

Research:

# *Data drives profit in the data-ready enterprise*

*But IT/business disconnect threatens success*

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Chapter 1

# *Introduction*



# Chapter 1

## Introduction

*Numbers rarely lie, and those we've gathered recently show that businesses using data strategically are gaining competitive advantage over those that don't.*

Enterprises with a less-sophisticated grasp of the strategic importance of data are experiencing lower revenue growth and reduced competitiveness, according to “[The Data Directive](#),” an Economist Intelligence Unit study sponsored by systems integrator Wipro and published last year.

When we investigated further — commissioning our own global survey of 210 IT professionals — we found a lack of business knowledge and skills among data professionals has created a disconnect between IT executives and rank-and-file data professionals in many organizations. And that disconnect results in a less well-executed data strategy, which in turn impedes the competitive responsiveness of the business.

# Chapter 1

## Introduction

Informatica's survey of IT professionals — C-level executives as well as data professionals — explored attitudes and viewpoints on data around the world and across a mix of industries.

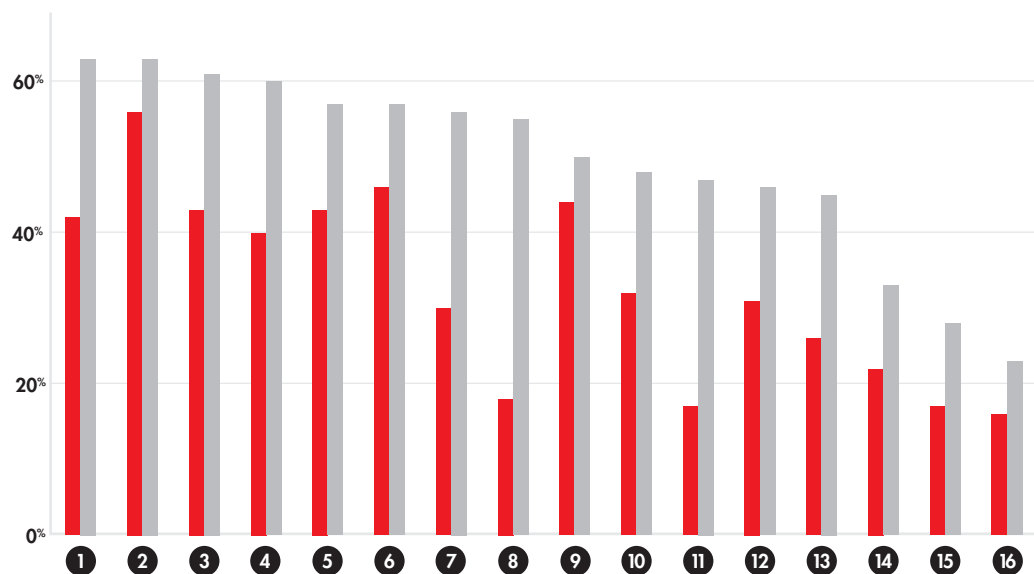
Business agility, competitive advantage, and customer responsiveness were globally agreed to be the top benefits of a well-executed data strategy.

### Data attitudes

In response to the question:

*"To what extent do you agree with the following statements, where 1 means 'completely disagree' and 10 means 'completely agree'?"*

Chart shows percent of respondents indicating 9 or 10.



#### Chart key

■ Non-executive

■ Executive

- 1 Business agility is enhanced when data is leveraged
- 2 An effective data strategy can be a competitive advantage for companies
- 3 Improving our data management strategy allows me to be more responsive to our customer
- 4 Data is managed as a strategic asset
- 5 Improving the ability to merge numerous sources of data improves the predictive capabilities of our business
- 6 Mastering business data improves business collaboration across our enterprise
- 7 Our data strategy focuses on business functionality
- 8 We regularly consult with our business leaders on our data management strategies
- 9 Data can be utilized to empower internal users
- 10 Our priority is to leverage data for business processes
- 11 Data is the responsibility of IT
- 12 Ever increasing volumes of data strain our team's capabilities
- 13 Our organization tries to achieve "a single source of truth" when it comes to data quality and management
- 14 The breadth of current technologies are challenging to manage
- 15 The increasing complexity of managing data is becoming overwhelming
- 16 Our data management is good enough to satisfy our current needs

## Introduction

### How important is it to have such a strategy?

Very, but that's just a piece of the story, as "The Data Directive"<sup>1</sup> shows:

- Ninety-seven percent of C-level executives consider data as a strategic priority.
- Yet there's a discrepancy between what enterprises aspire to, and what their data reality is. Only 12 percent of executives believe they are 'highly effective' at using data strategically.
- Most enterprises also suspect they're trailing behind their competitors in their strategic use of data. Only 15 percent of CEOs consider themselves 'significantly above average' in their use of data for their markets.

### C-level perceptions of data



*of C-Level executives consider data as strategic priority*



*believe they are 'highly effective' at using data strategically*



*of CEOs consider themselves 'significantly above average' in their use of data for their markets*

**Bottom line:** few companies have come to grips with how to use data effectively, even as they rush to collect more of it.

In this ebook, we'll look closely at research that shows the growing importance of data to organizations. Specifically, we'll show how businesses that use data strategically — we call them data-ready enterprises — perform better financially. Most important, we'll examine how and why the disconnects between IT executives and staff can put the brakes on this. Finally, we prescribe four critical ways that IT executives and staff can align to get the most out of their data and optimize chances for success.



