



STRATEGIC MANAGEMENT

With a Holistic Data Strategy to Efficient Data Management

Competitive Advantages through Data Expertise and
Data-Driven Business Models

valantic

Inhalt

- 3** Preface
- 4** Eureka Experiences through Data Harmonization
- 8** Central Approaches to Strategic Data Management
- 10** Calculating the Benefits in a Data Management Use Case
- 12** Four Steps to Strategic Data Management

Dear readers,

many types of data originating from many different sources: These are a company's most valuable asset in today's business world, and are crucial for generating competitive advantage in a company's digital business models. Maximizing the potential slumbering in these data requires them to be of a high quality and readily accessible to relevant users. A long-term data strategy and efficient data management are imperative here.

This whitepaper shows how strategic data management paves the way to a data-driven company, as well as the concrete added value it offers – such as lower costs and long-term productivity improvements.

I hope you enjoy reading.

Ju Lee-Schultz

Managing Consultant
ju.lee-schultz@mc.valantic.com



Ju Lee-Schultz has been with valantic for 2 years focusing on digital transformation, process analytics, and data strategy. Before that, she was in charge of commercializing machine learning applications with a focus on conversational and personalization technologies at an AI company. At valantic, Ju Lee-Schultz serves as contact person for strategic data management and governance issues.

Eureka Experiences through Data Harmonization

Optimized data management and real-time evaluations provide for eureka-experiences.

Julia Schmidt is managing director of the medium-sized fashion company ABC Inc. Each day, she calls up her company's most important KPIs first thing in the morning using self-service analytics, regardless of whether she is working at the office, from home or on the road that day. This gives her a direct and clearly visualized overview, at every level of detail, of changes in lost revenues due e.g. to invoice items with an indefinite status in the online store. The result is meanwhile very satisfying: Accurate, up-to-date billing data have helped cut losses significantly at ABC from ten to two percent, with the trend continuing to decline.

The high data quality was made possible by a strategic data management project. During the project, the company set up a state-of-the-art IT and data architecture that uses data from a wide range of source systems, normalizes them and makes them available to relevant user groups for self-service analytics in near real-time. In accordance with their authorizations, company

executives, as well as specialist departments, business analysts, data scientists, and data and IT engineers can all retrieve reliable, easy-to-understand analyses and KPI reports based on high-quality data at the push of a button.

This has triggered many a "eureka" moment. With the analyses, sales staff, for example, can identify trends and patterns, such as which weekdays, which times of the day, which markets and which contact channels generate disproportionately high numbers of purchases and orders; it thus gives them new insights into the business and lets them draw important conclusions about the future direction of its omni-channel strategy – a factor highly relevant to competition. If that weren't enough, however: The "ideal data situation" has also allowed ABC Inc to enhance its business model with digital services and data-based offerings, such as automated, personalized customer contacts and seamless digital user interaction. This distinguishes it clearly from the competition.



Benefits of a Data Strategy

Fast-track innovation, financial added value, better decision making.

This fictitious example demonstrates three things.

1. The efficient handling of any kind of data (structured, semi-structured, unstructured) is one of the critical competencies that a company must have in today's business world, regardless of its size or industry.
2. Companies that have a holistic data strategy aligned with their business strategy can selectively exploit the potential of existing and future data.

3. Efficient data management is essential for companies to be able to make data-based decisions. It is a prerequisite for conducting well-founded analyses based on cutting edge data architectures and data models , and for efficiently implementing integration and storage concepts and making these accessible.

Studies verify the multitude of operational and strategic benefits of an enterprise-wide data strategy and data management based on a "perfect data landscape".

Financial Added Value through Mature Data Strategy

The latest “State of Data Innovation Report”, for example, concludes that organizations with a mature data strategy implement new products and innovations twice as fast and are twice as productive as companies without targeted data usage. A high degree of data maturity also doubles the likelihood of deriving direct financial value from data (from 36 to 66 percent).

