

A pair of hands is shown from the wrist up, cupped together and holding several glowing, bright white particles. The background is dark, and there are several starburst light effects in shades of red and purple. The overall mood is futuristic and high-tech.

**Data is the
new capital**

Executive Summary

Businesses have relied on human, financial and intellectual capital to grow and compete over the last few centuries. Now there is a new form of capital—Data—which is as essential for businesses today to survive and thrive in the digital age.

A recent report¹ indicates that data-driven organizations are growing at an average of more than 30% annually. The prescription for transforming into a data-driven company requires the development and adoption of an enterprise-wide data and analytics strategy, investment in a data platform, data governance and management processes and a culture that promotes data literacy and engagement.



A CEO Takes Charge with Data Capital

Three years ago, McDonalds was coming off one of its worst years in decades as competitors had used online delivery to leapfrog the fast-food company's lock on easy access.

McDonalds' CEO immediately drove an online delivery solution through a global partnership with UberEATS that by 2019 was adding \$4 billion in annual sales.

But McDonalds' CEO knew that the long-term fix lay in a rapid and complete transformation of the company to become data driven. For McDonalds, that meant a strategy to reconfigure its restaurants into enormous data processors, complete with machine learning and mobile technology to support highly personalized customer orders and curbside delivery. Also, calculating and responding to the impact of external events from weather to big sporting matches on the customer, and to ensure that the development of new products and initiatives are immediately successful. While still a work in progress, the data transformation has already achieved financial results: few companies in the S&P 500 have outperformed McDonalds' returns since 2015 and the company is posting higher sales gains. McDonalds has acquired or invested in several technology companies to further accelerate its transformation going forward.



What McDonalds' CEO did was to recognize that data was valuable, untapped capital that needed to be used strategically and holistically to ensure McDonalds could not only survive but thrive. This is something that digitally-native companies born out of data such as Facebook, Google or sector-reinvention businesses like Uber or Amazon already know. They are not only forcing the traditional firms to adopt data and analytics to rethink their businesses, but also have spawned new ideas to transform existing methods and processes such as real-time fraud detection for credit cards or precision medicine in pharmaceuticals. The new data capital is used to train artificial intelligence algorithms to enable innovation, resulting in financial gains and customer excellence.

Accenture foresees a day in the not too distant future when data will be an asset reported and accounted for in a company's balance sheet and reflected in its market cap.

This means that every CEO must be as strategic about acquiring, growing, refining, safeguarding and deploying their data as they are with their human, financial and intellectual capital.

While data capital is subject to the magic of compounding returns, it must be managed. Just like borrowed financial capital can be a liability, acquired data that is unconsented can present customer trust issues. The same diligence that is brought to talent acquisition and training needs to be applied to data acquisition and refinement. CEOs know to safeguard human, financial and intellectual capital and the same is true for data—a data breach can mean lawsuits, but importantly, loss of reputation and trust which is the new business currency in this post-digital era. In short, if data is our new capital, trust is our new currency.



84%

Percentage of the market value of S&P 500 companies that comes from intangible assets, including data and software²

Data Capital in YOUR Industry

While most industries are information-intensive and CEOs understand the importance of data, few have truly committed to harnessing the power of data at a strategic level. Yet, companies are challenged with everything from rising customer and patient expectations for seamless care and digital services, diminishing ROI and competition from emerging players to increased regulation, pricing pressures and global disruptions to operations and supply chains. This is a true inflection point.