## Chapter 2

# Data-ready enterprises are successful enterprises

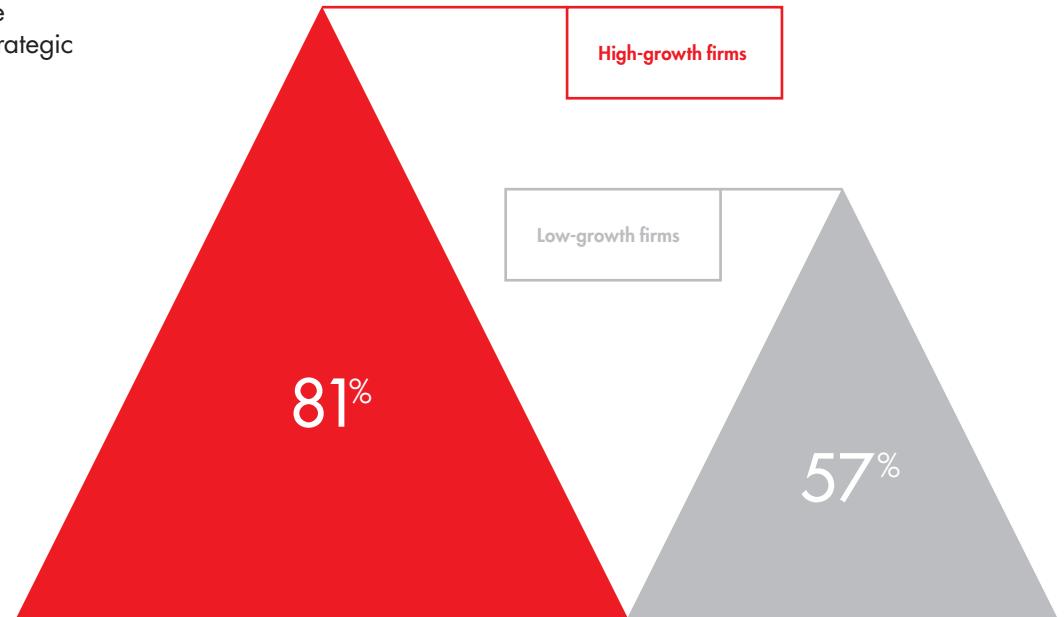
**Using data effectively:  
good for bottom line**

*Smart use of data equals higher revenue growth over extended periods of time*

A closer look at “The Data Directive”<sup>2</sup> report delivers more good news for data junkies: it found that ‘high-growth’ firms — categorized as such based on their EBITDA performance over the past three years — were far more likely than ‘no-growth’ firms to use data effectively (81 percent compared to 57 percent). Or, to look at it another way, high-growth firms were also far less likely to be ineffective at using data to drive strategic decisions (4 percent compared to 17 percent).

**Using data effectively**

High-growth firms were found to use data effectively far more likely than no-growth firms.



“The Data Detective”<sup>2</sup>



## Chapter 2

# Data-ready enterprises are successful enterprises

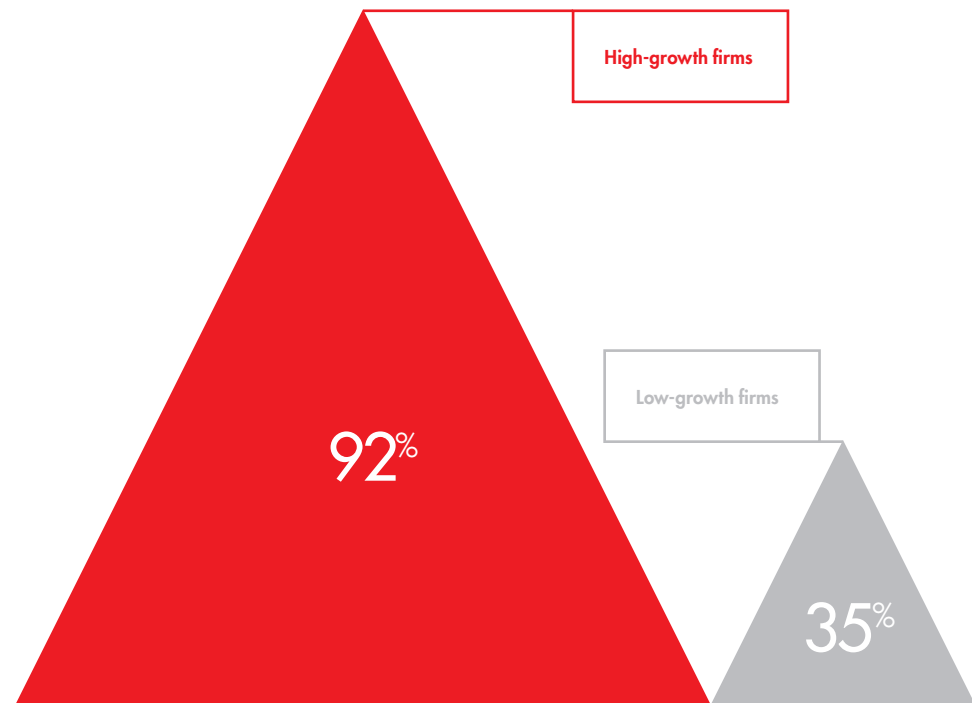
And when most other attributes of their strategic decision-making processes are the same, these high-performing, data-ready firms are more likely to use the results of the data they have. They also:

- Almost universally provide their senior executives with new data and information to support their roles and decisions (92 percent, versus just 35 percent of ineffective firms)
- Are 12 times more likely to consider their strategic planning and decision-making data-driven
- Put their CEO in charge on data-related initiatives within the business, ahead of the CIO

As a final point, nearly twice as many no-growth firms admit to collecting large volumes of data but not consistently maximizing its usage (38 percent versus 20 percent of high-growth firms).