The Top Five Benefits

BARC’s (Business Application Research Center) “Data Culture Survey 22”, on the other hand, identifies the following top five benefits for companies that are data-driven rather than “gut-driven”, and that have a “data culture”: improved decision-making (73 percent), continuous process optimization (61 percent), cost reductions (60

percent), and increased revenue and competitive advantage (55 percent each).

With this wealth of business benefits, but also in view of exponentially exploding data volumes – US market researcher IDC predicts growth to 175 zettabytes by 2025 – it should be abundantly clear that strategic data management be treated as a top priority.

Things don’t look so great for Strategic Data Management in Reality

Theory and practice, however, often diverge considerably in reality. Many companies, especially SMEs, are still a long way from having a holistic data strategy, efficient data management and a living “data culture”. This is confirmed in a representative study conducted by IT company HPE and data analyst YouGov, in which 800 companies from the DACH region participated.

THE TOP FIVE BENEFITS OF STRATEGIC DATA MANAGEMENT



Source: BARC, Data Culture Survey 22

Almost two-thirds of board members/managing directors (65 percent) and 37 percent of middle management said their companies had neither developed nor implemented a data strategy concept to date. Only seven percent have a data strategy at all that is also centrally embedded in the business model and corporate strategy. In addition, half the respondents (board members/managing directors: 75 percent) are not currently interested in developing and launching data-based products and digital services.

The quality of the data also often leaves much to be desired, as an IDC-survey of 260 IT and business managers from companies in Germany shows. In many cases, this is due to inadequate orchestration and integration of data into a heterogeneous IT landscape with all its applications, cloud services, edge computing

devices in a hybrid on-premises and public cloud infrastructure. Poor data quality is seen as one of the most important reasons why only a quarter of respondents are driving digital transformation through data-driven application scenarios.

In the absence of an overarching data strategy, individual departments or company locations sometimes take the initiative. However, experience shows that isolated projects of this kind generally fizzle out due to the following scenario, for example: Department A is already working with uniform, high-quality data, while departments B and C are struggling with inaccurate, obsolete data and large numbers of duplicates. Against such a backdrop, it is clear that data-driven business models and digital transformation will largely only be held back.



Central Approaches to Strategic Data Management

Prerequisite for Data-Based Business Models.

Conclusion: Companies fail to fully exhaust the true value of data that lies dormant beneath the surface. To fully exploit this potential and press forward with data-based business models sustainably and as quickly as possible, it is fundamentally important to have a holistic data strategy closely dovetailed with the business and digitization strategy. The data strategy defines the vision with concrete targets and the roadmap for optimizing a company's data management over the long term.

Continuously evolving, strategic data management is the be-all and end-all for a company's successful, long-term market presence and for it to remain that decisive one step ahead of the competition. **Only then can a company fully mobilize and harmonize the data's inherent worth, and optimally leverage its formerly untapped added value.**

The Three Central Starting Points of Data Management

Data governance, data quality and data architecture (including integration and storage concepts) – these are the three key starting points to consider when establishing a data management framework.

1. Data Governance

Data governance is an ongoing program that controls data handling, behaviors, applicable methodologies and initiatives, and ultimately ensures data quality. As a steering element, data governance ensures the control, use of best practices, security and data privacy when managing internal and external data flows. By defining principles, guidelines, responsibilities, and processes for topics relevant to the company, the introduction of change management initiatives cultivates, among other things, the relationship with data and thus employees' appreciation and understanding of them.



2. Data Quality

Achieving and ensuring a high quality of data requires companies to continuously monitor, analyze and purge their datasets, even if these are constantly growing – keyword Big Data. This requires enterprise data to be evaluated for accuracy, consistency and completeness throughout the data lifecycle. Some of these steps can meanwhile be performed fully automatically. Moreover, clearly defined data models and the structured management of metadata (the higher-level information used to describe data objects) are other important elements for optimizing data quality. In doing so, the observance of best practices is just as essential as defining critical KPIs for monitoring data quality.

