

The Chief Data Officer:

Bridging the gap between data
and decision-making

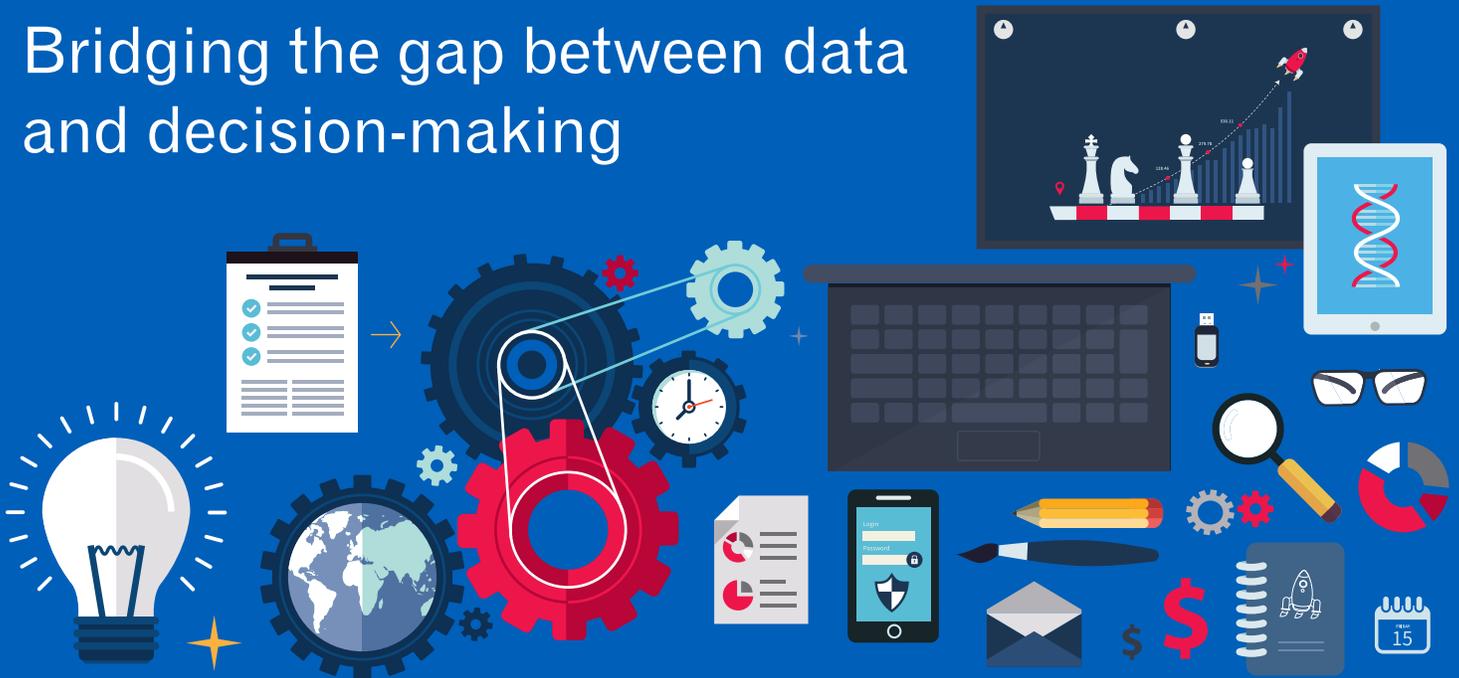




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Executive summary

By Thomas Schutz

Companies across the globe are beginning to recognise the transformative benefits of harnessing data. It affects almost all business processes from the customer experience, risk assessment, operational efficiency, targeted marketing and much more. While many companies state they want to be data-driven, most have only begun to scratch the surface in terms of realising the full potential of this rich resource.

A new Experian Data Quality study of chief information officers (CIOs) and chief data officers (CDOs) reveals that many CIOs are failing to live up to their responsibility of managing data and realising its true value on behalf of their companies. This is not surprising given the number of demands on a CIO and the speed at which data usage is changing.