### Data-fueled executives

High-growth firms provide their senior executives with new data and information to support their roles and decisions.



"The Data Detective"<sup>3</sup>

## Chapter 3

# *When IT execs and staff don't see eye to eye*

San Antonio  
Huntington  
Houston  
Edmond

80,5006  
\$436,578  
\$427,900  
\$256,870  
\$628,777  
\$218,790  
\$699,000



## Chapter 3

# When IT execs and staff don't see eye to eye

### Business users of data? What business users?

Although IT executives get the importance of working closely with business users on data-related initiatives, rank-and-file IT workers who manage the data day-to-day don't — yet.

Despite the clear evidence of the link between effective data usage and the bottom line in "The Data Directive" report, IT workers fell well behind IT executives' grasp of how data impacts the business in the Informatica research study.

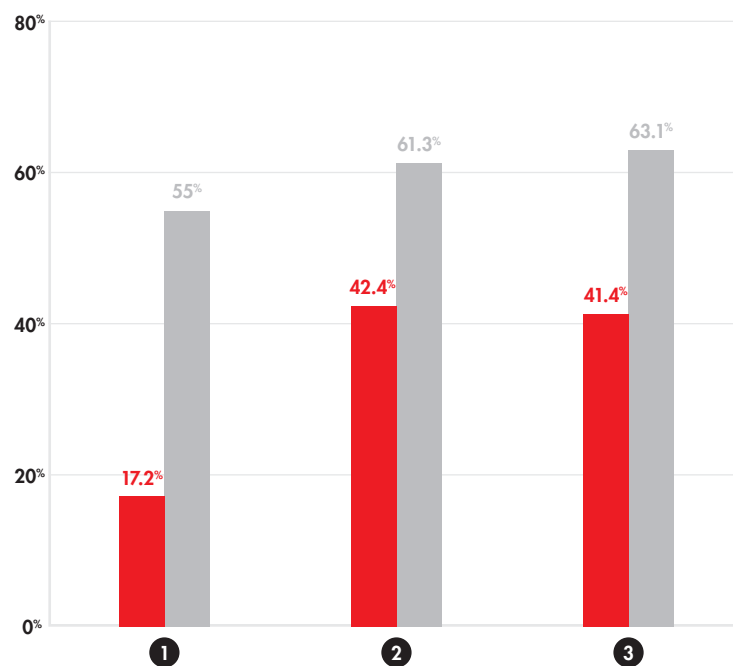
Moreover, IT staff were significantly less inclined to work with business users. Informatica's research shows just 17.2 percent of non-executive respondents indicate they "regularly consult with business leaders on data management strategies." That's compared with 55 percent of executive respondents.

### IT executive/IT staff disconnect

In response to the question:

*"To what extent do you agree with the following statements, where 1 means 'completely disagree' and 10 means 'completely agree'?"*

Chart shows percent of respondents indicating 9 or 10.



#### Chart key

■ Non-executive

■ Executive

1 We regularly consult with our business leaders on our data management strategies

2 Improving our data management strategy allows me to be more responsive to our customer

3 Business agility is enhanced when data is leveraged

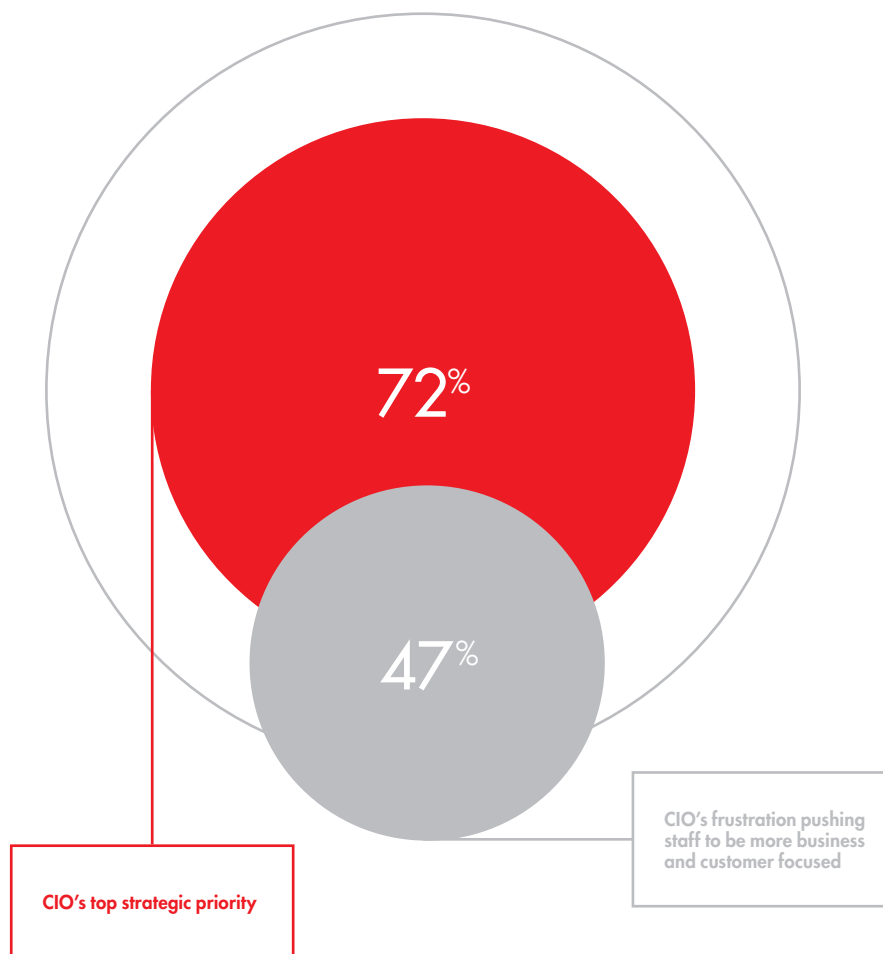
## Chapter 3

# When IT execs and staff don't see eye to eye

The fact that the people who actually administer the data lack a business-centric perspective clearly has ramifications for organizations' ability to use data effectively overall.

