

Accenture Interactive – Point of View Series

# What's your data worth?

Gain insight into revenue opportunities  
embedded in enterprise data



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The massive growth in volume, variety and speed of data has overwhelmed just about every industry in the past decade. While many companies are becoming aware of the opportunities embedded in their enterprise data, only a few have developed active strategies to monetize it successfully. Data monetization requires companies to not only understand the quality of their data, but also to build a strategy and an appropriate business model for selling the data to other companies. How should a company assess the size of the market opportunity? What level of investment will be required? Who are the competitors? And, which customers are likely to buy the data?

To evaluate their respective monetization opportunities in a more informed and results-driven manner, companies need to assess the value of enterprise data, determine how best to maximize its potential and figure out how to get the data to the market efficiently.

## The time is ripe

Recently, a number of forces have been converging to create the right conditions to monetize data.<sup>1</sup> Not only is the cost of storing data steadily decreasing, but the ability to process and analyze huge volumes of data in real time is increasing. Today, companies are able to use analytics and business intelligence (BI) tools to create monetization opportunities by leveraging all their data assets—structured and unstructured—within enterprise systems.

For example, until recently retailers required highly paid specialists and costly technology to analyze billions of transactions annually to determine new patterns of merchandizing or customer loyalty. Now this can be done automatically with big data infrastructure and operationalized through Web and in-store channels. Today, websites analyze billions of clicks and use that information to put up just the right ad, or just the right product, at just the right time.

Similarly, in financial services, the ability to analyze billions of transactions in real time has enabled investment banks to generate a substantial new market in "program trading"—the process by which thousands of trades are made in a fraction of a second to be able to capture profit from minor market inefficiencies. Today, program trading accounts for nearly a quarter of the total volume of trades on The NASDAQ.<sup>2</sup>

Data capture and analysis technologies and techniques are now accessible to any company wanting to commercialize its own data, creating new markets that thrive on data. But, to understand and maximize the potential of their data, companies need to address two key questions: Do they have data that is valuable? And, how should they build the appropriate business model to extract its value?

### Internal versus external data monetization

A monetization strategy looks at the ability to leverage data developed or owned by an enterprise, and builds solutions around that data for interested internal and external parties. An internal data monetization strategy focuses on using information to enhance customer experience and drive cross-selling as well as loyalty (think Amazon.com) or improves performance in manufacturing (think Toyota) to drive down working capital costs. By contrast, an external data monetization strategy leverages data to create new revenue streams with third parties.

<sup>1</sup> Sumit Banerjee, et al., "How Big Data Can Fuel Bigger Growth," October 2011.

<sup>2</sup> NYSE Euronext, "Program Trading," August 29, 2013, accessed September 3, 2013.

## Getting to the value

Data is the foundation of any data monetization strategy, but to realize the full potential of enterprise data, companies need to know if they have valuable data.

Companies that have successfully generated new revenues through data monetization use a number of key criteria to assess data value:

- **Consumer Behavior.** Detailed data is valuable. Most successful data monetization strategies involve information on consumer behavior—retail purchases, financial transactions, geolocation data, Web click behavior or usage data on consumer devices. Businesses capturing and analyzing a fire hose of consumer transaction data can command a premium.
- **Consumer Identification.** Knowing the end consumer is valuable. Being able to profile the consumer—name, address, telephone number(s), job, family and the like—will help improve and expand the range of personalized customer services. Privacy concerns obviously enter into the strategy when consumer identification is available.
- **Transaction Frequency.** High-volume data is valuable. Providing information on products or services with few financial transactions a year—auto insurance, home mortgages—is less valuable than information on products and services with high-frequency transactions—credit or debit card purchases, mobile Web search, brokerage trading—that take place multiple times daily per consumer.
- **Unique Data.** Exclusivity is valuable. If the data exists solely within an enterprise, it is not only unique but also has incremental value.
- **Accessible Data.** Usable data is valuable. Unstructured data—call center logs, data stored as text or social media posts, for example—exists in abundance and is of low value unless it is easily accessible. To extract insights from the data, it needs to be in a desired format and readily scalable.



## Finding the market opportunity

Once the value of the data is ascertained, then its value proposition to potential customers needs to be established. Additionally, the company needs to decide where it wants to play in the market—as a “data” or “full services” provider. This decision helps determine the business model a company should develop and the necessary steps it needs to take to move up the value chain, should a company so desire.

