

The 2018 Data Value Report

Research conducted by Vanson Bourne uncovers the unprecedented value data delivers to businesses, as well as the obstacles organizations must overcome in order to realize meaningful business benefits and greater ROI from their complex data landscapes

RESEARCH REPORT



The Data Value Disconnect

It's impossible to walk into a business today without a mention of data. From healthcare to retail, financial services to oil and gas, organizations are racing to adopt a data-first attitude. Leaders across every industry and business function are increasingly looking to data as the golden ticket to uncovering new insights, driving better decisions, and accelerating innovation.

But for many businesses, does the concept of data value represent false hope or, worse, the impossible? Are organizations making the most of their data to deliver meaningful results? What obstacles are preventing maximum value?

We commissioned a survey of IT Decision Makers (ITDMs) across US and UK businesses with independent market research company, Vanson Bourne, to examine data investment plans and primary obstacles to maximizing the returns on their data. The results offer an honest look at the disconnect between enterprises' data ambitions and real results. Data may be a top priority among organizations, but the majority of ITDMs have yet to generate the value they have set out to achieve.

Key findings

- On average, respondents estimate that their organization only uses around half **(51%)** of the data that it collects or generates
- Only **29%** of respondents have complete trust in their organizations' data when it comes to making business-critical decisions
- Three-quarters **(74%)** of respondents agree that their organization has more data than ever but is struggling to use it to generate useful business insights
- In five years' time, respondents expect that their organization will allocate **\$1,725,309** to operationalizing data, more than double what they're spending today
- Respondents estimate an annual revenue increase of **\$5,156,891**, on average, as a result of using data more effectively
- Four in five **(80%)** respondents believe legacy technology is holding their organization back from taking advantage of data-driven opportunities
- Data integration and data sharing between different teams and departments also remain a problem, with **44%** saying they are only partially effective at this, resulting in silos across the business
- The majority of respondents say artificial intelligence and machine learning-driven assistants will help them automate data analysis **(82%)**, data preparation **(73%)**, software development **(66%)**, and application integration **(63%)**

Seeing only half the picture

It's no secret that the volume and variety of data is on the rise. In fact, **IDC predicts¹** a tenfold rise in worldwide data by 2025. While logic says that more data means higher potential for delivering business value, on average respondents estimate their organizations only use around half (51%) the data that they collect or generate (*Fig. 1*), resulting in vast quantities of unused information.

The amount of data organizations collect and generate which is actually utilized

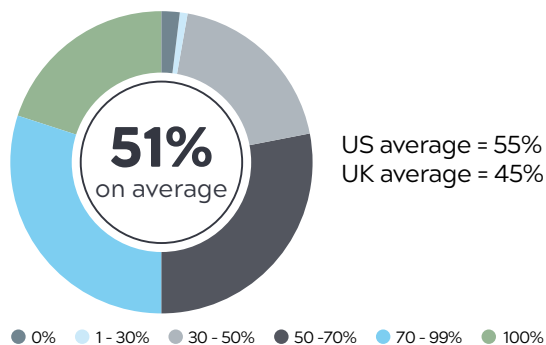


Figure 1: Analysis showing the estimated proportion of collected or generated data that respondents' organizations actually utilize. Asked of all respondents (500)

Many organizations lack a suitable strategy, organizational structure and support, or the right technology infrastructure to derive true value from their data. Almost all (98%) of respondents' organizations are planning or in the process of digital transformation, but only 4% are ahead of schedule. Nearly three-quarters (74%) of respondents (*Fig. 2*) suggest they are drowning in data, noting that their organizations have more data than ever but struggle to generate useful business insights from it.

