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Data capture and insight: How to organise for success

Getting insight out of data, driving ideas and innovation that can better target and engage customers, enabling more informed decision-making, helping manage and reduce risk, improving performance...all these applications of data management, analytics and insight are a key areas of opportunity of course in today's data rich world.

But in a recent survey by BARC Research, only 26% of execs interviewed felt that their companies were making effective use of the data they had. That's 74% who felt that their data was not being fully exploited. As a sign of what's missing, or perhaps better said, what the potential could be, 54% of execs in the same survey said that they did hope! to get more involved in using data insights in the future.

There's a massive untapped potential here. Everyone will agree about the "power of data". But it's the exploitation of that data that is still missing.

For many, data use is seen as a way of reducing costs, cutting out wasted spend, doing things more efficiently. And of course that's all critical. But increasingly nowadays, the more leading companies are also looking at data to drive revenue growth, to find new ideas and insights to establish new business opportunities, more relevant ways to connect with potential customers, more personalised communications that can deliver more ROI.

So what's stopping companies doing more of this? Why are only 26% of execs confident they are using data in their companies effectively? There are a number of challenges and also lessons learned and this note looks at that in more detail and looks to set out a way for companies to better organise and move forward to join the "data champions".

Perhaps the key is who should "own" the Data challenge. There are 4 options:

- (i) report to the CIO
- (ii) report to the CMO
- (iii) report to the CIO and the CMO
- (iv) report to the CEO

(i) Report to the CIO

This is perhaps the most usual route. Data management capabilities after all typically start in the data warehouse and that is almost always the remit and responsibility of the IT team. So database infrastructure, servers, data storage, often multiple data centres located across key

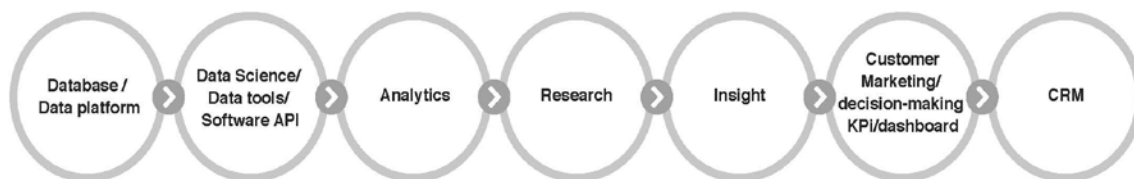
geographies and the software for managing all that is most naturally for the CIO /CTO to control and run.

What therefore often happens is that as companies look to make more use of data so they most naturally turn to the CIO for that. Here's a recent example from Boeing:

Boeing have announced they are "raising the profile of their CIO" as they look to use data insight and analytics more across their organisation. Their CIO will now have the added responsibility for data analytics. "Ted Colbert will continue to oversee IT Strategy, operations and processes while now also leading data and analytics across the enterprise. We've been using data extensively to influence the design and operation of airplanes but the amount of data and the number of devices generating data is growing fast and we see ways to unlock new opportunities to help customers and partners"

The challenge and sometime criticism with this IT-led approach is that in some organisations, the focus is more on the data and less on the insight it can drive. For example if we look at the "data value chain", there is a wide spectrum of skills and opportunities at each stage of the data gathering process. Critics will say the CIO and IT teams are inevitably more focussed on the software and the data science than on eg generating the marketing insight and output.

The data capture and insight value chain



Indeed it is easy to see the focus that IT teams might have on the software as there is a substantial amount of exciting development and innovation taking place. We see headlines like:

- “Big data gets faster with growing adoption of technologies such as Cloudera Impala, AtScale, Actian Vector etc”
- “Big data grows up: the enterprise capabilities of Hadoop software are maturing and becoming a core part of the enterprise IT landscape”
- “Death of the data warehouse as applications shift to the Cloud”
- “New Apache Spark software provides dramatically increased data processing speed”
- Machine learning /NLP are keys to developing data power”
- “There's a new game in town. Corporations have for decades been relying on the likes of Oracle, IBM, Microsoft and SAP but Gartner's new “magic quadrant” now shows a different set. It's now more agile, flexible, quick to implement solutions from NoSQL companies like MongoDB, DataStax, MarkLogic and Amazon Web Services who are setting the pace”.

(ii) Report instead to the CMO?

Could this option be more effective? After all a key value from data is a better understanding of markets and customers and who better placed to unlock that insight and value-add but the Marketing team. They after all are supposed to be the guardians and experts on their markets and customers and the ones tasked with driving revenue and more insightful customer engagement.

So a potentially powerful solution is to enable and charge Marketing to be the data champions in the organisation, to lead and prioritise initiatives that deliver on customer applications and more naturally lead to customer impact and potential?

In some companies Marketing does play more of a Leadership role around data, although usually in close partnership with the CIO and the IT team.

Perhaps a key is to split up data into back-end and front-end. The back end databases that the company builds to provide reporting, financial control, operations and logistics management, risk management etc...all that can and should best be led and overseen by the IT management team who have decades of expertise in doing that. But the front end customer data, why not make that the responsibility of the CMO?