The Accenture Data Monetization Framework<sup>®</sup> (Figure 1) outlines five key stages to help companies looking to evaluate their enterprise data. At each stage of the data value chain, enterprise data becomes more refined, relevant and valuable to the company.

**1. Raw Data.** Companies with a specific core competence that generate a rich pool of raw data can onsell the data with little investment. For instance, The NASDAQ offers a “Data on Demand” service to its ecosystem of partners in the capital markets—Bloomberg or proprietary trading companies, for example. It is a win-win for both parties. By providing tick data on individual security trades, NASDAQ fuels a whole industry of value-added service providers who turn the raw data into enterprise applications to assist market traders. NASDAQ in turn benefits from the resulting increase in trading volume—its core goal—and data monetization.<sup>3</sup>

**2. Processed Data.** Companies that are able to not only collect data from multiple sources but also store, process and analyze it are in a good position to commercialize that data. For instance, credit card networks that collect literally billions of transactions across their network realized that the data has value beyond just operational controls. MasterCard Advisors was set up as a separate business entity to provide insights from real-time transaction data and proprietary analysis to its customers. This service helps retailers, for example, trying to understand their share of transaction volume in a particular purchase, or investors, trying to understand whether consumers are spending more or less on travel, consumer goods, pharmaceuticals and much more.<sup>4</sup>

**3. Insights.** Companies that have invested in newer methodologies and techniques such as data science, data mining, predictive modeling and analytics are well equipped to process massive quantities of data. These tools help companies to perform complex correlations on data and gain business insights. For instance, insight company Experian has developed Mosaic<sup>5</sup> to enable geo-demographic segmentations based on postal codes and demographic variables.

**4. Presentation.** Companies that can use data insights to perform ‘what if’ scenarios and customer segmentation analyses are able to present these insights in a meaningful way. The enterprise data now becomes more valuable as it tells a story—for instance, which customer segment is most profitable, their shopping habits, interests, financial standing, travel plans, and much more.

For example, wireless carriers are moving rapidly to harness the value of their rich customer data.<sup>6</sup> Telefónica, one of the world's largest telecommunications companies, has set up a new business unit—Telefónica Digital—to maximize data monetization opportunities. Recently, Telefónica launched the Smart Steps solution to measure, compare, and understand what factors influence people visiting a particular location at any time.<sup>7</sup> And, in the United States, Verizon Wireless has developed Precision Market Insights to generate geolocation and demographics-based information on its customers. This helps the company serve highly relevant and engaging information to customers.<sup>8</sup>

**5. Transact.** At this stage of their data monetization journey, companies use data not just to inform decisions made by others, but also to use the intelligence gathered from the data monetization processes to execute specific transaction types. For example, Google provides advertisers with a comprehensive transaction processing system to manage, execute, and report on the effectiveness of AdWords—a cost-free search advertisements solution, that helps Google continuously understand the intent of advertisers. Armed with this insight, Google is able to drive improvements to its systems and services. For advertisers that choose to remain within their respective ecosystems, Google offers an AdWords Application Programming Interface (API) for which it charges a fee based on volume.<sup>9</sup>

<sup>3</sup> NASDAQ OMX DataStore, “NASDAQ Data-On-Demand,” accessed September 24, 2013.

<sup>4</sup> MasterCard Advisors, accessed September 17, 2013.

<sup>5</sup> Mosaic UK, accessed September 2, 2013.

<sup>6</sup> To learn about how wireless carriers are monetizing data, see Astrid Bohé, et al., “Data Monetization in the Age of Big Data,” accessed August 21, 2013.

<sup>7</sup> Ingrid Lunden, “Telefonica Wants to Turn its Mobile Data into a Big Data Business, Launches Dynamic Insights Unit,” October 8, 2012, accessed July 15, 2013.

Figure 1: Data Monetization Framework<sup>©</sup>

Activities at each stage



▼ Value of Data    ▲ Volume of Data

<sup>8</sup> Verizon Wireless, "Precision Market Insights," accessed September 11, 2013.

<sup>9</sup> Google Ads, accessed September 17, 2013.

## Go-to-market approach

Each stage in the data value chain can be profitable, provided a company has done its due diligence and developed an appropriate go-to-market strategy. As companies begin to shape new data-driven business ventures and look to move up the data value chain, they need to determine how they will commercialize a particular data strategy. Balancing perception with the ground reality in a number of key areas is critical.