Other research backs this up. Although 'data use' was the top strategic priority of CIOs (72 percent) for the more than 700 CIO respondents to CIO's annual "State of the CIO" survey in 2014, nearly half of them (47 percent) said they were frustrated pushing their IT staff to be more business-oriented and customer-facing.<sup>4</sup>

Interestingly, even though IT executives and staff weren't aligned on the importance of issues like consulting business leaders, customer responsiveness, and business agility, they were likely to agree on the generic statement that an effective data strategy is a competitive advantage.



And they agree that data can be utilized to empower employees. The majority of both populations don't agree that data management techniques are good enough to satisfy their organizations' current needs. Otherwise, having their noses to the data grindstone made them relatively indifferent to the business effects of data, according to the Informatica study.



## Chapter 3

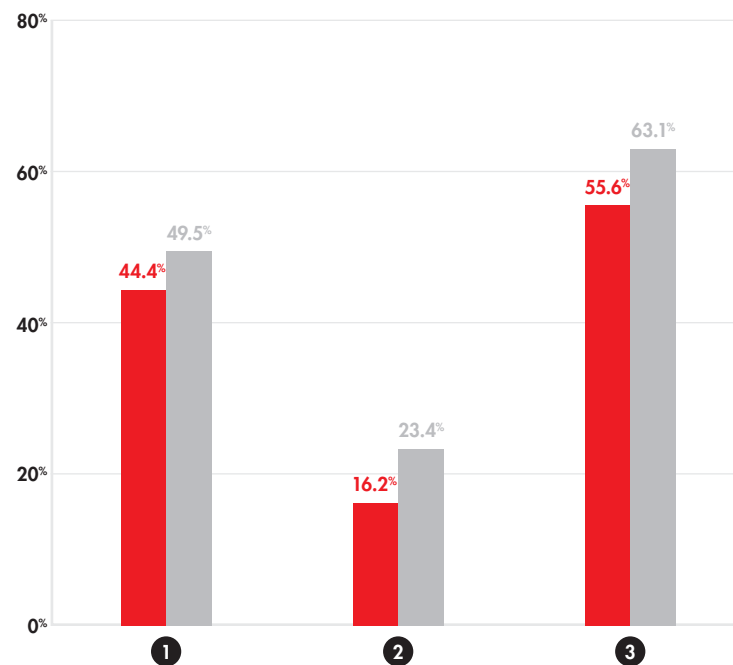
# When IT execs and staff don't see eye to eye

### Where IT executives and staff agree

In response to the question:

*"To what extent do you agree with the following statements, where 1 means 'completely disagree' and 10 means 'completely agree'?"*

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#### Chart key

■ Non-executive

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1 Data can be utilized to empower internal users

2 Our data management is good enough to satisfy our current needs

3 An effective data strategy can be a competitive advantage for companies

The data suggests that it's in the interest of any enterprise to educate IT workers on the specific business impact of what they do. And the chart shows that there is a strong link between good data management and a competitive advantage.

# *IT risks getting sidelined on data initiatives*



## Chapter 4

# IT risks getting sidelined on data initiatives

### Control of data moving to the business

Next-generation analytics and data management tools mean that business users are seizing control of data initiatives — potentially leaving IT in the dust.

Changing attitudes toward data and business might be an imperative for IT survival: according to CIO Magazine's 2014 State of the CIO survey,<sup>5</sup> 28 percent of CIOs say the CIO role at their enterprise is being 'sidelined' and 52 percent say the CIO's future will be one focused solely on managing contractors and service providers.

Given these attitudes, it's not surprising that only 25 percent of the CIOs from the CIO survey believe that their IT organizations are perceived by colleagues as true business peers capable of being 'game changers' to their businesses.

Another body of research, from Enterprise Management Associates<sup>6</sup>, shows that information consumers (users) of data projects are moving from data scientists and other technical personnel to employees with business backgrounds.

With user-friendly next-generation analytics and data management tools, today, nearly 50 percent of users of data projects have business backgrounds — most predominantly, line-of-business executives and business analysts.

## Chapter 4

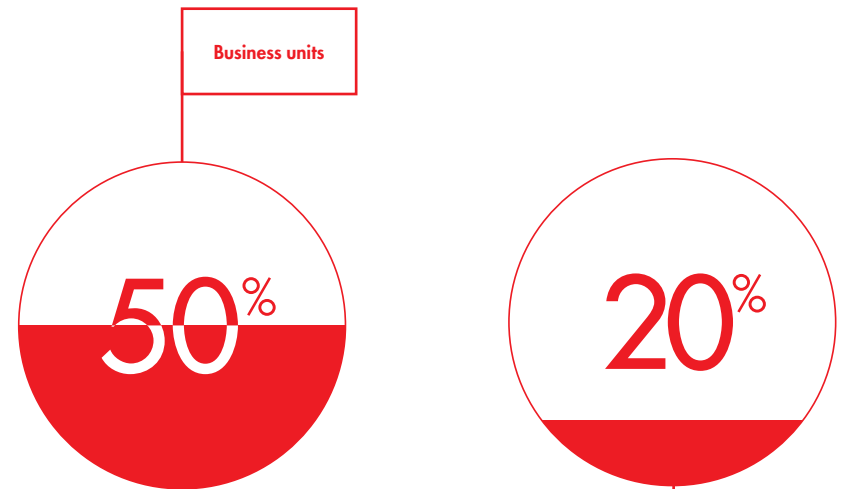
# IT risks getting sidelined on data initiatives

What's more, nearly 50 percent of all data projects are sponsored by business units such as finance, marketing, and sales. Only 20 percent of data projects are sponsored directly by the CIO<sup>7</sup>.