In general, there is a lack of oversight and control around data assets. Because of this, many organisations are failing to use data intelligence effectively. That means they are losing out on potential

revenue and customer experience gains, and placing themselves at regulatory risk.

To combat this issue, a growing number of organisations are appointing a CDO. This trend inspired us to delve deeper, conducting research to understand more about the role. Based on our findings, we expect the number of CDOs in U.S. businesses to increase dramatically over the next several years.

These individuals serve as not just guardians of data within organisations, but also as evangelists. This new c-suite role will be crucial to taking big data trends from theoretical to reality as it shows organisations are not only investing in data management, but also demonstrating that data is playing a larger role in business operations today.

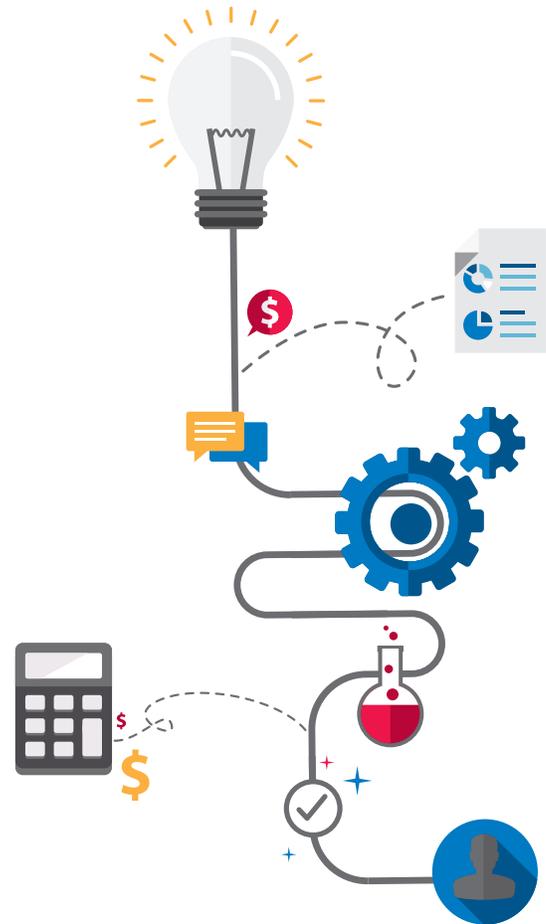
It is important to keep in mind that the CDO will not cure every data management challenge. However, it is a step in the right direction for many businesses.



Research methodology

In June 2015, Experian Data Quality commissioned a research study to look at the explosion of the CDO role and data management practices. This report reviews the use of data and how its importance is changing business structure.

Over 250 CIOs in the U.S. took part in the research, produced by Loudhouse Research for Experian Data Quality. Six CDOs took part in a qualitative survey study in conjunction with this quantitative research. All participants were from companies with over 500 employees from a variety of industries, including manufacturing, professional services, financial services, retail, utilities, healthcare and more.



An untapped resource

It's clear from the research that data has become increasingly integral to company operations. Almost all of the CIOs interviewed (95%) believe data is changing the way their organisation does business. This comes as little surprise. In today's progressively customer-centric era, data is the key to improved customer journeys, risk assessment, experiences and loyalty.

Despite claiming that data has transformed routine business practice, CIOs realise there is significant room for improvement. Four out of five (83%) see data as a valuable asset that is not being fully utilised within their organisation. And three in five (64%) believe their organisation is not making optimal use of data to drive their business forward.

