

Executive Briefing

Data Quality ROI

Enhancing the Bottom Line

Introduction

In good times, defining and then delivering the ROI (Return on Investment) from organizational spend is important. When the economy is tight, budgets are even tighter and competition is fierce, ROI is truly imperative. Not only that, it must be clearly measurable and delivered fast!

It doesn't matter if you are a commercial company which wants to drive revenues and profit for shareholders or a publicly funded body which wants to ensure the absolute best returns from the public funds you receive, ROI is an ever more important measure across the organization.

So what about your data? Obviously it is a critical asset. Can it be sweated more? Can it work more efficiently? If the data is incomplete, inefficiently managed or simply incorrect or unavailable does that have a cost and operational impact on the organization, its customers and stakeholders? This paper is designed to introduce the concept of gaining ROI from improved Data Quality.

This paper is the third in a series on Data Quality as it relates to business value. The paper focuses on the approach to gaining stronger ROI from your data and highlights a number of indicative areas where this is important.

ROI:

There are many definitions of ROI. This document is not designed to provide detailed analysis of ROI formulae and principles. So let's just take a very simple definition. It can be summarized as ' $V = B - I$ ' or, in English 'Value = the **B**enefits received – the **I**nvestment made'. Clearly there is a cost (in terms of money, resources and effort) in creating organizational data and then maintaining it. If there is a cost surely there is also a need to maximize the value delivered?

What is your ROI against that investment made? Could it be improved? Ted Friedman of Gartner said "Data is useful – high quality, well-understood, auditable data is priceless"...*

Data Quality ROI Outcomes:

- Improved Data Quality reduces the need for manual intervention and processes (and the associated costs)
- As a result of the above, improved Data Quality reduces time to act, time to respond and time to market
- Improved Data Quality releases staff to work on higher value/higher return activities
- Overall operating efficiency improves in line with increased Data Quality
- Customer service – which is based on product, service and customer data – automatically improves as Data Quality improves
- Complex data which is core to the organization (for example: data on multiple products leading to cross-selling opportunities or stock data analysed by geography) becomes much more effective as its quality and speedy availability increases
- Improved Data Quality leads to better decision making. It lends itself to more detailed analysis and consideration and the resultant better decisions

- Improved Data Quality can directly reduce fraud (eg: duplicated invoices received)

Hard and soft ROI:

While the items above focus on specific (and thus more easily measurable) 'hard' ROI there are also multiple 'soft' benefits that accrue from improved Data Quality. There have been many recent public examples world-wide of reputational damage caused by non-compliance, faulty or missing records, or incorrect decisions made based on faulty data.

There will be hard costs associated with these situations but there is also a much deeper and wider impact in terms of staff morale, customer (and stakeholder) confidence, customer satisfaction and organizational reputation. These factors, added to the hard costs make the need for continuous Data Quality improvement even more critical.

Data Quality Improvement ROI: First Steps

Your organization both creates and uses data. It will, most likely, also import data from external sources, partners or providers. As your data volumes continue to increase, the challenges around the relative quality of that data become more and more important.

The first step in measuring your Data Quality ROI is to consider if there are any measures of Data Quality or Data ROI in place today. If they are, are they stringent and defined enough? If not, what could you start to measure? Once you can start to see indicators (returns levels, customer complaints, error rates etc) then you can consider how to deal with the issues.

It is possible to use a purely manual approach to improving Data Quality but this is both slow and extremely expensive. As in most other areas of business and commerce there are now better, faster and more effective ways to handle this challenge. Dataactics is a market

leader in the provision of Data Quality solutions. We provide a range of solutions, combined with deep domain expertise (reflected in both our products and our consulting support for clients) which enables our customers to achieve very substantial improvements to Data Quality. Dataactics delivers this capability in both 'name and address' data (covering staff, customers, partners, suppliers etc) and the more complex 'Product Data' (covering 'Product' in the broadest sense, from physical components to products to services to medical and social services to financial offerings and complex instruments).

Dataactics has delivered measurable improvements and ROI to a very broad cross section of private and public sector organizations in the USA, UK, Europe and Asia.

We do not deal in 'maybes' when it comes to the ROI results we commit. We have a reputation for testing data, committing the improvement levels and then delivering exactly that – or more – for our customers.

Contact us today to find out more. Or visit our website where you will find a large number of customer Case Studies detailing the results we have delivered.

You can always do nothing; it just delivers the worst ROI...

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