**1. Perceived Value of the Market.** For larger market opportunities, it is likely that a company would want to play at the higher level in the data value chain. For instance, in the mobile advertising space, the global market is expected to reach approximately US\$24.5 billion by 2016.<sup>10</sup> The desire to be able to capture a significant segment of a large, growing market becomes more important than leveraging data in a modest stable-growth or shrinking marketplace.

**2. Privacy Concerns.** Companies that control the go-to-market strategy and interactions with end users tend to have the best possible opportunity to manage the privacy of their customers. Privacy associated with location data, financial data or health data tends to drive those companies toward the Transact stage of the data value chain. (See sidebar for more on privacy.)

### 3. Evaluation of Core Competency.

Companies need to understand the impact of playing at a specific stage in the data value chain. For example, if a company has an engineering core competency it may elect to execute only at the data levels of the value chain—Raw or Processed Data—where it is not as important to build the value chain for the distribution channel (which is not its core competency). However, if a company has potentially complementary distribution channels (a small business, enterprise or a consumer distribution channel) it is more likely to play at the Presentation, Insights or Transact level.

**4. Agile Organization.** Building a data monetization business requires companies to get buy-in from many internal teams. It also needs short- and long-term agile business and engineering processes to ensure business stability.

**5. Cross-Industry Alliances.** To operate effectively higher up the value chain, companies will often need to forge alliances or enter into collaboration with complementary businesses across industries—crucial for serving customers looking for connected experiences. Increasingly, retailers are collaborating with wireless carriers to gain insights into geolocation data, showing customer movements at shopping malls or in-store. Armed with this knowledge, these retailers are able to segment customers based on their shopping habits, devise targeted marketing campaigns and design loyalty programs based on relevance and frequency. For example, O2 launched the Priority Moments app for its customers.<sup>11</sup> Using geolocation data and geofencing techniques, O2 is able to provide a coupon service to its customers, featuring attractive discounts and free offers at various shops and restaurants.

### Privacy matters

A recent survey of consumers in the United States and the United Kingdom revealed that most are willing to share personal information for a superior customer experience.<sup>12</sup>

As regulatory frameworks throughout the world are still evolving around principles such as transparency, purpose, consent and data minimization, there is general acceptance across industries that all data monetization businesses involve customer privacy issues. However, privacy concerns need not dictate the ideation and evaluation of the overall market opportunity. What companies need to ensure is that there is a valid exchange of value to the end consumer for the usage of their data—a competitive differentiator from the basic service.

Companies offer a range of incentives that most customers value in exchange for data usage such as cash rewards or gift cards.<sup>13</sup> But determining what this fair exchange of value should be requires testing and creativity. Companies that have an explicit "opt in" clause for use of data, for example, will want to test their communications to see what works with different customer segments. Many credit companies build the usage of data for third-party sales and marketing opportunities into the basic usage contract, making the "opt in" clause unnecessary.

Another approach to privacy is to offer consumers the ability to control their own privacy settings. For example, in the United Kingdom, visitors to [www.bt.com](http://www.bt.com) can click on the cookie settings to manage their preferences. The sliding scale approach is visual, easy to understand and a leading example of transparency and effective privacy control.<sup>14</sup>

<sup>10</sup> Gartner Press Release, "Gartner Says Worldwide Mobile Advertising Revenue to Reach \$11.4 Billion in 2013," January 17, 2013, accessed September 24, 2013.

<sup>11</sup> O2, "Priority Moments," accessed August 8, 2013.

<sup>12</sup> Accenture Interactive, "Survey Results—Today's Shopper Preferences: Channels, Social Media, Privacy and the Personalized Experience," November, 2012.

<sup>13</sup> Jeff Bertolucci, "Google Search's Screenwise vs. Bing Rewards: Which Pays More?" February 9, 2012, accessed July 17, 2013.

<sup>14</sup> BT.com

## Ready, set, grow

Thanks to big data infrastructure and technologies, the costs of executing data monetization strategies are coming down. As such, any company that gathers data on the use of its goods and services, particularly consumer data, has the opportunity to develop a data monetization business. But time must be invested upfront to understand the potential value embedded in enterprise data, and where on the value chain the company wants to position the new data-driven business. Operationalizing the strategy calls for having the right business model and strategic alliances. There are risks of course, as with any new business venture, but the potential revenue streams from data monetization could be substantial—they could well fuel the next engine of economic growth, reaching across industries and geographic boundaries.



To learn more about leveraging enterprise data for developing an effective monetization strategy, contact:

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