The number of organizations struggling to harness data

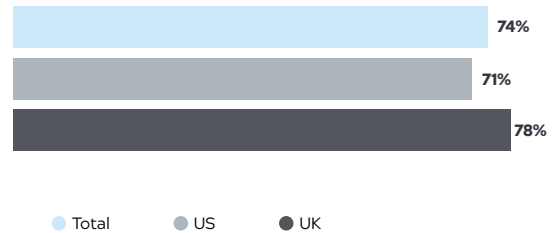


Figure 2: Analysis showing the percentage of respondents who agree that their organization has more data than ever before but is struggling to harness it to generate useful business insights, split by country. Asked of all respondents (500)

What's more, respondents on average estimate that less than half (48%) of all decisions in their organizations are data-driven (*Fig. 3*), suggesting they're unable to access or analyze the right data when they need it, or do not fully trust the data when making business-critical decisions.

In a fiercely competitive economy, this data paralysis puts organizations at a significant competitive disadvantage.

The amount of data-driven decisions made in organizations

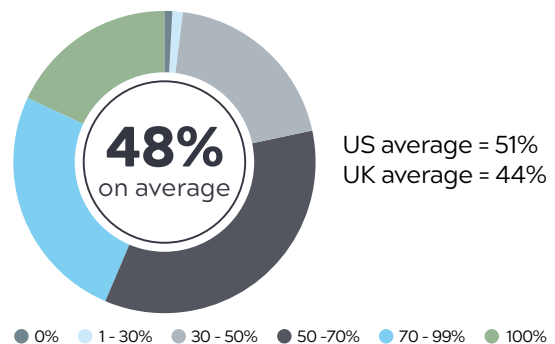


Figure 3: Analysis showing the proportion of decisions that respondents' organizations make on a data-driven basis. Asked of all respondents (500)

¹Data Age 2025: The Evolution of Data to Life-Critical, IDC White Paper sponsored by Seagate, <https://www.seagate.com/www-content/our-story/trends/files/Seagate-WP-DataAge2025-March-2017.pdf>

Transforming trust

Perhaps one reason why organizations are making so few data-driven decisions is a lack of confidence in the underlying data. Less than three in ten (29%) respondents have complete trust in their organizations' data in the context of making business-critical decisions (*Fig. 4*). Until businesses find a solution that enables them to effectively work with data, they risk making poorly informed decisions.

The trust in data for decision-making

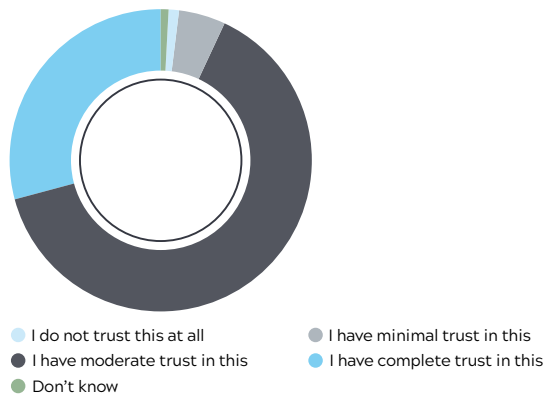


Figure 4: "When it comes to making business-critical decisions, to what extent do you trust the quality of your organization's data?" Asked of all respondents (500)

Where's the value?

Data comes in many forms – customer, financial, competitor, social, machine, structured, and unstructured – and inevitably organizations place a different value on each of these data types.

Around seven in ten (69%) respondents highlight customer data among the top three most valuable in their organization – higher than any other type. Half (50%) say the same for IT data, while four in ten (40%) place internal financial data among their top three most valuable types of data (*Fig. 5*).

The most valuable data in organizations

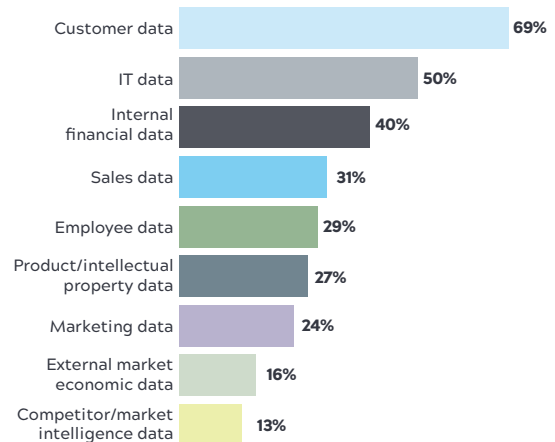


Figure 5: "Which types of business data are most valuable in your organization?" Combination of responses ranked first, second and third. Asked of all respondents (500)

This is not surprising. For any business, understanding the motives, needs, and likely actions of your customer base is key to not only marketing and selling your product or service, but ensuring the development of the right new products or services in the first place.

