Transformational Data Strategy

Harnessing the Power of Data and Analytics
to Reshape Enterprise Organizations

Corinium

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Executive Summary

T he most innovative data programs are adding billions of dollars to the company bottom line at some large enterprises.

Reducing storage requirements, increasing access to data and generating valuable insights can yield huge returns. But with companies setting their sights on increasingly ambitious goals, the need for data leaders to revolutionize their strategies has never been clearer.

This exclusive report outlines how. It highlights four key stumbling blocks that can derail an organization's data transformation. Then, it explores what business leaders can do to revolutionize their data and analytics strategies and unlock those potential returns.

With contributions from three industry experts who will speak at this year's CDAO Fall conference in Boston MA, it outlines how data can become a driving force for decision making at all levels of a business — from customer service to operations, marketing and beyond.

What's more, it highlights three huge opportunities for enterprises to drive ROI with data strategy over the next 3-5 years.

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Strategy is Unleashing the Potential of Enterprise Data

Enterprises across the globe are waking up to the fact that data is an asset that requires its own strategy. Those that treat it as such are now seeing substantial returns on their investments

Banorte CAO Jose A Murillo is one of the most successful data leaders in the world today. Since moving into the private sector from Banco De Mexico six years ago, he's built an analytics unit that has been instrumental in making Banorte Mexico's most profitable financial institution.

"By last year we'd made 200 times our cost," he explains. "To 2018, the analytics business unit yielded more than $2 billion in profits for the bank."

Direct-to-consumer company Publishers Clearing House also relies heavily on data and analytics to drive opportunities and growth. Ash Dhupar, the company's CAO, says just one of its recommendation algorithms accounts for 43% of the company's ecommerce sales.

In the charity sector, Rising Stars Foundation has developed a program which has been shown to improve a child's SAT score by 107 points on average using an algorithm it has developed to measure 'grit'.

"Grit is a person's ability to overcome negative emotions to achieve their goals," explains Larry Shiller, CDO at Rising Stars Foundation. "Our goals at the highest level were to really maximize the value of the information we had to support the corporate objectives."

Data has been on the corporate agenda for at least a decade. But these stories show what's now possible, thanks in part to the recent explosion in data availability and plummeting processing and storage costs.

"We run about 500+ algorithms on a regular basis to personalize and enhance the customer experience"

Ash Dhupar
CAO, Publishers Clearing House

From predictive machinery maintenance to fraud detection, supply chain optimization and beyond, the possibilities in 2019 are almost limitless.

As a result, data leaders are increasingly involved in enterprise decision making at a strategic level. One study from *The Economist* found that 88% of executives believe data is 'very important' to the running of their organizations, with 59% describing it as 'vital'.

The Rise of Chief Data Officer 4.0

Data strategy's role in enterprise organizations has changed so radically in recent years, Gartner believes a whole new class of Chief Data Officer has evolved into existence.

CDO 1.0 focused on data management, CDO 2.0 started to embrace analytics and CDO 3.0 led and participated in digital transformation.

But now, a whole new class of CDO is starting to emerge that focuses on developing new products for their organizations using the most innovative technology and processes available to them.

"We believe this is the rise of a new type of leader," says Mario Faria, VP and Program Director at the Gartner Research Board. "CDO 4.0."

"Historically, it's been about, 'How do you bring greater value to a company's data?'" Shiller explains. "Gartner's synthesis is that CDOs are now much more directly involved in revenue generation and product generation. I think that's pretty new and not common."

"The role, how it stands now versus where it used to be five years ago, is key and central to finding opportunities for growth," adds Dhupar. "It's about, 'How do we find and unleash opportunities using data?'"

While this new breed of CDO is still quite rare, it shows that companies now understand the value of data and are hunting for new ways to harness its power. With enterprises setting their sights on increasingly ambitious goals, the need for strong data and analytics leadership has never been clearer.

Organizations at all stages of digital transformation must continually refine and revolutionize their data strategies to drive internal transformation and maximize their data program's ROI. ◼

How to Become a Data-Driven Organization

While business leaders know that decisions based on facts and data deliver the best results, establishing data-driven practices remains a challenge for many

It should be no surprise that NewVantage Partners' *Big Data Executive Survey 2018* suggests that 99% of business leaders are trying to make their organizations more data-driven. What might be more surprising to some is that just a third of them are succeeding.