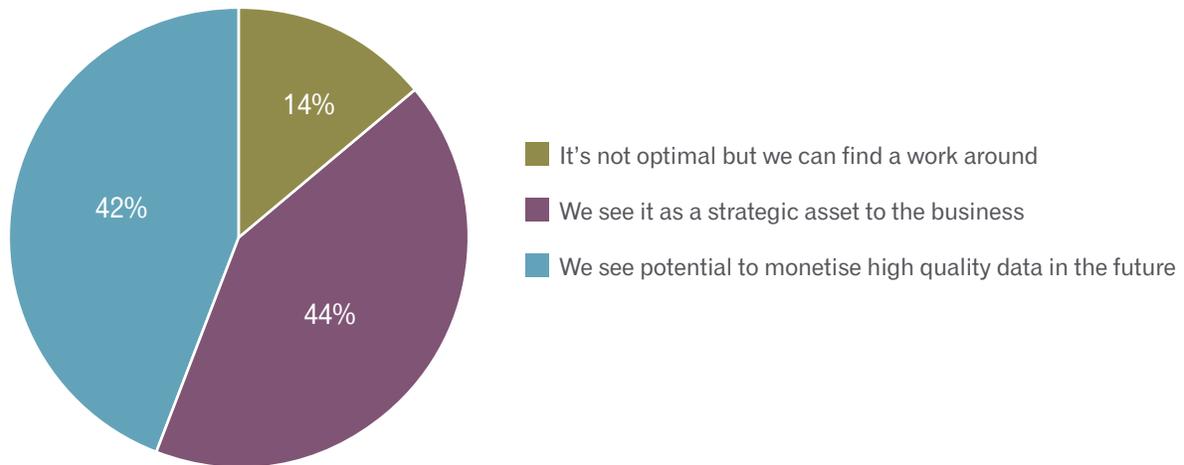
CDOs agree that data is not typically being leveraged as a strategic asset, but say this is something that they're laser focused on. There are always ways to generate more revenue or provide a greater ROI by using data as an asset. Once organisations are able to stop seeing data as a risk or an obstacle, they will be able to see their data as a competitive advantage and truly make a huge impact to the business.



Essentially, CIOs and CDOs recognise the gains to be made from capitalising on data. But this realisation hasn't transmuted into action. In fact, this lack of action could be resulting in losses as well as missed profits.

A significant number of CIOs (44%) see high-quality data as a strategic asset for their business. This may come in the form of strategic decision making, customer service or regulatory compliance. However, many organisations also see potential in making money from data. Forty-two percent see data as having monetisation potential in the future. The question remains: why does data continue to be so underused?

Attitude towards data quality:



Barriers to better data use

There are a number of key challenges businesses face around data that cause a lack of capitalisation. These challenges fall into two categories: practical issues and organisational issues.

Practical issues

The results show that managing data assets is difficult for companies. But using data successfully for profitable purposes is even harder.

When it comes to using data for analytics, CIOs point to the large volume of data (48%) and the sheer variety of it (35%) as problem issues. These, combined with limited access to data (37%), are central contributors to what might be described as an endemic data-use deficiency in the U.S.

CIOs also experience challenges around managing data. Almost half (48%) of CIOs say resolving data quality issues is a challenge to data management within their organisation. Further data-asset management issues include the growing volume (48%) and variety (41%) of data. Data capture (39%) and real-time processing (38%) are additional difficulties in this regard.