3. Data Architecture

An elastic, state-of-the-art data architecture is the linchpin for merging and unifying data from a wide range of source systems such as public clouds, data lakes, data warehouses, databases, and edge devices. In times of digital change and almost unchecked data growth, such a data architecture in conjunction with high-quality data models offers inestimable benefits. Data integration systems and data management platforms, as well as state-of-the-art data fabric and data mesh concepts and infrastructures, can be used to implement this, for example. They make it possible to intelligently orchestrate distributed data, optimize data access and drive forward current trends in data management.

#From Theory to Practice

Use Case

Calculating the Benefits in a Data Management Use Case

The many potential benefits of holistic strategic data management were already mentioned in the fictitious scenario of ABC Inc at the beginning of this white paper. We will now proceed to show how business benefits can be quantified – even down to a single euro – and illustrate this in operational practice using cost-saving examples.

When companies store customer data in different systems, this usually leads to a large number of duplicated information. In the case of ABC Inc, an internal survey showed that around 150,000 duplicate customer records existed. Given that a single customer record costs around EUR 0.40 to manage and maintain per year, duplicates are causing unnecessary expenses of EUR 60,000 p.a. A data purging initiative significantly improved the data quality and reduced the number of duplicates to around 2,000, saving ABC Inc EUR 59,200 a year. The improved data quality also benefits the specialist departments, such as customer service, by allowing them to handle inquiries far more efficiently.

Avoidable costs also arise if large numbers of shipments are returned due to incorrect data. Assuming a baseline shipping charge of EUR 4.99 for standard parcels, if the number of incorrectly dispatched items can be reduced from 100 to 20 per week thanks to optimized address data quality, this reduces unnecessary costs (based on 50 weeks) from EUR 24,950 to EUR 4,990 per year.

Efficient data management not only avoids needless costs, but also improves process efficiency and productivity, especially for the manufacturing industry. If, for example, a company's purchasing is largely performed automatically based on centrally stored and correct inventory and sales planning data, this increases staff productivity in the purchasing department. At the same time, purchasing staff are able to concentrate more on their core tasks, since time-consuming searches for relevant information and the error-prone copying of these data back and forth between stand-alone IT systems due to lack of suitable data interfaces is eliminated.



Engage with us
today and get to
know our latest
references.



Four Steps to Strategic Data Management

Planning and implementing a holistic, long-term, company-wide data strategy with highly efficient data management is a challenging undertaking. valantic helps companies realize their bespoke strategic data management projects and provides single-source services in accordance with its end-to-end delivery philosophy. valantic implements projects using a proven process model based on four well-founded, pragmatic and structured steps: determination of the status quo, definition of use cases, definition of the data strategy and data architecture concept, and choice and implementation of suitable software.

Determine the degree of maturity and derive the aspired end result

The starting point of every data strategy project is to determine the current degree of maturity of the data and data management, and to analyze the existing business and IT strategy. Data maturity is assessed based on seven separate dimensions: "Data strategy and goals", "Data management", "Data architecture", "Analytics", "Leadership" (= support by executive and middle management), "Employee skills", and "Corporate culture".