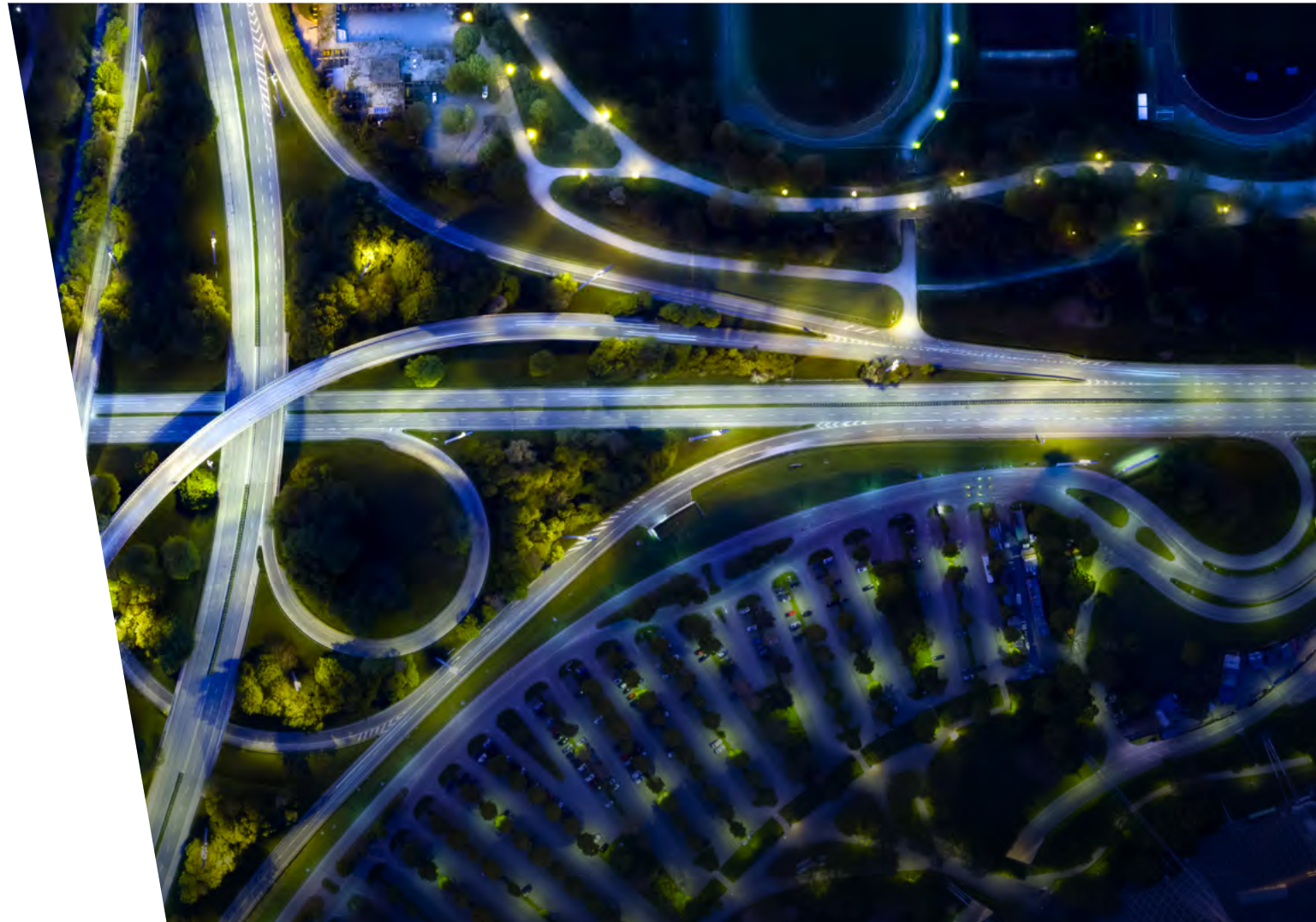
CEOs who see data as capital can grow and ultimately reinvent their businesses to be data-driven. But the stakes are even higher. There is the profound opportunity to use data capital to manage profitability, improve ROI, maximize efficiencies, reduce manufacturing costs, create new products and services, improve customer satisfaction, enhance brand loyalty, help meet regulatory requirements, achieve compliance and ultimately improve lives.

Already there are promising examples of data-driven successes across industries:

- Efficient supply chains and optimal inventory management is being enabled by the creation of a robust master data management program.
- Decreased clinical trial timelines have been achieved through the use of data, analytics and automation innovations that accelerate study start-up and patient recruitment, eliminate manual processes and expedite regulatory filings while decreasing cost for life sciences companies.

- The successful integration of data at scale from multiple sources, across product lines, portfolios and geographies using AI and machine learning is helping global banks create an “analytics supply chain” to discover insights for cross-selling opportunities and growth of new revenue streams.
- Analytics is creating value from data to predict and avoid expensive events such as unplanned plant maintenance and operation interruptions, and to mitigate or eliminate unsafe conditions.
- ProviderDirectories built using blockchain help minimize or avoid discrepancies in demographic details of healthcare providers. This solution acts as a trusted platform for collaboration and a “single source of truth” in maintaining the latest and accurate information.
- Integrated billing, sales and customer service systems gives energy companies data-driven insights to understand what customers to target through dynamic segmentation and enhance existing customer experience as never before.

