowflake Data Marketplace, new data is immediately available to all data consumers, providing real-time data access across the entire ecosystem. This simplified operation offers customers a better experience and better access to Weather Source data in an always up-to-date, SQL-friendly manner.

WATCH NOW

Weather Source talks about data monetization via Snowflake Data Marketplace.

CASE STUDY: A NEAR REAL-TIME DATA DISTRIBUTION CHANNEL

FactSet uses Snowflake Data Marketplace to provide over 20 proprietary data feeds and dozens of third-party data feeds to its clients. Clients get secure and near real-time access, and can query and analyze FactSet data with their own tools, or join it to their own data without having to load it.

FactSet's listing in Snowflake Data Marketplace is a win-win for FactSet and its clients. FactSet deploys its data sets once in Snowflake, and then makes them available to a virtually unlimited number of clients. Meanwhile, clients gain near real-time access to FactSet data without incurring storage costs.

"Typically when we deploy our content to clients, the process takes hours. It can take days if you need to provision cloud resources. With Snowflake, it's nearly instantaneous. Snowflake can share data and return queries faster than we've seen before," said Bryan Lenker, VP, Director of Client Technology and Solutions at FactSet.

READ MORE

Learn why FactSet chose Snowflake to provide direct, near real-time access to its data.



THREE TIPS FOR DEVELOPING A SUCCESSFUL DATA MONETIZATION STRATEGY

When joining a data marketplace as a data provider, and particularly when joining Snowflake Data Marketplace, keep the following tips in mind:

1. OPEN NEW BUSINESS OPPORTUNITIES WITH FREEMIUM DATA SETS

What data might be useful and valuable to companies that you could offer for free, while still retaining additional columns or capabilities for your premium offerings? An aggregated data set could serve as a benchmark for companies looking for baselines or comparable data from the industry. Additionally, different sleeves of your data products could provide companies with value without needing to give access to the entire data set to everyone. All this provides you with greater visibility and exposure to potential new customers for your data products.

2. LEVERAGE EXISTING CUSTOMERS

If you are just starting to consider data monetization, select a group of customers to test your different data packages and pricing. They can help you better understand the value of your data and price considerations. When joining Snowflake Data

Marketplace, invite your entire customer base to get access via the Data Cloud. This typically has a snowball effect: As more customers get access to data via Snowflake Data Marketplace, even more new customers will want to join the party.

3. INCORPORATE SNOWFLAKE DATA MARKETPLACE IN YOUR SALES PITCH

Your sales team can use the new data offerings you create as part of your regular sales play or to upsell to existing customers. This can help show the value your organization provides to customers and how access to this type of data will improve their business, while making your relationships with your customers more efficient, transparent, and trusted.