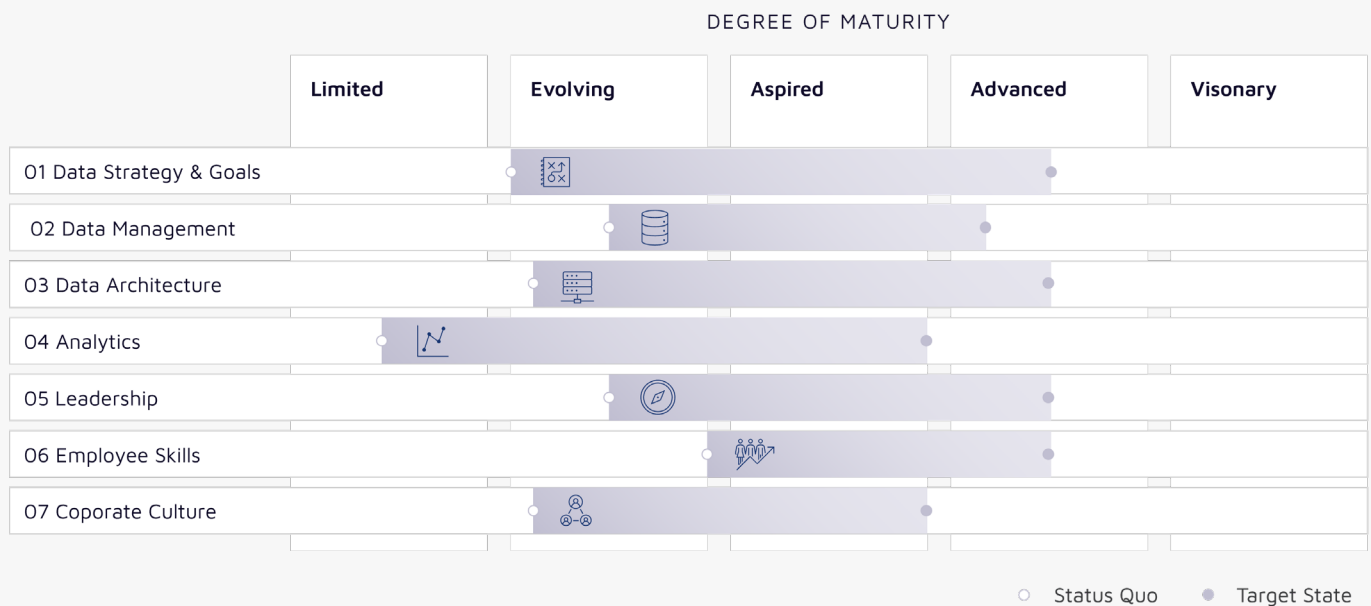
Once the status quo has been determined for each dimension, it is used to derive the aspired end result (target state), along with a timescale for achieving this. For each dimension, the status quo and target state are classified on a five-value scale ("Limited", "Developing", "Emerging", "Advanced", "Visionary") and illustrated clearly in a graphic.

An example of such an evaluation is shown in graphic 2. It shows, among other things, that the "Data strategy and goals" dimension has a limited degree of maturity and that a target state of "Advanced" is to be achieved in the next three years.

Identify Pains & Gains, outline data management initiatives

The next step involves conducting interviews and workshops to identify and evaluate the problems/weaknesses (pains) and benefits (gains), as well as areas for action. This analysis forms the basis for outlining possible data management initiatives.