"The benefits are very clear," says Jose A Murillo, CAO at Banorte. "If you're doing things right, you'll have much happier customers."

"As a consequence of having more satisfied customers that want to do more business with you for a longer time, you will be more profitable," he continues. "It's not only that the company is going to be smarter, but it's going to be richer."

Ash Dhupar, CAO at Publishers Clearing House, agrees: "When you start uncovering opportunities that we have not thought about in the past, they drive these either small or very large opportunities to look at things from a different lens."

Unfortunately, establishing these data-driven business practices is easier said than done for many enterprise organizations.

Driving Cultural Challenge is a Challenge for CDOs

80%

say evolving company culture is harder than they anticipated

54%

spend more time evangelizing than executing

10%

see their primary role as evolving company culture

Egon Zehnder, 2019

Four Challenges Data Leaders Must Overcome

There are many hurdles that can derail an organization's attempts to become data-driven. To be successful, a company must source the right data, the right technologies and the right talent. Then, it must create a framework that aligns the goals of its data scientists and businesspeople.

But as Murillo says, each of these four steps creates its own challenges for organizations that aren't familiar with the world of data.

"You have to invest a lot in having data in a unique place, to have a sole source of truth," he explains. "Those are the kind of investments that companies don't like to make because if you don't have the latter part it's just going to be a sunk cost."

"You have to have the right technology," he adds. "That also can be only sunk cost, if you don't have the brains to exploit the data and use the technology."

Unfortunately, hiring the right talent is no simpler. Besides the global shortage of data scientists, many organizations aren't used to hiring people with the right skills for leading this kind of business transformation.

Once an organization has the right data, technologies and people in place, the final step is to ensure its data strategy is driving towards the right goals.

"Companies who are just getting started or who are somewhere in the middle of the road, what I would say is that these companies are the ones who need to align their data strategy with their business strategy," says Dhupar. "Their business strategy is still leading the way."

"However, there are other companies who are top of the pack," he adds. "They're saying, 'Can my data strategy lead my business strategy?'"

Murillo agrees: "Even if you have a Chief Analytics Officer, he by himself is not going to be successful unless he's pointed in the right direction about what are the relevant business problems he has to solve."

"At the very initial stages, direct the new analytics or data scientist to the places where they can find more value," he recommends. "It must be the business problem that drives the effort." ◼

"Leading this kind of transformation is not only a technical matter. It's a highly political position"

Jose A Murillo
CAO, Banorte

Getting Buy-In for Data and Analytics Projects

The vast majority of enterprises want to become data-driven. Those that are reluctant to invest in data initiatives either don't yet understand their value or have previously gotten off on the wrong foot

Because of the large investments that are typically involved at the start of a company's data transformation, organizations that have made missteps in the past can be reluctant to throw good money after bad.

"Success is near impossible without buy-in from the CEO," says Rising Stars Foundation CDO Larry Shiller. "If you don't have that, the next best thing is that the CEO doesn't really understand what you're doing, but you've been given sufficient budget and runway to design and implement an excellent strategy."

"You have to have, at least initially, support from the top to carry things forward," agrees Banorte CAO Jose A Murillo. "But that's not enough. You need to be able to convince the people within the business lines to partner with you, so that you can push forwards your analytics projects."

Having a clear data strategy in place will go a long way towards overcoming these challenges. Documenting which data initiatives should be prioritized first will help data leaders give their activities structure and design pilot schemes that deliver 'quick wins' to build organizational support.

"There's one basic driving thing that matters and if you don't have this, I don't care what you do, it's not going to work"

Larry Shiller
CDO, Rising Stars Foundation

> *"Even if you have a Chief Analytics Officer, he by himself is not going to be successful unless he's pointed in the right direction*

Jose A Murillo
CAO, Banorte

At the same time, agreeing this roadmap at the executive level will empower them to put the right data architecture in place to achieve their goals.

For example, one of Murillo's first projects at Banorte was a cost-saving initiative designed to identify and manage higher risk customers.

By placing credit limits on certain accounts – such as those whose owners were no longer using their credit cards – his team was able to reallocate those funds and improve profitability by 25% in a single year.