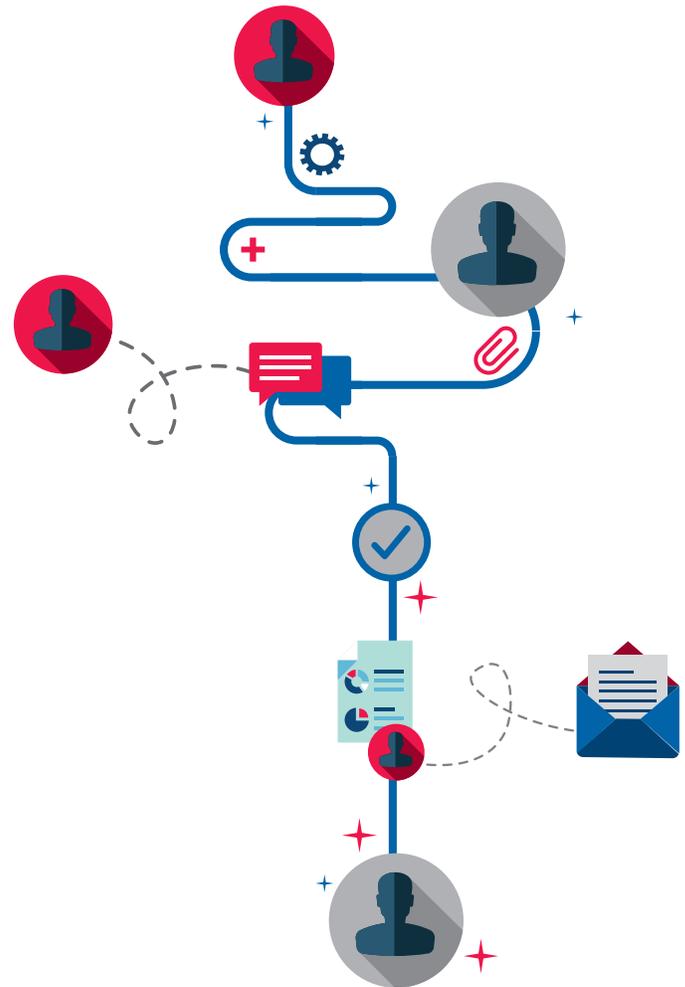
Organisational issues

Company cultures around data can be just as constricting as technical data-management challenges. The majority of CIOs face barriers in this respect, with 68 percent struggling to find stakeholders who take anything other than a siloed view of data management. Organisations without a CDO have an ambition to capitalise on data, but CIOs struggle to implement data-driven decision making because no one seems to own the process. This is true for a notable 70 percent of respondents.

Implementing a CDO role is not the silver bullet to solving your organisation's silo challenges. You will enjoy more centralised data ownership, but changing the culture of the organisation may be the greatest obstacle that a CDO will face. Many of those we interviewed felt that culture change was oftentimes the most difficult, but also the most important piece of implementing the chief data officer role.

One CDO that we spoke with discussed the importance of integrating into the culture rather than trying to force processes and rules that hinder employees' daily routine. He described this approach as being the "data police" and explained that employees will do anything they can to find shortcuts around the processes at all costs. Forcing people to "do data governance" for data governance's sake isn't a compelling enough reason for them to comply with new rules and standards.

CDOs and data stakeholders are challenged with finding ways to integrate into the company culture and day to day routines, while evangelising the importance of data quality and proper data management.



"It all starts with a data-driven culture. You have to have a vision and philosophy, but be agile enough to integrate into the culture. That's where you will find success."