PRESENTATION OF AN EVALUATION OF THE ACTUAL AND TARGET STATE OF THE SEVEN DATA DIMENSIONS



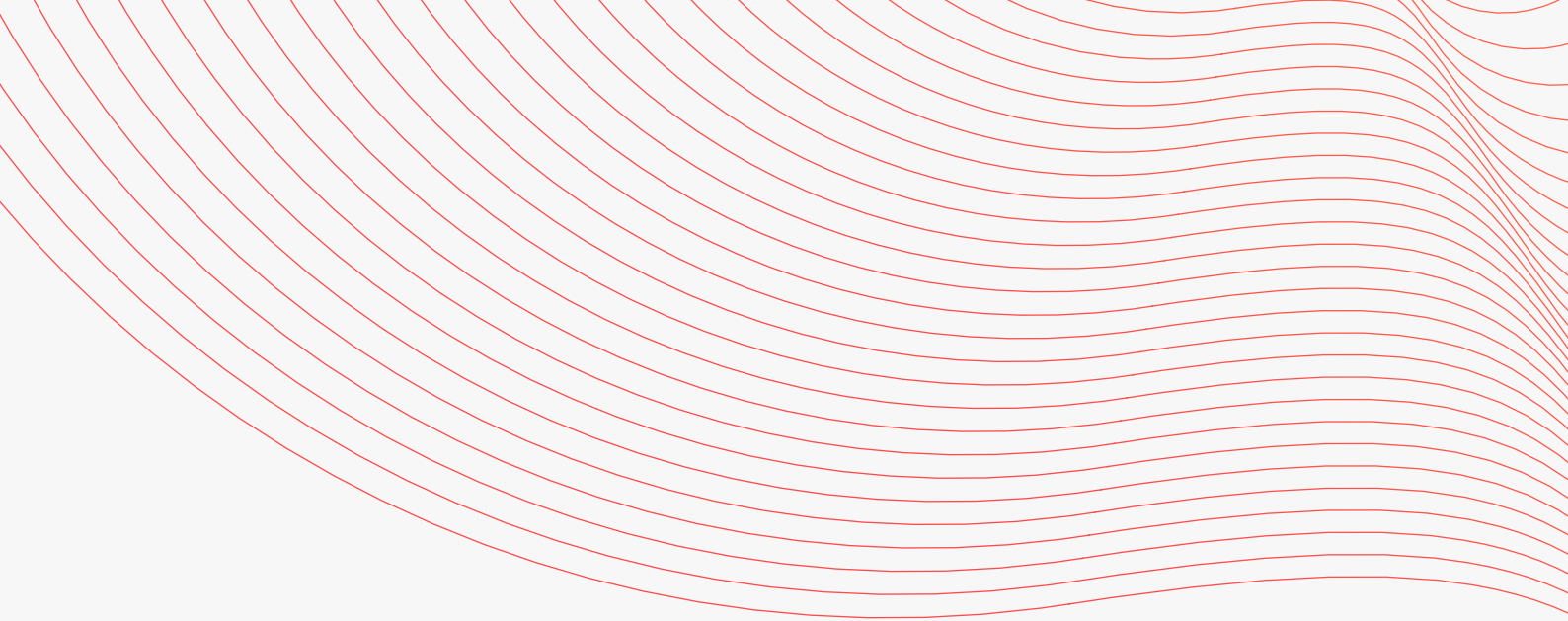
Source: valantic

Evaluate initiatives, define use cases, data strategy and roadmap

After this, each data management initiative is evaluated in terms of its “business impact” and feasibility, and prioritized in accordance with its relevance to the company. Based on the results determined in the analysis and evaluation phase, the data strategy is derived from this and the medium- to long-term roadmap is defined with a concrete plan of action for implementing the individual initiatives.

Implement data strategy and data initiatives

The final step is to implement the data strategy and individual data management initiatives in accordance with their priority. In each phase (analysis, design, implementation), a carefully selected team of valantic experts support customers proactively with their undivided know-how.



About us

As valantic Management Consulting GmbH, we have specialised for over 30 years in building bridges between business and IT and in creating business success through the realisation of IT solutions that are perfectly aligned with business strategies and business processes. We are reliable, independent, inspiring and powerful advisors, guides and companions to our clients, from brainstorming and strategy development through to the successful joint implementation of these IT solutions. Appreciation for the entrepreneurial performance of our customers and empathy in dealing with our business partners and employees are the key pillars of our success.

valantic Management Consulting GmbH is part of the valantic Group, the N°1 for digital transformation and one of the fastest growing digital solutions, consulting, and software companies on the market. With more than 4,500 specialised employees, valantic is represented at over 50 locations worldwide and advises in the areas of Digital Strategy & Analytics, Customer Experience, SAP Services, Smart Industries and Financial Services Automation.

Contacts

valantic Management Consulting GmbH
Dreieich Plaza 2A
63303 Dreieich
Germany

Phone +49 6103 50 86 0
Mail marketing@mc.valantic.com

www.valantic.com