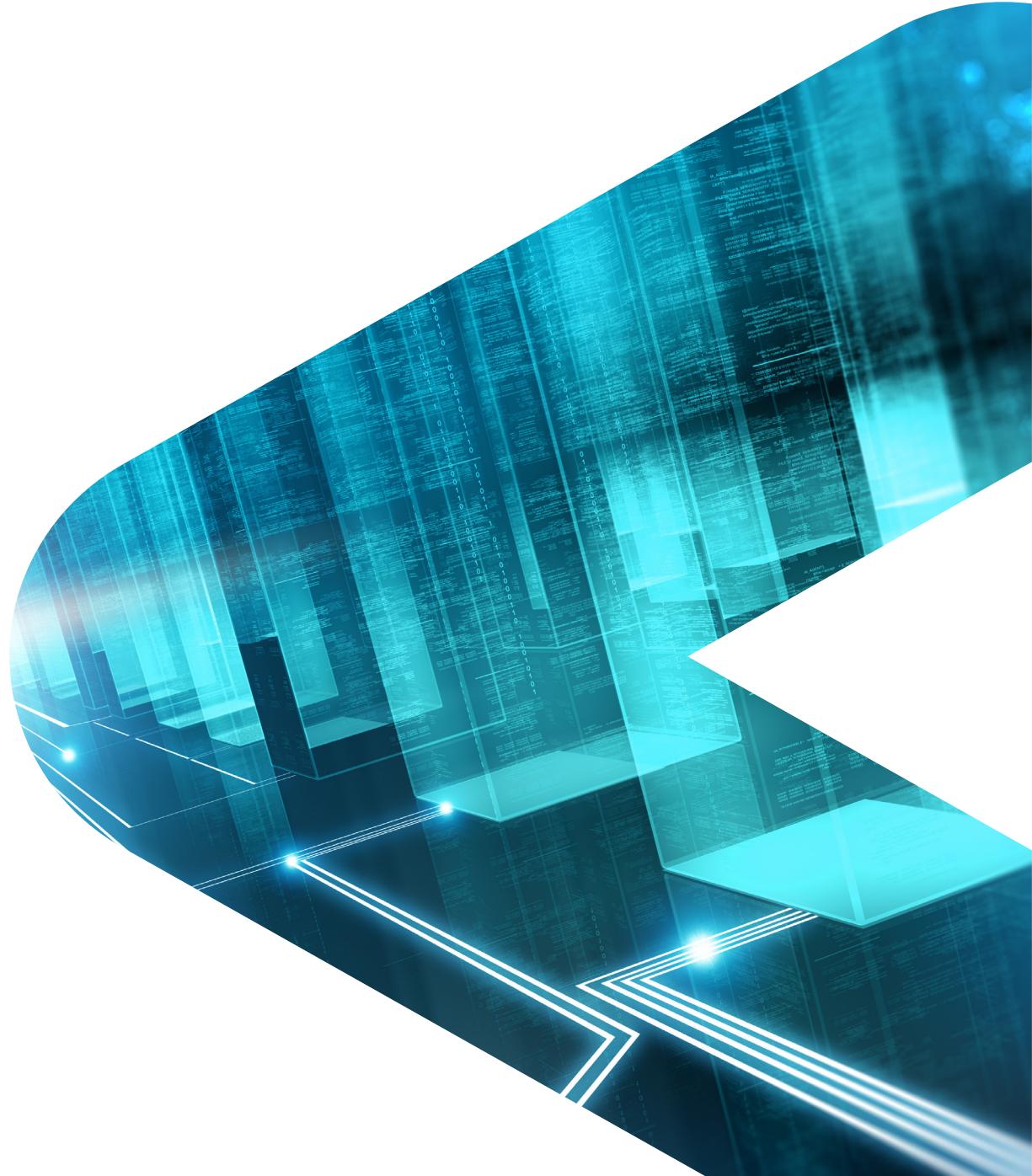


CONCLUSION:

In today's highly competitive business environment, data monetization is a powerful tool in every company's arsenal. In this ebook, we gave a high-level overview of some of the strategies you can leverage to create and monetize your own data products.

At Snowflake, we are happy to help you navigate the monetization waters and explore how the Data Cloud and Snowflake Data Marketplace can help your business.

For more information, go to
snowflake.com/data-marketplace.





ABOUT SNOWFLAKE

Snowflake delivers the Data Cloud—a global network where thousands of organizations mobilize data with near-unlimited scale, concurrency, and performance. Inside the Data Cloud, organizations unite their siloed data, easily discover and securely share governed data, and execute diverse analytic workloads. Wherever data or users live, Snowflake delivers a single and seamless experience across multiple public clouds. Snowflake's platform is the engine that powers and provides access to the Data Cloud, creating a solution for data warehousing, data lakes, data engineering, data science, data application development, and data sharing. Join Snowflake customers, partners, and data providers already taking their businesses to new frontiers in the Data Cloud. [Snowflake.com](https://www.snowflake.com)



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ENDNOTES

¹ bit.ly/37ViH1J ² bit.ly/3uNeszc ³ bit.ly/37dQu5O ⁴ bit.ly/3rVN3sj ⁵ gtnr.it/2ZZGtFs