For the most part, this trend continues when looking at different organization sizes. Customer data is considered an even greater value to larger organizations (more than 5,000 employees = 80%), further highlighting the importance of implementing a proper data strategy in the context of customer relationship management. They also inevitably hold more data than their smaller counterparts, which further complicates the process of establishing proper policies for compliance and efficiency.

But customer data isn't ranked as highly in all industries. For a number of sectors, IT data is most valued, while employee data ranks high in the energy, oil/gas and utilities market, and sales data makes a strong appearance across retail and manufacturing (*Fig. 6*).

The most valuable data across industries

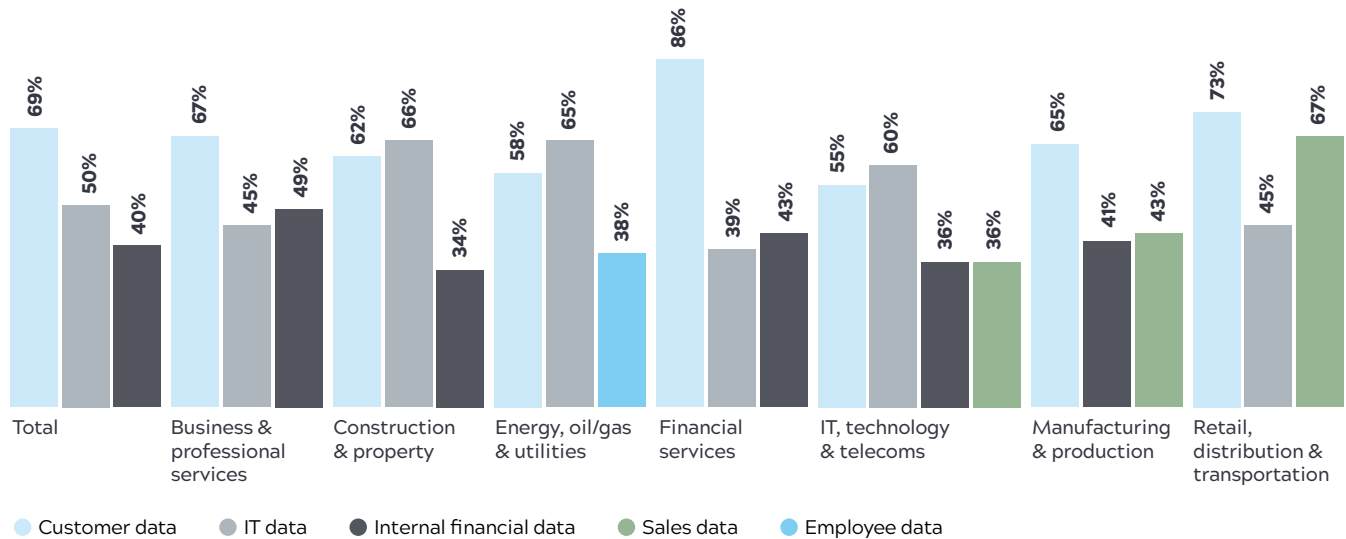


Figure 6: Analysis showing the top three most valuable types of data in respondents' organizations, split by sector. Asked of all respondents (500)

Regardless of sector or organization size, businesses are never going to truly see value from all their data across the entirety of their global enterprise if they don't find a way to more effectively harness it.

