

Corporate leaders believe data is their organization's most valuable asset, but it is not enough to use data internally. Location data marketplace platforms help organizations leverage their data, algorithmic, and API/SDK assets to a wider audience, creating greater value opportunities.

Use a Location Platform to Make the Most of Your Data Assets

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Written by: Lynne Schneider, Research Director, Data as a Service

Introduction

There are two primary ways to buy or trade data in the data-as-a-service (DaaS) market: direct sales from a data provider to end users or via a data marketplace/exchange. While large, established information services businesses continue to make direct sales to their customers, many are also participating in data marketplaces. The rise in data marketplaces has made it simpler for smaller and emerging providers of DaaS to package and sell their offerings and for potential customers to find them.

Marketplaces and specialized data platforms do more than just list data assets for sale, and choosing the right data platform partner(s) can make a big difference. The marketplaces (and related data exchanges) have differing specialties and offer varying levels of service. If a buyer or seller is working with very common domains of data and doesn't need much support, a generalist market can be a good fit. On the other hand, when dealing with specialized data types, such as location attributes or real-time updates, only some platforms have this focus and the accompanying SDKs, APIs, algorithms, and other tools to make these use cases successful. This paper examines data marketplaces and looks at the role of HERE Technologies in this strategically important market.

AT A GLANCE

KEY STAT

Today, nearly one-third of all global external data purchases are made via data marketplaces.

KEY TAKEAWAY

Data marketplaces can be more than a "data store," offering valuable services and context to sellers of data assets as well as their potential buyers.

Benefits

Because of the uncertainty in the current economic environment, enterprises are looking for more data to guide their decisions and to enhance the value of products and services they offer to the market. They have a great deal of internal data they can use, but that data is often missing critical external context or is incomplete in other ways. Sourcing external data can help provide a more informative view on both historical activity and planning forecasts as well as deliver more value to customers as they use a product or service. Data exchanges (that facilitate the exchange of data between partners) and data marketplaces (where data vendors can sell their data sets, algorithms, and more to data buyers) provide many of the following benefits to both vendors and potential buyers:

- » **Foundational platform.** Enterprises spend a significant amount of time and money to capture, organize, and store their own data. This data and its related properties have value, but it can be difficult to fully refine the offering, create sales channels, and deliver on that potential return. A location data platform makes the exchange of data possible, and additional marketplace services help data vendors create compelling and easy-to-use data properties to offer.

- » **Data value enhancement tools.** Marketplaces can offer tools and services that increase the value of data, including data evaluation, anonymization, normalization, aggregation, enrichment, and other prep work for analytics or visualization. All of these tools are useful in any type of marketplace, plus there are additional benefits from working with a location-centric marketplace when enterprises have or seek that type of data asset. Experts in this area also assist with location-related normalization, geocoding, map matching, and other visualization-related work.
- » **Marketing and sales support.** Launching a data-as-a-service offering independently requires marketing, sales, and product management. Most marketplaces offer some degree of marketing and sales, which reduces overhead costs and speeds time to market. Data as a service also benefits potential data buyers because the marketplace reduces searching costs by offering a variety of data assets. Searching costs are a common pain point for data buyers as more than 30% of data buyers had a high level of challenge locating the "right" source of data (IDC's *Data as a Service Survey*, 2019).
- » **Offer creation.** Because marketplaces can track buyer behavior over time, they are able to offer potential data sellers a frame of reference on buyer behavior and advice on offerings. Whether the data asset would be deployed for a new or an existing use case, many marketplaces can provide pricing advice, delivery format advice, and even the potential to combine one vendor's data with the data of other vendors in order to better match buyer needs for scale or diversity of data fields. This support can help better target potential buyers and speed time to market.
- » **Data transmission and sharing.** It is one thing to create a data asset that others want to utilize, but the most difficult part of the transaction can be sharing the data with the buyer. Data exchange infrastructure simplifies the data sharing function, which was identified as a key challenge by more than 24% of data buyers (IDC's *Data as a Service Survey*, 2019). With a location-centric platform, buyers have the added benefit that the technology has been built to accommodate the unique attributes of location data sets. This reduces integration costs and overhead for sellers that can now scale with a single integration (versus having to build custom integration for varied buyers). This transmission and sharing infrastructure can meet the needs of a commercial marketplace or a neutral data exchange. Some marketplaces can provide billing and invoicing as an added feature.

Marketplaces help speed time to market for all types of location data assets, including SDKs and algorithms.

Key Trends

Buyers and sellers of data are making tremendous use of data marketplaces, which is giving rise to a large number of these platforms. Some of the major market forces driving this development are as follows:

- » **Today's data-as-a-service buyers are sourcing via marketplaces.** It is difficult for buyers to identify where to get the data they need. With hundreds of providers and many different formats for transferring and integrating data, they need help with this process. Established data-as-a-service vendors are also working with marketplaces, particularly to reach small and medium-sized businesses (SMBs). Marketplaces reach a wide range of potential data buyers, and now almost one-third of data purchases by volume are made via data marketplaces (IDC's *Data as a Service Survey*, 2019). IDC expects this trend to grow as the marketplaces create their own gravitational pull for not just data but also algorithms and insights.