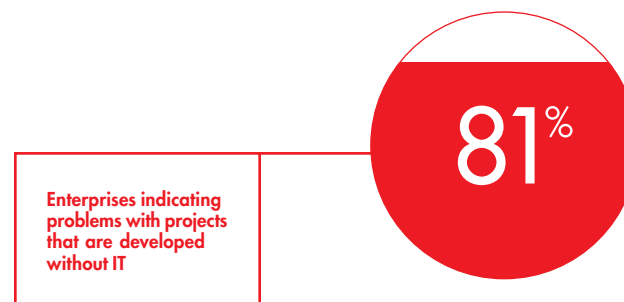
But this shift is causing challenges, since 81 percent of enterprises indicate data projects developed without IT involvement create problems.

Clearly, the business-IT disconnect on data has far-reaching effects. Also clearly: data-ready enterprises know how to balance IT input with business involvement in data projects.

### Business is sponsoring data projects<sup>7</sup>



### ...but leaving out IT can lead to problems





*Are executives  
out of touch  
on day-to-day  
data issues?*



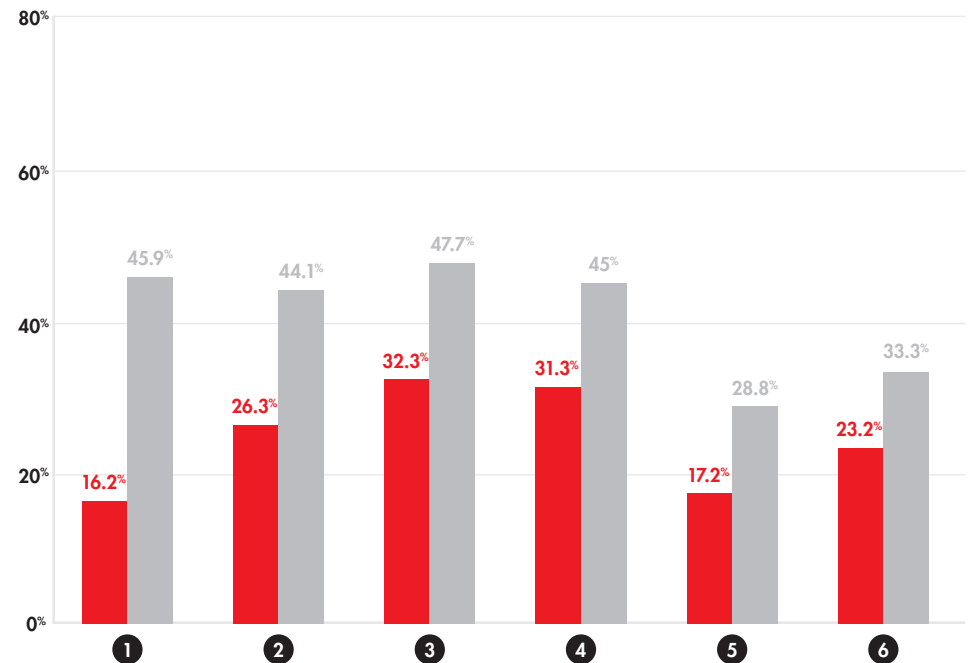
## Chapter 5

# Are executives out of touch on day-to-day data issues?

### Are expectations about data management realistic?

Although both IT executives and workers strongly agree that data can be leveraged to empower employees and help customers, they disagree on a number of key operational issues.

Just as IT workers fail to fully grasp the business significance of data, IT executives may have blinders on when it comes to what is — and isn't — important to IT data professionals, according to Informatica's own research.



#### Chart key

■ Non-executive

■ Executive

1 Data is the responsibility of IT

3 Our priority is to leverage data for businesses

5 The increasing complexity of managing data is becoming overwhelming

6 The breadth of current technologies are challenging to manage

2 Our organization tries to achieve 'a single source of truth' when it comes to data quality and management

4 Ever increasing volumes of data strain our team's capabilities

## Chapter 5

# Are executives out of touch on day-to-day data issues?

*Executives, although seeing the strategic importance of data to the business more clearly — and understanding the imperative to align with the business more closely — may not understand the operational issues facing the data workers in the trenches.*

Most significantly, execs and IT workers disagree on things that are closer to the day-to-day duties of the data professional. This implies that executives, although seeing the strategic importance of data to the business more clearly — and understanding the imperative to align with the business more closely — may not understand the operational issues facing the data workers in the trenches.

Interestingly enough, executives were far more likely to say that the technologies were difficult to manage, and that the complexity of managing data was overwhelming, than staff members who actually worked with the technologies and the data.

This suggests that information exchanges can flow both ways: IT executives and workers need to listen to each other to come to consensus on issues both strategic and pragmatic.

*Out of sync data  
aspirations can  
hurt business*





## Chapter 6

# Out of sync data aspirations can hurt business

### Lack of a common data vision

The lack of a common data vision emphasizes the disconnect on business attitudes between IT execs and employees.

In the Informatica survey, when asked if they agreed with or would embrace a strategy that included the statement to the right, more executives responded 'yes' than lower-ranking IT employees, again stressing the disconnect on business attitudes between senior IT and IT employees.