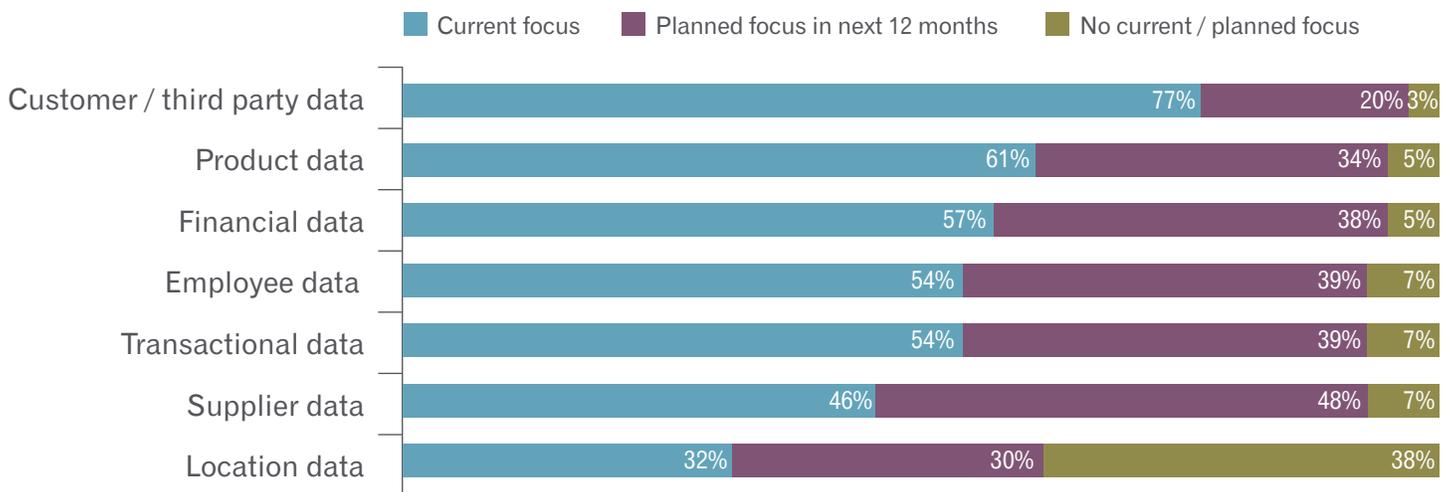
Gearing up for change

The uses and types of data we analyse today have changed dramatically over the past several years and are only expected to increase. Fifty-seven percent of CIOs anticipate that in the next 12-18 months, the volume of data their organisation will need to manage will increase by an average of 33 percent. It's safe to say those struggling with present volumes of data will need to find solutions swiftly – or risk being caught in a perpetual game of catch-up.



57 percent of CIOs anticipate that the **volume of data** that their organisation will need to manage will increase by **33 percent** in the next 12-18 months.

Areas of data quality management:

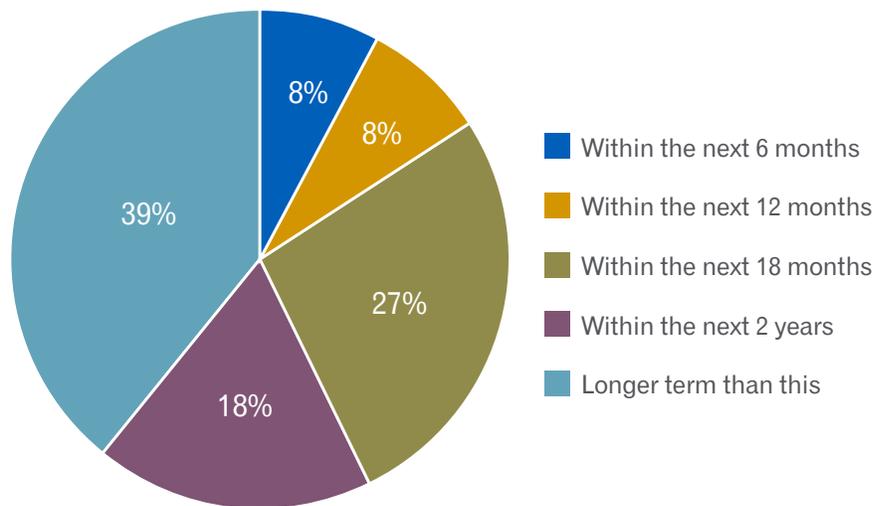




Another trend that will further develop over the next several years is creating a standardised experience across all customer channels. This was cited by 35 percent of respondents. Data can be expected to play a significant role in enhancing customer experiences and driving the organisational change needed to keep customers satisfied.

Given the rising demand for data-driven customer experiences, together with changing data volume and quality requirements, it's hardly surprising that 63 percent of organisations without a chief data officer would like to see a CDO role created in the future.

Expected appointment of the CDO role:



The CIO squeeze

Unsurprisingly, CIOs are feeling the brunt of the growing data deluge. Half (52%) of those interviewed have seen their responsibility for data management increase in the last 12 months. Around the same percentage have felt increased pressure to provide data to their business faster (49%) and to provide higher quality data too (47%).

With the demands of data management quickly outgrowing the traditional CIO capacity, CIOs are finding themselves stretched thin. It follows that half have seen their working hours (51%) and personal stress levels at work (49%) go up in the

last year. It's an unsustainable trend that can't continue.

Of course, the rise in data management challenges means more than an increase in overworked CIOs. It means that data needs aren't being met. Three in five (68%) CIOs without a CDO in their business think their current role fails to cover the majority of responsibilities a CDO would have. Simply put, CIOs do not have the time nor capacity needed to drive successful and profitable data projects.