The data ROI

Nine in ten (90%) respondents agree it's an increasingly high priority to leverage data better. Indeed, surveyed ITDMs estimate their organizations have allocated an average of \$797,537 specifically to operationalizing data this year (Fig. 7).

These budget plans are only set to grow, as the volume of data increases exponentially. In five years' time, respondents expect that their organizations will invest as much as \$1,725,309 on average (Fig. 7), more than double what they are spending today.

US ITDM respondents are allocating slightly more budget to data than their counterparts in the UK. This gap is particularly evident in the estimates for budget projections in five years' time: UK respondents expect to allocate \$1,293,314 to operationalizing data, while US respondents expect to dedicate almost \$2 million on average (Fig. 7).

Expected spend on operationalizing data

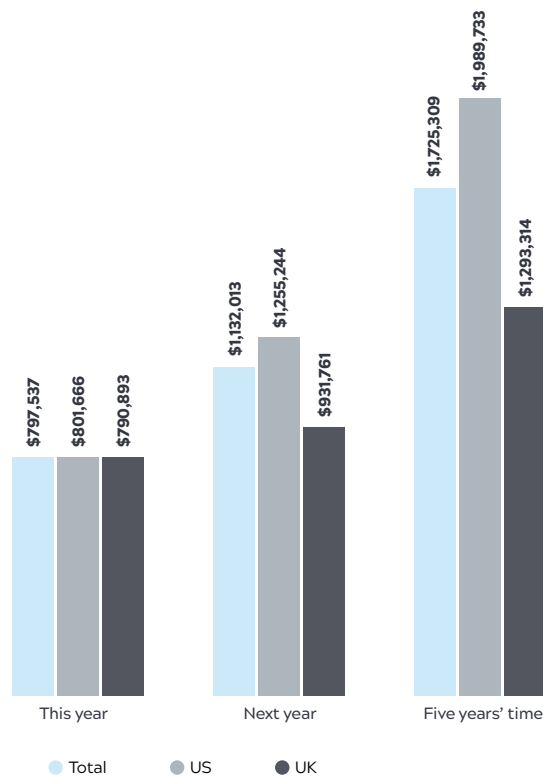


Figure 7: Analysis showing the average budget (in US\$) that respondents say their organization allocated/expects to allocate specifically to operationalizing data in the above timeframes, split by country. Asked of all respondents (500)

For many surveyed ITDMs, the intent of this investment is to establish data-driven processes organization-wide. When asked about their primary goals of operationalizing data, responses fell into two clear buckets:

1. Improving organization-wide operations. Respondents noted aims of improving business processes (64%), driving operational efficiencies and reducing costs (57%), and making business decisions more quickly (46%) (Fig. 8).
2. Enhancing the customer experience. Over half (54%) of respondents highlighted improved customer service as a goal, and over a third (35%) say the same for providing more tailored and personalized customer experiences (Fig. 8).