Do you agree or disagree with the statement in the red box to the right? What's your opinion?

Read our blog: ["Does your IT organization have a common data vision"](#) to share your thoughts.

### Right data, right time, right way

Every application, every process, and every person is smarter when the right data is used at the right time. To unleash your organization's full potential in this data-centric world, it is critical to think differently about your data:

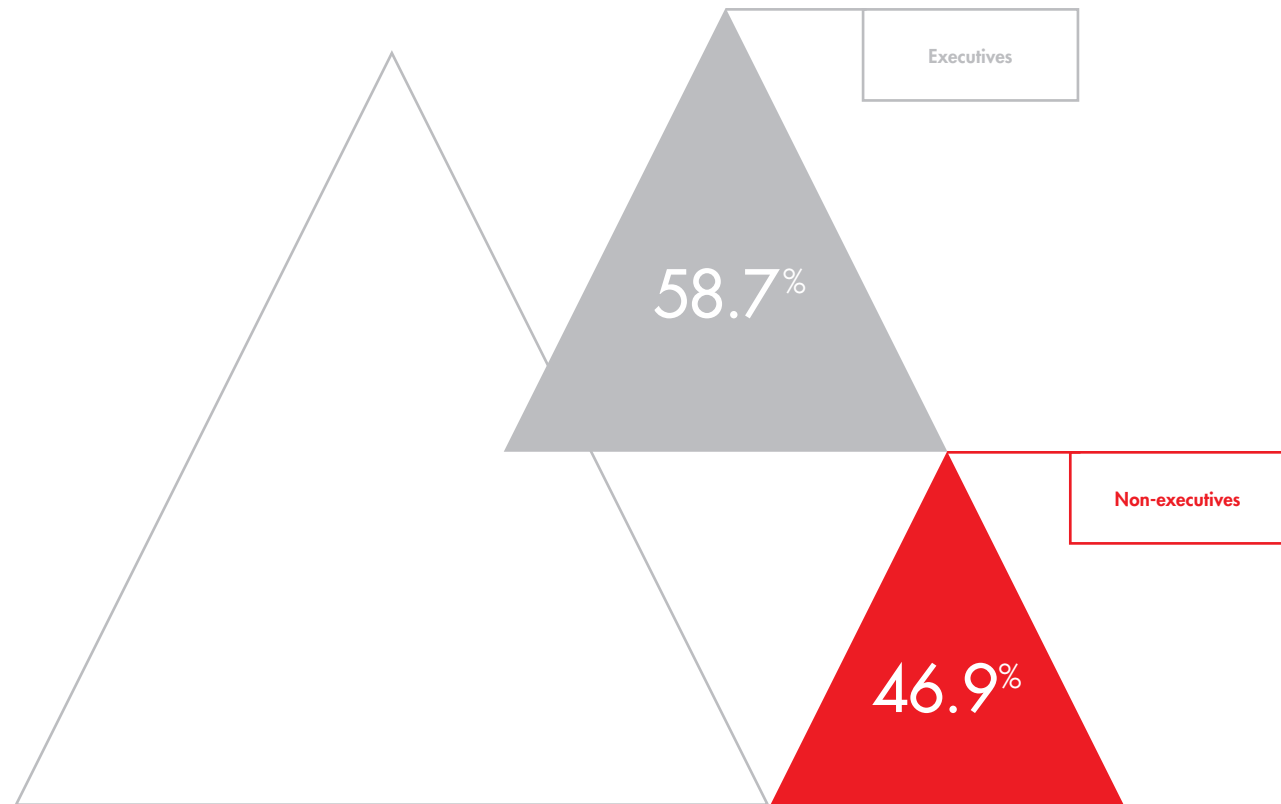
- Data can no longer be defined by its source or application. Data needs to be managed as an interconnected ecosystem spanning all applications, processes, computing platforms, devices, users, and use cases.
- Your data technology landscape will never again be a static standardized architecture, but rather will be constantly changing and adapting to incorporate new technologies or applications.
- With the consumerization of IT, companies are sitting on an ever-growing pool of data and technology skills, in both IT as well as the business, that need to be harnessed for the combined good of the company.

## Chapter 6

# Out of sync data aspirations can hurt business

### Agreement with data strategy statement

This again suggests that IT employees need to adopt a more strategic view of what they do if they want to push their organizations to be data-ready enterprises.





