

The Value of Data in the Data Economy A Pragmatic Perspective

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September 30, 2021

Some Principles of the Data Economy

- ▶ Data is worth what someone will pay for it; it has no inherent value
- ▶ “Data + use = value” (Christina Ho); need to know use before establishing value
- ▶ One key aspect of data’s value is its scarcity and proprietariness
- ▶ “Monetizing” data becomes more challenging as its owners become aware of its potential value
- ▶ Generally speaking, raw data is worth less than data that is refined in some way, related to other data, or embedded in products and services
- ▶ Within companies, data is generally a poorly-managed asset
- ▶ “Information is not innocent” (James March); it is suffused with politics, greed, misinformation, etc.



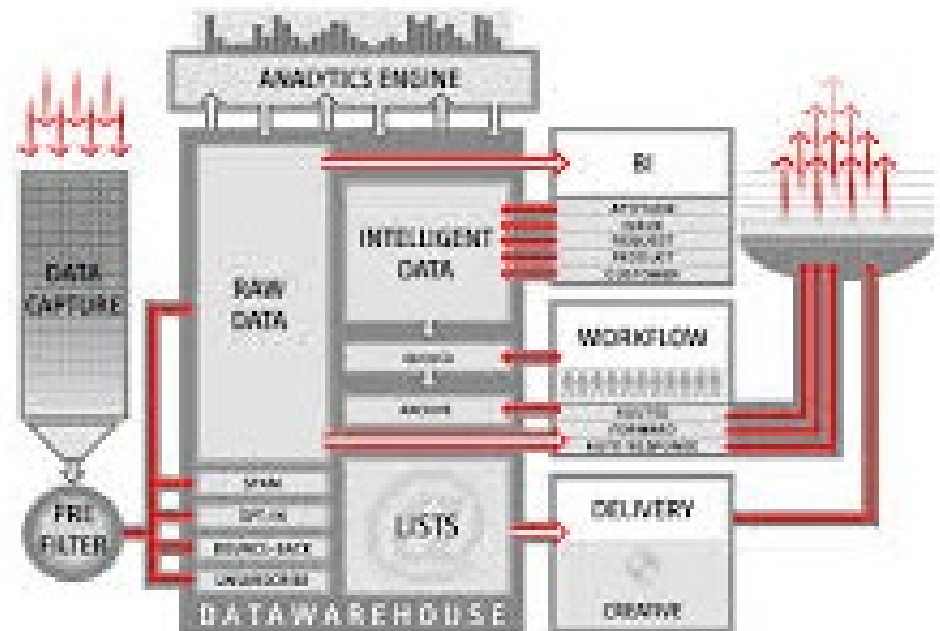
Some Activities in the Data Economy

- ▶ Monetizing data assets
- ▶ Creating data- and analytics-based products and services
- ▶ Using data and analytics to catch eyeballs for advertising
- ▶ Organizations employing data and analytics to make better decisions
- ▶ Sensing using “digital exhaust” to uncover “unknown unknowns”



Ways to Add Value to Data

- ▶ Collect/supply
- ▶ Store/host
- ▶ Filter/refine
- ▶ Enhance/enrich
- ▶ Simplify access
- ▶ Analyze
- ▶ Obscure
- ▶ Consult/advise



Source: McCallum & Gleason, *Business Models for the Data Economy* (O'Reilly, 2013)

How to Monetize Data

- ▶ Selling data directly to customers
- ▶ Selling “data products” to customers
- ▶ Embedding data and analytics in new or existing products and services
- ▶ Attracting online customers, and employing an advertising-based model
- ▶ Providing access to platforms with various types of data
- ▶ Improving internal business processes with data and analytics



Some Online Data Products

- **Google**—Search, AdSense, Books, Maps, Waze, Scholar, etc., etc.
- **LinkedIn**—People You May Know, Jobs You May Like, Groups You May Be Interested In, etc.



- **Netflix**—Cinematch, Max, etc.
- **Zillow**—Zestimates, rent Zestimates, Home Value Index, Underwater Index, etc.
- **Facebook**—People You May Know, Custom Audiences, Exchange, CRM, Audience Insights

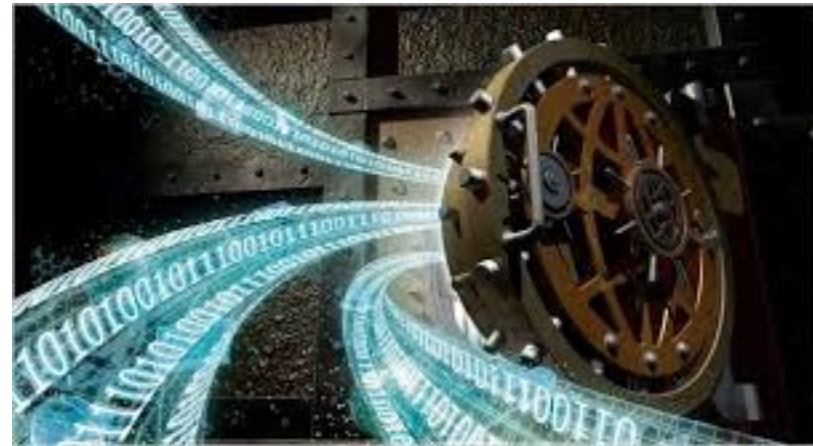
Manufactured Products and the Data Economy

- ▶ Google's Nest sells data and analyses to utility companies
- ▶ Fitbit/Google sells data to health insurance companies
- ▶ GM and Ford have lots of connected vehicle data
- ▶ Adidas miCoach smart soccer ball, 94Fifty smart basketball, etc.
- ▶ Bosch, Ingersoll Rand, GE, and various other "smart machine" companies



Financial Services and the Data Economy

- ▶ Mastercard “Data & Services” business unit sells payments data combined with software and services
- ▶ Barclays, JPMC, State Street established new business units to create data products—none very successful
- ▶ Intuit created data products from consumer, small business financial data
- ▶ Progressive, State Farm offering products beyond insurance from UBI data
- ▶ Cardlytics worked with 400 banks to create targeted offers based on credit/debit card payments data



Cooking Up Success in the Data Economy

- ▶ Get some good data
- ▶ Make sure you have rights to it
- ▶ Develop some strong integration, cleaning, and analytics capabilities
- ▶ Understand your customers' decision needs and processes
- ▶ Add some automation
- ▶ Prevent security/privacy problems
- ▶ Address pricing/bundling/terms issues
- ▶ Handle any conflicts with your existing business
- ▶ Don't forget the human dimension – behaviors and cultures will have to change