Of those that do have a CDO in their business, a prevailing majority of 86 percent believe the CDO role adds value to their data management strategy. A particularly clear proof point for this emerges in the report.

It's already been stated that 68 percent of those interviewed struggle to find stakeholders who take anything other than a siloed view of data. However, when the results are segmented into those with a CDO in their business and those without a CDO, it becomes apparent that CDOs make a real difference to organisational attitudes.

More than three quarters (77%) of those without a CDO struggle with siloed views of data in their

company. This number falls to just over half (57%) for those that do have CDOs. Having a CDO is beneficial for the vital purpose of getting business stakeholders on board with the data agenda – an important function given that CIOs are largely reliant on stakeholders to drive data management decisions.

68 percent believe it is difficult to find stakeholders who take anything other than a siloed view of data management.

Without CDO (**77%**), with CDO (**57%**)



The rise of the CDO

Given the increasing demand for accurate, complete data, it is not surprising that a new management role has emerged to help cover pitfalls in data management and usage. The new CDO role fills a number of data gaps and brings new expertise and education to the business.

A new and growing need

The CDO is a new, but increasingly necessary, concept. The report reveals the role to be a relatively recent phenomenon for the majority of companies. Three-quarters (78%) of those with a CDO claim only to have created the function within the last six months.

Among those organisations without a CDO, it's clear that there's a pressing need for one. The top reasons for wanting a CDO are:

- The need for a consistent approach to mitigate risk in data-driven projects (48%)
- To curb increasing costs due to poor quality data (47%)
- Handling increasing regulation/governance (47%)

In short, CDOs help reduce costs and ensure the success of data-driven strategies, while taking ownership over complicated data regulation issues.

These goals were echoed by many of the chief data officers that we spoke with. Many defined their main focus areas to be reducing costs, aligning with the business and ensuring regulatory compliance.



A guardian of data

Nearly three-quarters of CIOs (70%) consider the CDO to be a “trusted advisor” on data across the enterprise. A further 64 percent view them as a “guardian of data quality.” CDOs are also responsible for driving large data-management programs involving multiple stakeholders, according to 59 percent of respondents.

Data flows through every part of the organisation. It is critical for a CDO to collaborate across teams and take a consultative approach to interacting with his or her counterparts. It is critical to take time to understand the pain points or nuances of each individual business group. Then you can be more effective at communicating and ultimately help solve their data challenges. A CDO should be seen as the guardian of data, but must avoid putting in too many workarounds or barriers in place that hinder productivity or day-to-day processes.

The need for the CDO as a guardian of data quality is particularly acute, given that 92 percent have experienced problems as a result of inaccurate data in the last 12 months. CIOs see their organisations delivering poor customer experiences, as well as undergoing potential brand damage and regulatory risks as a result of inaccurate data. Many have even seen lost revenue opportunities.

Consequences of inaccurate data in the last 12 months:





In today's market, it's essential that companies get data right. Far beyond a mere compliance issue, data accuracy can boost profitability. The majority of organisations believe they could increase profits by an incredible 17 percent if their data were of the highest quality.

The research suggests the creation of a CDO role in businesses would help reduce barriers to data utilisation, raise the profile of data among stakeholders and prevent data silos. It would also help centralise data governance initiatives and strengthen the drive for data quality – which was named as one organisation's greatest risk by one of the CDOs we spoke with.

By implementing a guardian of data in your organisation, you're demonstrating that data is a critical asset to the business that needs to be centrally managed. Having someone tasked with ensuring that data is of the highest quality will help your business leverage data as a competitive advantage, glean faster business insights and have a more holistic view of your customers.

Reason for wanting a CDO role:



“We have more than 2,600 disparate systems that are used throughout our business, so data fragmentation is the biggest culprit of our data quality challenges. **Data quality is our #1 risk.**”



It takes a village

While CDOs clearly help companies make the most of their data, it's important to remember that simply implementing the role is not a fix-all solution. Hiring a CDO to manage data projects is a good first step to better data management, but it shouldn't be the only one.