Nonetheless, according to an Accenture survey of 190 executives in the US, 81% of companies lack an enterprise data strategy to fully capitalize on their data assets.³ While several CEOs have communicated their strategic intent to become data driven, most are struggling to define what that really means and more importantly how to get there.



A close-up photograph of a woman with dark hair and glasses, looking intently at a computer screen. The scene is dimly lit, with the primary light source being the glow from the screen, which reflects on her glasses and illuminates her face. The background is blurred, showing other computer monitors in a dark office environment.

A CEO Prescription

To help CEOs move from stated intention to activating data transformation, Accenture has created a prescriptive approach for creating and deploying data capital.

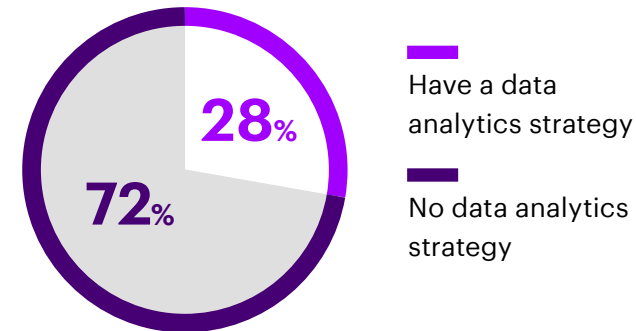
1. Enterprise-wide Data & Analytics Strategy

Corporations need to develop an enterprise-wide strategy that is linked to every aspect of the business.

It needs to be aligned to LOB/divisional strategies and informed by the overall IT Strategy. However, the data strategy should also be considered a cornerstone which enables future business strategies, with optimized investments in technology, people and processes. For example, a business looking to grow through acquisition should prioritize investment in building standardized data interfaces rather than analytics. The data strategy should also answer questions about the operating model for the data and analytics functions. The strategy should also determine the right balance between defensive, offensive and monetization uses of data. In an industry that is heavily regulated, the strategy must balance the offense of new product R&D and customer engagement with the defense of regulatory compliance and data protection.

The journey is more important than the destination when it comes to data strategy. The act of developing a data strategy in itself is educational as it generates cultural support and alignment, a growth mindset, and new business ideas and priorities.

Do you have a Data & Analytics Strategy?



Having data by itself is not sufficient. If you get the data and it just sits there, that's not going to help you. Or if you use it in old-style decision-making, that's not going to help. You need to rethink your business processes about how you make decisions.

Erik Brynjolfsson, Director,
MIT Initiative on the Digital Economy

2. Data & Analytics Capability

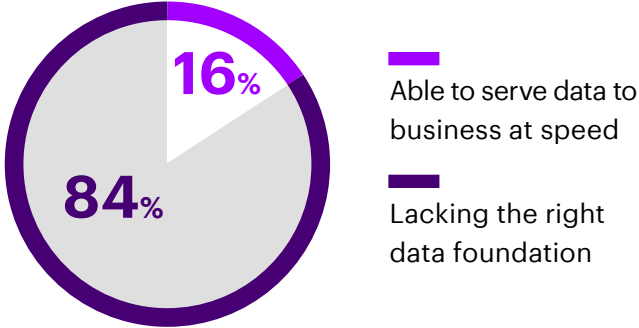
The most important investment a company should consider making is in building a Data and Analytics Platform.

The data and analytics platform serves up connected and contextual data across the enterprise which leads to more informed answers and greater insights.

The platform should be foundational and enterprise-wide to allow for interoperability of cross-functional data to maximize power. Data and analytics environments have evolved from the first generation of data warehouses for securing critical data to the second generation of data lakes used store vast amounts of data to the current wave of platforms that are being engineered to process and analyze data from machines, sensors and devices at the speed of light. These platforms can create analytics reports, train artificial intelligence or machine learning models to hone predictive capabilities or be used for operational applications and can convert data for easy consumption and enable agile data processing.