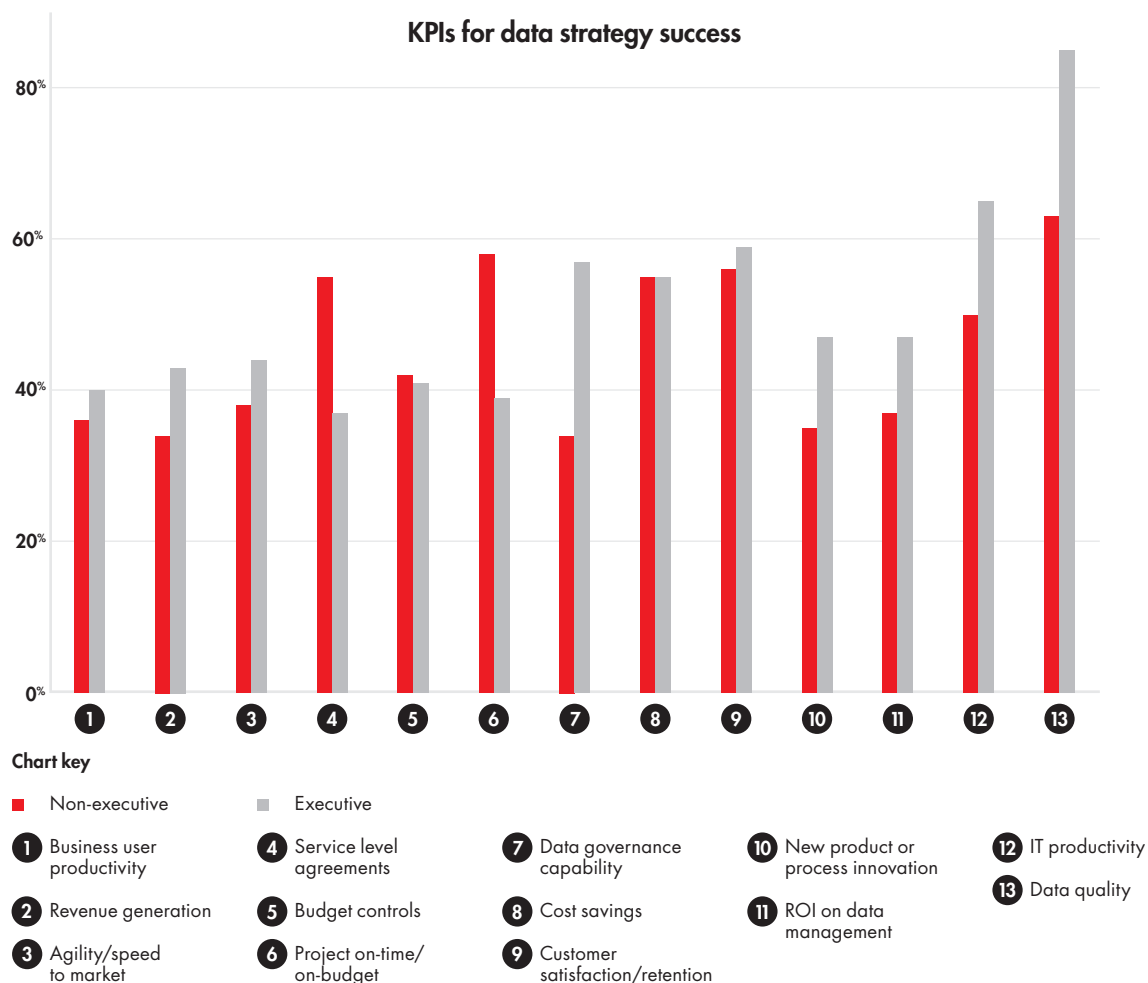
## Chapter 7

# Needed: Consensus on what is being measured to determine data strategy success

### Discord around definition of data strategy success

Execs focus on productivity, governance, and innovation; non-execs emphasize SLAs and on-time projects.

When asked what key performance indicators (KPIs) they used to measure the success of data strategies, IT executives and workers were again in discord. Although data quality is key for both groups, execs focus on productivity, governance, and innovation, while non-execs put a relatively greater emphasis on SLAs and project timeliness.



## Chapter 8

*Data needs to  
be clean, safe,  
connected*





## Chapter 8

# Data needs to be clean, safe, connected

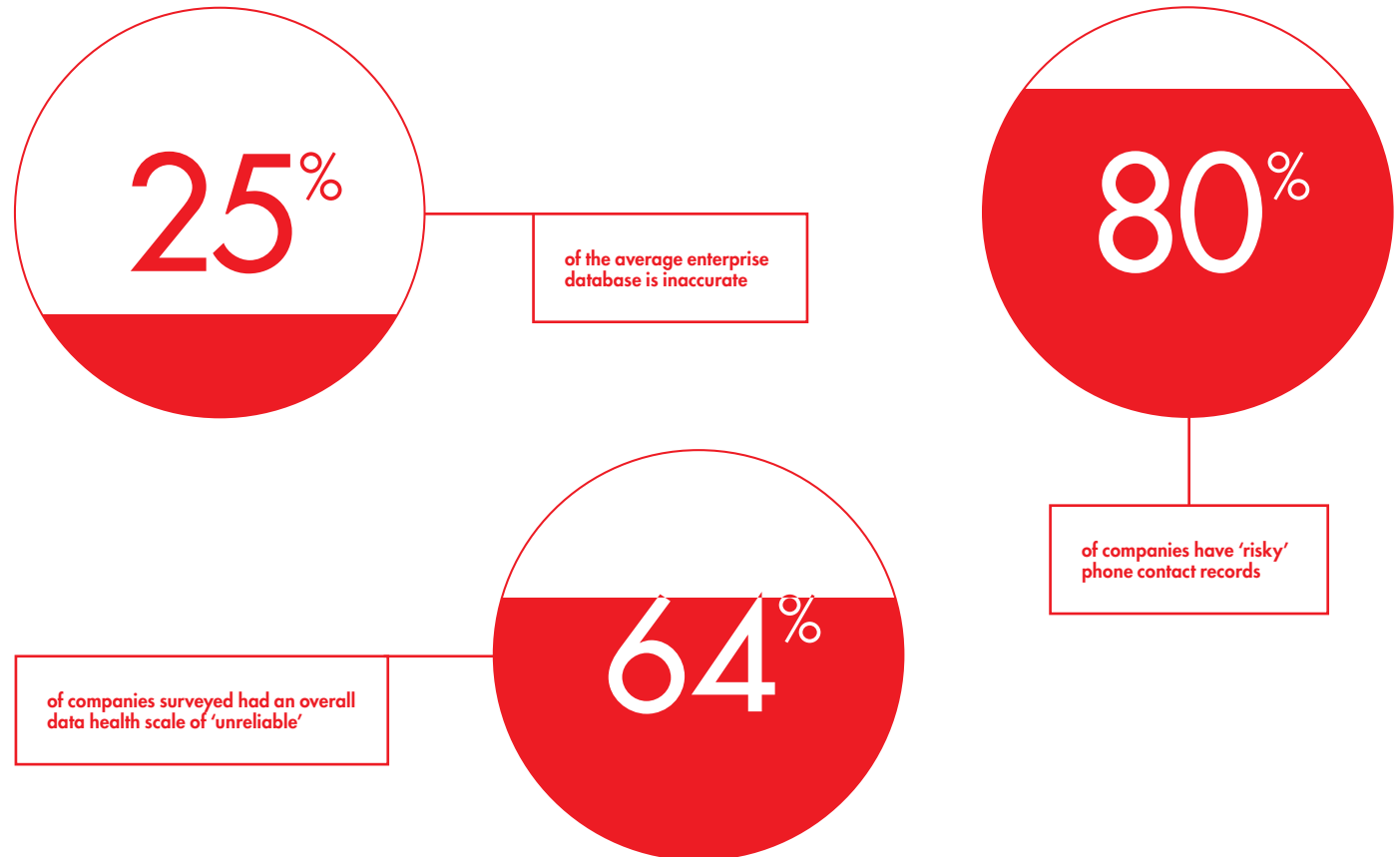
### At last, agreement: data must be safe

