Monetizing Information: The Datapreneur’s Playbook

It has almost become taboo to say that we're in the information age. Due to rapid technological advancements over the past 40 years ranging from the internet, cloud computing, and now AI, the way information is stored and analyzed has changed dramatically. Recently, new data-driven business models have emerged to solve traditional market problems in innovative ways. In his book "Datapreneurs,'' former Snowflake CEO Bob Muglia summarizes this phenomenon, writing "Thanks to the cloud, somebody else handles all that loading and software management rather than the end user. As a result, businesses large and small have ready access to immense amounts and types of data, and they can use it to provide superior products and services to fuel their revenue growth and profits.” *(Muglia, 2003)* Although these ventures differ in scope and industry they share similar opportunities and challenges. These ventures vary greatly in scope and industry, but the opportunities and challenges they present share a common set of opportunities and challenges. This essay will cover who these datapreneurs are, how they monetize information, and the opportunities and challenges businesses should be aware of if this type of venture were to thrive.

One of the difficulties of becoming a datapreneur is understanding what a datapreneur is in the first place. Today, data science is relevant in all industries and levels of business. For just about any company, big or small, seeking to gain a competitive advantage, data-informed decisions give management empirical backing so they don’t rely on pure intuition. *(A., 2023)* So what separates a datapreneur from a data-driven entrepreneur? For the purposes of this essay, a datapreneur is an entrepreneur whose business model revolves around leveraging big open-source data, computational analytics, and machine learning, to drive technological innovation across any field. *(Shan et al., 2022)* Jonathan Ellis, co-founder of Datastax, a company valued at over $830 million with a global customer base is a prime example of this movement. Founded in 2010, Datastax's Astra DB is the only vector database for building real-world, production-level AI applications using real-time data. *(Desale, 2015)* While the business' bread and butter are collection, curation, and cutting-edge analysis of large open data sources, its products are used across many industries. These ventures excel at saving resources for various entities by handling complex technical tasks, making them attractive for outsourcing. The limitations of datapreneurs tend to be related to monetization, business-model, and uncertain outcomes.

In the information economy, data is the new gold. The datapreneur mines valuable models and insights from large open data sources similarly to how forty-niners used to mine gold from sun-baked San Francisco soils. However, unlike gold, data isn't tangible, simple, or pretty. While raw gold is a natural store of value, raw data is effectively useless. Thus, the datapreneur must monetize data by creating data products that solve real world problems and deliver ROI. *(Heydebrand, 2023)* This means a datapreneur's mindset is one that must be constantly oriented towards an output-driven approach. The key skill all datapreneurs must have is the ability to critically evaluate information and distill it down to what is useful and relevant. *(Altman et al., 2020)* For example, if a weather forecasting app collects data from multiple sources like satellite imagery, ground-based sensors, and user reports, the datapreneur must be able to sift through this vast array of information to create actionable insights. While this can seem daunting, the good news for datapreneurs is that when due diligence is applied, the value of their data should appreciate over time. As user engagement and data volume grow, along with advanced analytics, the value of the insights increases, boosting the market ROI. *(Géczy, 2018)* When the weather app collects more data from a wider variety of sources, customers provide more feedback, and algorithms improve, the product will become more valuable within its market. As the world continues to move towards the cloud, investing in data quantity and quality can produce real value for datapreneurs.

The opportunity datapreneurs face lies in the synergistic nature between entrepreneurship and open data. Herein lies a fertile ground for new initiatives that are able to take advantage of facilitating multi-stakeholder involvement, particularly in the digital realm. *(Corrales-Garay et al., 2020)* For example, a city government might release open source traffic information to the public which a datapreneur could use to develop an app that helps commuters find the quickest routes. Meanwhile, environmental organizations can use the same data to advocate for more efficient transportation options, working with datapreneurs to meet similar goals. One drawback of this type of data, however, is they can be difficult for smaller organizations to gain effective insights from. Many organizations collect vast amounts of data but lack the capabilities to analyze them effectively. *(Mosig et al., 2021)* With limited time and resources, datapreneurs must be able to deliver ROI to their customers and stakeholders. The task becomes more challenging when considering that open data sources may provide flawed information, leading to negative outcomes. Challenges like high market uncertainties and limited predictive capabilities lead many datapreneurs down the wrong path. *(Erzurumlu et al., 2018)* If the traffic information the city provides is inaccurate or outdated, the datapreneur could end up suggesting inefficient or even dangerous routes, leading to dissatisfaction and reputational damage.

Datapreneurs are entrepreneurs who seek to monetize information through business models that leverage big open data sources to deliver ROI despite challenges of uncertainty and limited capabilities. In "Datapreneurs" Muglia writes "You can think of this future as a model-driven world. The models will essentially be digital twins of real-world businesses. These models will be described and continuously improved by consumers and business leaders, encoded by software programmers, queried by data scientists, and constantly optimized using artificial intelligence." *(Muglia, 2003)* Looking forward, with the continual advance of new ways to store and analyze information such as cloud computing and AI, the opportunity for new ventures in this space is obvious. Nevertheless datapreneurs must be aware of the difficulties of extracting meaningful insights from large open data sources. Failure to do so could mean missed opportunities and significant setbacks. Therefore, aspiring datapreneurs should focus on building robust business models that account for this ever-changing landscape.

Bibliography

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