Goals for operationalizing data

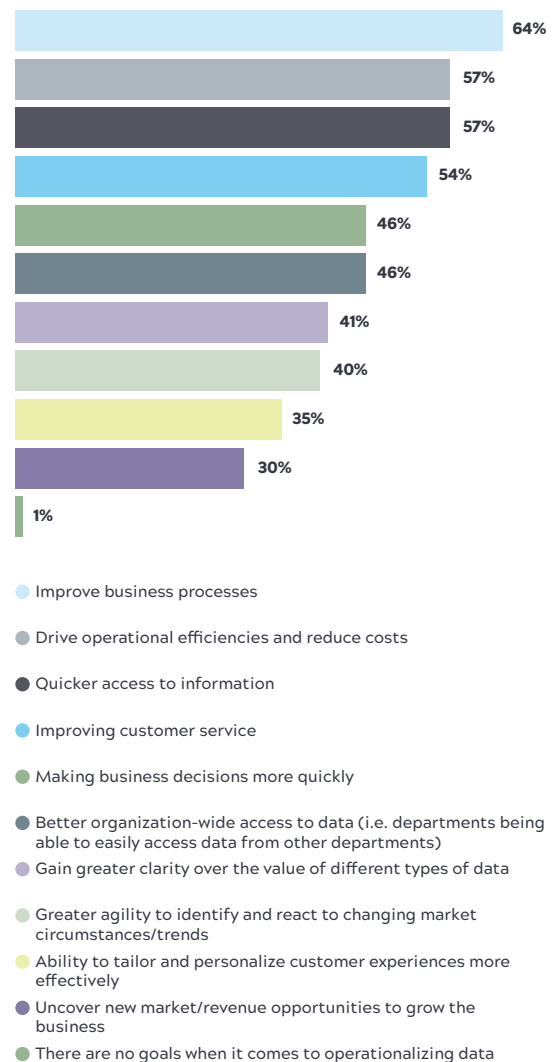


Figure 8: "What are your organization's main goals when it comes to operationalizing data?" asked of all respondents (500)

Ultimately ITDM respondents expect that better operationalizing their data will positively impact their organizations' top- and bottom-lines. On average, respondents estimate an annual revenue increase of \$5,156,891 if data was utilized more effectively in their organizations (Fig. 9, see page 7) – an impressive 547% return, or \$4,359,354 gain, on their investments today (\$797,537 on average).

The estimated increase in annual revenue from operationalizing data

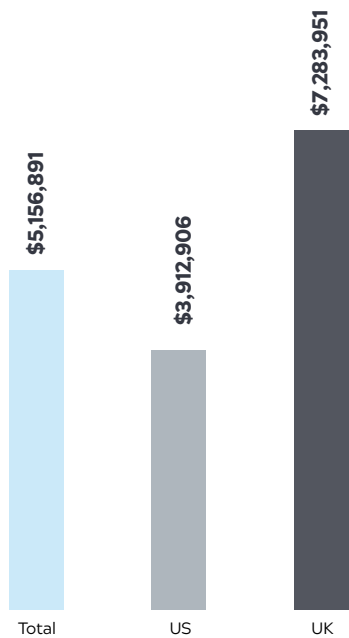


Figure 9: Analysis showing the average estimated increase in annual revenue of respondents’ organizations if data was utilized more effectively (in US\$), split by country. Asked of all respondents (500)

Value extraction

At the outset of this report, we highlighted that business-generated data volumes are due to grow significantly in the future, and that, even today, companies are struggling to turn their data into actionable insights and measurable results. However, this isn’t from a lack of effort or financial support from within the business itself. If the potential value of a better data strategy is so clear, why are organizations still struggling to make it reality?

For four in five (80%) surveyed ITDMs, legacy technology is perceived as a barrier to taking full advantage of data-driven opportunities. Beyond this, sharing and integrating data between different teams and departments, as well as tedious and manual data integration work, are common snags. ITDMs estimate that they spend 19.5% of their time

on average simply getting data ready for use, divided into a combination of manual tasks including: connecting or integrating various datasets, apps, or systems (7.65% of total time), building their own APIs or custom code (5.64% of time) and maintaining their own APIs or custom code (6.23% of time).

Only a small minority (2%) of respondents consider their organizations to be completely effective at data sharing (Fig. 10) – for the rest, silos are a problem and there is certainly work to be done.