"The thing that achieves buy-in and builds momentum better than anything else is success," concludes Rob Casper, CDO at JPMorgan Chase. "Trying to deliver in small chunks incrementally and giving people a taste of that success [is] a very powerful motivator." ■

The Future of Enterprise Data Strategy

Three renowned data leaders share their predictions about which innovations will drive the greatest ROI in the years ahead

A t the start of a company's digital transformation, it's common for CDAOs to seek guidance from their colleagues about where they can find the best opportunities to add value.

But as an enterprise becomes more data-driven, its data and analytics leaders will increasingly become the ones who are discovering new ways to maximize the value of their organization's data assets.

So, to discover where the biggest opportunities to drive ROI with data are likely to be over the next 3-5 years, we spoke to three trailblazing data leaders who are scheduled to speak at this year's CDAO Fall conference.

"I think experimentation is really important. That's the only way that companies can learn and become much better through time"

Jose A Murillo
CAO, Banorte

Three Paths to Data Profitability

Banorte CAO Jose A Murillo says there are three key areas where data leaders should be looking to drive company revenue in the years ahead – automation, AI and experimentation.

He argues that automating rule-based decisions and interventions that companies currently make manually and using AI to simplify complex tasks will empower businesses to make their processes more efficient. However, he says identifying the best projects to launch is all about experimentation.

"One thing that is not really much discussed within our industry of analytics is the power of experimentation," he says. "That's something I'm really proud about at Banorte – that it's changed its mindset so that it's embracing this experimentation culture."

He continues: "You need to be able to do these small-scale experiments and small-scale pilots that, if successful, you scale them up."

Personalization Set to Enhance Marketing ROI

Given the company's history of marketing innovation, it should be no surprise that Publishers Clearing House CAO Ash Dhupar's focus over the next 12 months will be on delivering personalized customer experiences.

"We know a lot about our customers and giving them the most relevant and personalized experience is what we're after," he says. "We're doing a lot of stuff in that area, from using personas to one-to-one marketing."

"We are also making sure that this goes end-to-end," he continues. "Not just when the customer is on our site, but when we're going after new customers."

By developing accurate personas for key customer groups, such as 'outdoors enthusiasts', Dhupar believes Publishers Clearing House will be able to drive ROI through refining the targeting of its digital ad campaigns.

Cutting IT Expenses by Being 'Metadata First'

For Rising Stars Foundation CDO Larry Shiller, reducing IT risk and expense through better data management is the greatest opportunity for data leaders to deliver ROI over the long-term.

He argues that organizations should focus on identifying patterns in their data, code and workflows. They can then persist those patterns in metadata and write kernel processes that produce different results based on the metadata they're receiving.

"IT budgets are like the US defense budget," he remarks. "Everyone thinks you've got to have tons of money, especially when you bring in the security analogy. People are beginning to realize that this approach is unsustainable."

"When engineers design efficient and DRY (Don't Repeat Yourself) processes that are metadata-driven, they reduce the need to write and maintain new code," he continues. "Now they may focus on serving the business and not hugging the technology commodity magnet."

"Metadata-first strategy is a megatrend that's under the radar right now," he concludes. "If companies don't adopt a metadata-first strategy in the next 10 years, they'll find themselves at a significant competitive disadvantage." ■

Your Place at Chief Data & Analytics Officers, Fall

Whether you oversee your company's data strategy or are hiring a consultancy to help you define your vision, we hope the insights in this report inspire you to build a strategy that drives your business forwards.

  For even more insights to help you revolutionize your approach, drive internal transformation and boost your data program's ROI, join us at the CDAO Fall conference in Boston MA.

  With presentations from renowned data leaders at global companies including Walmart, Verizon, Coca-Cola, Goldman Sachs and more – it's the perfect place to network and learn with hundreds of your peers and hear from some of the country's top minds.

  Running from 18-20 November at The Seaport Hotel & World Trade Center, Boston MA, this essential data and analytics event is not to be missed.

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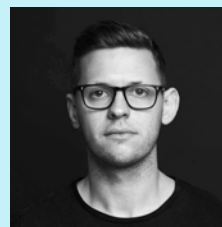
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