- » **Buyers want data they can trust.** Buyers need to trust the data to use it in decision making or pass it along to their customers. It can be quite difficult to evaluate the quality and trustworthiness of a data source, and buyers have often leaned toward established brand names. When providers are vetted and then listed in a trusted data marketplace, buyers are able to use the data platform as a screening tool. In addition, tools that can privately exchange data are important to vendors that want to only provide data to specific partners or are sensitive about exposing their data assets.
- » **Every buyer is a value buyer.** External data can be valuable to any enterprise and can be used in a wide variety of use cases. In any economic environment, data buyers need to source external data that is not just interesting but also shows some sort of ROI linked clearly to business outcomes. Data vendors that position their properties as fitting particular use cases with measurable results outperform those that make buyers judge what the data could be worth. The return on data investment can vary from increased revenue to cost reduction to increased customer loyalty. This way the data purchase is tied to a measurable business outcome.
- » **Greater awareness of location is an important context — beyond transportation and GIS.** A noteworthy side effect of the global pandemic has been an increased awareness of the role that location can play to set context in use cases across industries. Increased online shopping has heightened the need for accurate delivery addresses and better delivery routing. Tracking changes in personal mobility has helped retailers plan stock and operations and has also fueled investment decisions by financial services firms that use the data to predict sales. Every action we take, every object we track and analyze, and every interaction that occurs has some physical context. These attributes are rapidly gaining adoption in mainstay analytics.

Considering HERE Technologies

HERE Technologies offers a comprehensive, location-centric marketplace platform.

Key Strengths

- » **A market leader in location intelligence.** HERE Technologies has a more than 35-year history in the location intelligence space and is able to capitalize on that name recognition as well as domain-specific expertise.
- » **Security, privacy, and control in the platform.** Location data sets tend to be very large; can divulge a lot of information about the sensors, users, and contributors; and are often "noisy." Because of HERE Technologies' sophisticated view of location-centric properties, the firm has built security, privacy, and control into the platform and its tools. The company offers anonymization, specific access protocols, consent management, and data cleansing capabilities that are built for purpose.
- » **Breadth beyond data to other location-centric resources.** The platform provides access to a wide variety of data, but it is not just a data marketplace. Buyers and sellers can also work with location-centric content, APIs, SDKs, and algorithms. Some other marketplaces are limited to data or APIs.
- » **An active participant.** The company has built a strong platform based on its perspective as a producer and consumer of location-centric properties itself. Within the platform, HERE Technologies offers most of its own assets and makes use of offerings from other market participants. This gives the company additional incentive to be sure that all of the marketplace functionality works well and that there is a breadth of selections to choose from.

- » **Location-experienced global sales force.** Joining the HERE Technologies platform as a buyer or seller means joining an organization with a global presence and global capabilities in the location intelligence space. The company operates all around the world and provides the option for data buyers and sellers to take advantage of that experienced network.

Challenges

As competition heats up in the marketplace arena, vendors will be challenged to build scale. The greater the volume and variety of data, algorithms, and insights within a particular platform, the greater the likelihood that vendors will be able to draw an increasing proportion of data buyers and sellers. Today's market is quite diffuse, but HERE Technologies already has global-scale data and participants from around the world.

Specializing in location-based data makes it easy to understand what to expect in this marketplace. The initial assets in the platform come from HERE Technologies' powerful heritage in vehicle and transportation applications. The company builds from that strength but will face some challenges as it works with market participants to change perceptions and develop use cases in other industry verticals. There are many opportunities for HERE Technologies to demonstrate the value of its location-centric marketplace platform, but the challenge will be to get its foot in the door with new customers.

Conclusion

IDC believes in a strong role for external data, and location-specific data has emerged as an area of previously untapped value. Buyers and sellers of this type of data asset still have challenges to find each other. Location-specific platforms provide not only an important link but also valuable services to both sides of these transactions. Marketplace platforms make the process of matching data assets with buyers much simpler. Given the strengths of HERE Technologies in location intelligence and its global scale, the company has a significant opportunity for success across industries and functional areas as its location platform continues to grow.

About the Analyst



Lynne Schneider, Research Director, Data as a Service

Lynne Schneider is Research Director leading IDC's Data as a Service (DaaS) market research and advisory practice. Ms. Schneider's core research coverage includes data sourcing and delivery services from traditional and emerging data providers along with evolving data aggregation and dissemination platforms.



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IDC Research, Inc.

5 Speen Street
Framingham, MA 01701, USA

T 508.872.8200

F 508.935.4015

Twitter @IDC

idc-insights-community.com

www.idc.com

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