That data is safe (trusted, secure, compliant, and failsafe) is seen as the single most important attribute by both IT executives and workers.

According to the Informatica survey, IT executives and non-executives alike agree above all that data must be clean, safe, and connected.

However, 'safe' is named most critical by a slight margin.

### The statistics on data are rather dismal:<sup>9</sup>



## Chapter 8

# Data needs to be clean, safe, connected

### Data Priorities

In answer to the question:

*“How would you rank the following statements in terms of its relevance to your organization with regard to data management and integration?”*

Sum of top 1st and 2nd choices shown.

### Clean

Data needs to be clean (e.g. accurate, “single source of truth,” centrally mastered, standardized).

### Safe

Data needs to be safe, (e.g. data movement is fully trusted, secure, compliant and failsafe).

### Connected

Data needs to be connected across systems, technologies, devices, and users in a relevant and actionable way.

### Predictive

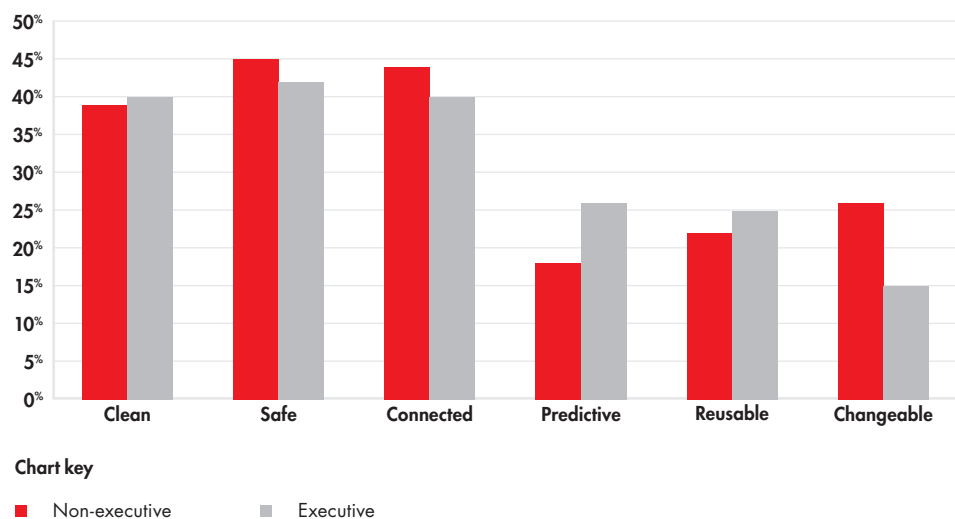
Data can be used in a proactive way, allowing for predictive analytics and applications.

### Reusable

Data infrastructure needs to leverage and reuse existing skills and technical artifacts to increase agility and productivity.

### Changeable

Data infrastructure has to be architected to handle frequent change.



Where executives and non-executives disagree is in the predictive aspect of data. Executives are far more likely to say that data should be used proactively for predictive analytics and applications than IT staff workers. And, perhaps not surprisingly, IT workers rate the ability to have a data infrastructure capable of supporting frequent changes much higher than executives. What’s clear is that in a Data-Ready Enterprise, both things should be true: data should be used proactively, and the data infrastructure must be able to shift flexibly to mirror changes in markets and the business.

## Chapter 9

### Conclusion

# Four imperatives for getting the most out of your data

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\$505,455  
\$989,000  
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209,908  
146,890,091  
90,872¥  
400,912€  
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56,900¥  
E2,704



# Conclusion

## Four imperatives for getting the most out of your data

### How to enable the data-ready enterprise

If the data-ready enterprise supports better financial performance, what practices might you put in place to enable it? We can think of at least four:

#### Best Practice No. 1

Assess the current health of your data to establish a baseline for data quality. Ongoing improvements are measured against this baseline.

#### Best Practice No. 3

Shift toward a model where business self-service is enabled by IT, who can ensure policies are adhered to, while enabling the business to act more quickly on their own (with guard rails).

#### Best Practice No. 2

Establish and promote joint IT and business ownership on projects. Hire people with business analysis experience onto the IT team so that IT can speak the business's language.

#### Best Practice No. 4

If your enterprise architecture is still anchored around business applications, consider re-orienting your architecture to anchor on the data. After all, apps come and go. Your data lives on.

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