The data and analytics platform is centrally architected, based on cloud-based infrastructure to enable secure and scalable storage, processing and delivery of data as well as mechanisms to organize, integrate, share and democratize data for consumption. The platforms are built for speed and adaptability, enabling the processing of complex, data-driven insights in real-time. The platform is comprised of numerous capabilities to enable the entire data and analytics ecosystem.

How effective is your Data Foundation?



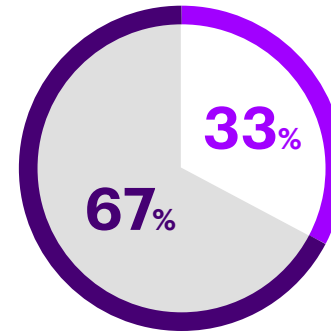
3. Data Governance & Management

Trust in data is one of the biggest reasons why there is a gap between the promise and reality of analytics investments.

Trust in data is engendered by ensuring not only its quality but also its veracity which is derived from the provenance, lineage and virality of data

Data quality requires stewardship and governance processes that come from a bottom-up approach that includes data citizenship, self-help tools, clear governance around access and firewall protections. In addition, there are advances in technology that are making it easier to catalog and understand data, increasing its trustworthiness. If, in concert with its data strategy, a company develops clear data management and governance policies and approaches, and a transparent stature with stakeholders, it can use trust as a critical differentiator.

Do you trust your data?



- Only a third trust their data to derive value from it
- Two thirds lack trust in their data

4. Data Culture and Literacy

In an Accenture/Qlik study of 9,000 full time employees, only 25% feel fully prepared to use data effectively and just 21% report confidence in their data literacy skills.

The saying goes that ‘culture eats strategy for breakfast’ and that is true when executing a data and analytics strategy.

The commitment to be a data-driven company must permeate throughout the organization. But it must start with the CEO. It is vital for the board, the CEO and the top management of the firm to become data conversant, knowledgeable on how data can add value to the business and their current data environment challenges and aligned around data direction.

Additionally, there needs to be a data champion within the company with a seat at the table for discussions of company strategy, investments and key initiatives. Whether that’s a Chief Digital Officer, Chief Data Officer, Chief Analytics Officer or some other CXO, what’s critical is that the data champion must be equally well-versed in business and technology. They should also be able to think about offensive vs. defensive uses of data, have cross-functional knowledge and be respected by their peers as a change agent.

Finally, the entire company needs to become data literate—aware of what data can do to improve business processes at the grassroots levels in the company and how to make it happen. There are tools and platforms that can drive data literacy and adoption throughout an organization, but if the culture creates resistance, then the data strategy will stall. Change management is critical. Take the case of the algorithm that greatly improved predicting of clinical trial duration. Because an internal team resisted change, it took a full year longer than it should have get into production.

It is necessary to have a programmatic approach to managing change that results from the commitment to use data as capital.

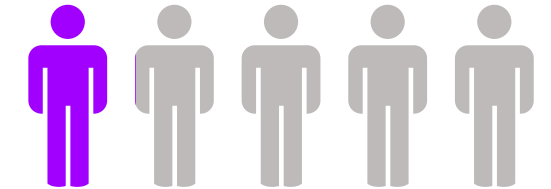
25%

Percentage of employees that feel fully prepared to use data effectively



21%

Percentage of employees that report confidence in their data literacy skills



A Final Thought

Once the decision's been made to be a data capital rich company and a strategy is in hand, there are three ways to deploy that data strategy:



**Top down
mandate**



**Bottom-up
coalition**



**Or by piggybacking a
major strategic initiative
like Digital or GDPR**

There are pros and cons of each approach and what a CEO chooses depends on business context, leadership talent and appetite for investments.

Generally speaking, the least risky approach is to deploy a data strategy through enablement of a major initiative. However, the strategy may become highjacked by the specific needs of the initiative and its success limited by that initiative. The top-down mandate can succeed but must be combined with other approaches. McDonalds' pivot to be a data capital company came from the top, but it was led by the competitive response initiative to create a delivery business, and it required careful change management at the leadership level and throughout the employee base, as well as coalition building with franchisees.

At Accenture, we believe in the power of data capital and know how to help companies put data to work as capital.business to grow and generate sustainable value.

About the author



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2. Ocean Tomo LLC, 2015 Intangible Asset Market Value Study; The Wall Street Journal
3. Accenture Research, Closing the Data Value Gap, 2019

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