One of the first things that many CDOs focus on is assembling a team to help them. A chief data officer's team should include both technical- and business-minded people that can support data quality initiatives and activities, as well as help elevate data management on the corporate agenda.

A typical data quality team includes some of the following roles:



Data owners are the people in the organisation that are ultimately held accountable for maintaining the quality of any given set of data. These team members are typically in a more senior position and are very closely aligned to the business.



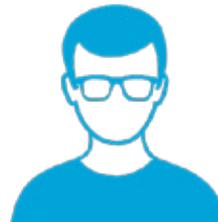
Data stewards are responsible for the management of the data elements – both the data itself and the metadata. Data stewards are responsible for helping operations team members ensure they follow rules, guidelines and standards when entering data into a system.



Data consumers are employees who will be using the data on a regular basis. These are oftentimes business people who are responsible for defining what standards data must be held to in order for it to be useful. Because they are the heaviest users of the data, they are also the first line of defense in identifying and reporting data issues to the team.



Data producers are those in the organisation that are actually capturing data, so they must ensure they are strictly adhering to the data consumer's requirements.



Data analysts translate data into actionable business insights. Typically these people will use modeling or reporting tools to summarise data so key stakeholders can make business decisions.



Data custodians bridge the gap between the data team and the IT team. They are responsible for maintaining the data on the different IT systems used in your organisation. They are also responsible for ensuring data strictly follows the requirements that were set by the business.



Depending on the needs of a given business, there will be a variety of these roles. CDOs should explore what works best for their organisation's needs and culture.

In addition to building a team, CDOs often have to take a very consultative approach across the business, evangelising the power and the positive effects of a centralised data strategy. Outreach and education about the importance of data internally is critical, especially in organisations where people aren't always open to change.

It is also worth considering the notion that the expertise and insight of a CDO can lead to greater awareness around data management challenges in companies. Those without a CDO have only begun to scratch the surface of their data issues. Those with a CDO have a more realistic and accurate picture of their challenges – and are better equipped to tackle them.

By leveraging data science, data stewards, optimisation and infrastructure, CDOs are beginning to move up the data sophistication curve. Optimising the data team and keeping a strict focus on ensuring that data is seen as an asset allows the CDO to demonstrate, socialise and evangelise the benefits of good data, while building trust within the organisation.

For instance, 61 percent of those with a CDO think the volume of data they'll need to manage will increase. Just 53 percent of those without CDOs believe the same. It seems companies with a CDO are better prepared to face future obstacles. But they will not be able to overcome them alone. They'll need the right partners and data practices to set them on the path to success.

Finding a partner, executive sponsor or other member of the leadership team is also critical. CDOs described many failed attempts at overhauling processes or stumbling blocks toward a data strategy due to simply falling out of the executive limelight. Identifying a sponsor who will help keep data projects on the agenda for the executive team will help your data initiative be successful.



Conclusion

Over the next several years, the CDO will continue to appear at many organisations, especially those that are highly regulated like financial institutions and healthcare providers. Data is of such critical importance to organisations that they can no longer manage it in siloed, one-off approaches that are based on individual departmental needs.

The research shows that the structures organisations have today simply are not equipped to deal with the high demands of data management and usage. To meet the increasing demands of consumers, businesses have to improve the people, processes and technology around data management across their organisation. They need to eliminate silos and accurately assess data challenges.

That is where the CDO comes in. The goal of this role is to be an evangelist for data within the business. They not only help dictate the governance, management and security of information, but they also help employees understand why processes are in place so that they actually follow them and find benefit in using data for their daily jobs.

Data isn't just a one-off engagement. To really use data well, it requires ongoing management, discussion and advocacy. Hiring a CDO is one step in the development of trust around valuable data assets.

Your data is a strategic asset, and a competitive differentiator. Experian Data Quality can help you unlock the power of your data with our industry-leading data quality and data management solutions.

Ready to update your data management strategy? Let's get started.

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