Companies like Mueller, Swiss Re, Barclays, BT Group, Qualcomm, Novartis are all examples of companies who have given greater autonomy and control of front-end data to the Marketing and Customer teams. They have been encouraged to do this by the very substantial rise in customer data over recent years as digital means of communication take hold. So whether it's coming from desktop or mobile, whether it's social media or GPS data tracking a specific device, or the growth in targeted personalised data from the likes of Google and Microsoft...the data is all out there and waiting to be exploited!

This shift to giving Marketing more ownership of data has also been driven by the growth in "predictive analytics". This uses many techniques from data mining, statistics, modeling, machine learning, and artificial intelligence to analyse current data to make predictions about the future. So this might look at modelling age, gender, demographic, income, alongside recent online purchase behaviour to predict products and services that could be of most interest. This can consequently better target the device or individual and can also anticipate various stages of interest from creating awareness to delivering consideration content, purchase incentives and then reminders.

This type of data insight is something that Marketers can readily respect and appreciate. Though a key challenge here is their lack of comfort with actually doing the data analysis and crunching numbers. In fact if Marketing has ownership of this area they will typically "outsource" or subcontract either to a third party agency or back to the CIO's data team. And therein lies the core challenge with tasking Marketing to own data analysis and insight: can they build the core internal skills and capabilities that can leverage the application software or will they always just be dependent on others to do the insight gathering for them?

(iii) Report to the CIO and CMO?

A recent McKinsey report looked specifically at the big data opportunity and how companies should organise to best turn "big data into big profits".

They noted how all big data decisions ideally needed the collaboration and input of *both* the CIO and the CMO. “CMOs most times will need the CIO’s help to turn the surfeit of customer data into increased revenue. CIOs, increasingly being challenged to do more to drive competitive advantage through technology, need the CMOs to help identify the key product and customer opportunities and applications”

With data growing at c. 40% each year, the need to collaborate is growing ever more important and McKinsey finds that “more data driven companies are up to 15% more productive and up to 10% more profitable than other companies”. So what are the keys if this CIO and CMO collaboration is to work?

1. CMOs must become more data and fact-based in their approach and understanding to their work. They need to embrace data and recognise what skills they have in their teams to exploit it and what skills they do not have.
2. CIOs need to embrace the changing role of IT and move from cost centre analysis to being equally passionate and enthusiastic about revenue-gaining opportunities. This requires a real mindset shift. Managing for costs and performance improvement is readily measurable each day each week and the consequent RoI is obvious. However, investment in revenue-gaining opportunities is less clear in terms of pay-back. The time frame may be further out, and there may be other market factors influencing the final outcome. But being ready to listen and work with the CMO around these issues is what’s needed to make the collaboration work.
3. Identify shared KPI that both can rally around and feel accountable for. That might be around customer usage, customer spend, customer retention rates for example.
4. Find a common language. Marketers are naturally more emotional, more right-brain, more intuitive, less rational perhaps in their analysis and decision-making. Technologists on the other hand are the more rational type. So there can be different styles and approaches which need to be acknowledged and respected. That can take time and a lot of goodwill to forge that understanding and will often come down to how good is the personal relationship between the CMO and the CIO. That might be good but it is a vulnerable position to be in if dependent ultimately on how well the two function leaders get on!

(iv) Report to the CEO

One solution option that cuts through all these issues around collaboration and different styles is to have this capability report in direct to the CEO. Such a move certainly very much underlines the importance and impact this can have for the company. Though it does of course add yet another person to the C-Suite!

To make this work it would need a Data leader of some real expertise who not only has the data science but also the commercial savvy and perhaps most critically the stakeholder management skills to engage and lead at such senior level.

Nowadays the job title of “Chief Data Officer” is becoming more widespread and Gartner found in a recent survey that among US quoted companies more than 25% had a Chief Data Officer or person with equivalent title driving the data area. Though less than 10% reported direct to the CEO, nevertheless Gartner found that such appointments did lead to significant re-investment in data management tools and applications. In fact 77% of CEOs interviewed also by Gartner put data management, analytics and insight as one of their Top 3 agenda items as they looked towards 2020.

Whether that will lead to more CDO appointments and perhaps more direct lines to the CEO we will see but having a person of seniority at the Exec Team /Exec Committee level accountable for and responsible for data can only help an organisation make better and fuller use of the data potential that exists for all.

Finally a brief word about finding the CDO or Data leaders. A KPMG survey described this as: “the most in-demand skill for the second year running” with 39% of companies saying they struggled to find the right talent to lead this area. The Harvard Business Review has declared that “data science and analytics is the sexiest job of the century!” Research company Gartner has suggested that there will be as many as 4 million new big data jobs coming up worldwide over the next two years.

All the indications are showing that big data skills are going to be a key driver of a company’s ability to compete effectively, drive up margins and also push new sources of revenue. And it seems the race is on to recruit the best of the talent available in the marketplace. Market feedback shows that good data people are getting 3 or 4 recruiter /headhunter calls a week, so for a company to attract the best talent they must be able to demonstrate a genuine commitment to this area, a readiness to invest and have thought through reporting lines and stakeholder interests so they can convince a new recruit that a data leadership role with them can truly make a difference and can succeed. That will be a critical underpinning for any future success.

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