The current effectiveness of data sharing and integration

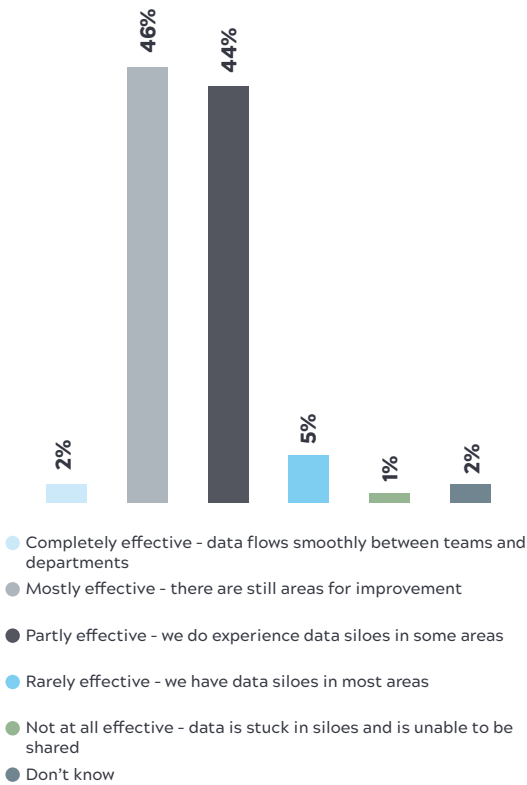


Figure 10: “To the best of your knowledge, how would you rate the effectiveness of data being shared and integrated between different teams and departments in your organization?” Asked of all respondents (500)

For organizations that do not share data entirely effectively among teams, many cite different systems in use (42%), different data formats (38%), and lack of a coordinated data strategy (37%) as critical reasons. In addition, over one-third highlight a lack of technology integration (36%) and legacy technology barriers (36%) as stalling their attempts to effectively share data (Fig. 11).

The current challenges in data sharing and integration

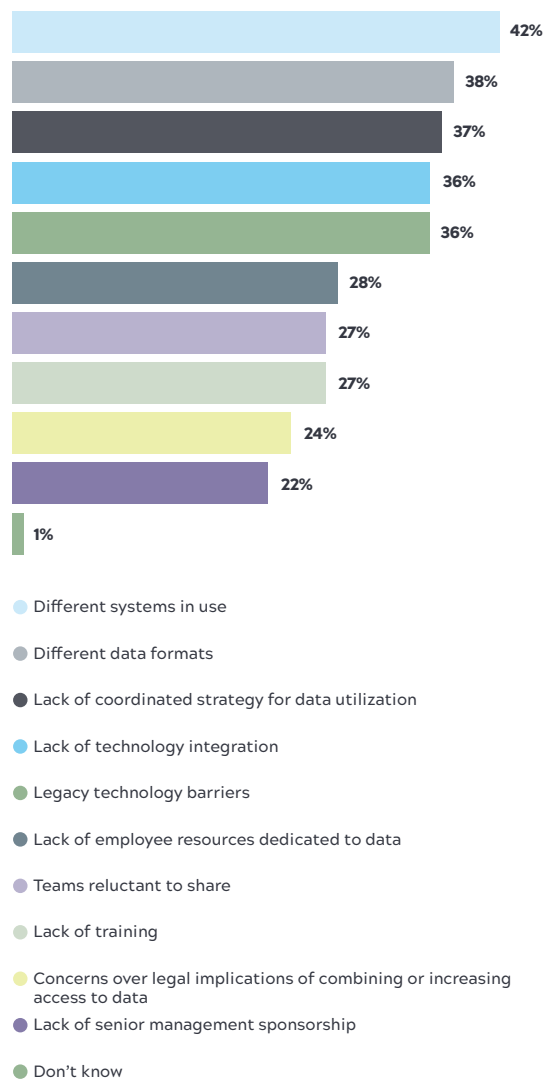


Figure 11: “What are the challenges that your organization faces when it comes to effective data sharing across different teams and departments?” Asked of respondents who say that data is not shared and integrated between teams and departments in their organization completely effectively (478)

Connecting data silos would go a long way toward improving the use of data in organizations and, by extension, improve and increase the frequency of data-driven decision making.

Looking to future technologies

There’s a great deal of optimism among respondents surrounding the role of emerging technologies in overcoming data-related challenges. Considerable investments are being made across the board already, and there is substantial intent to commit further budgets to these kinds of technologies in the future. For example, over a quarter (27%) of respondents are already investing in artificial intelligence (AI) and machine learning (ML) technologies to help manage their data, while a further 56% are planning to invest in this area.

The potential use of AI and ML in data management and integration

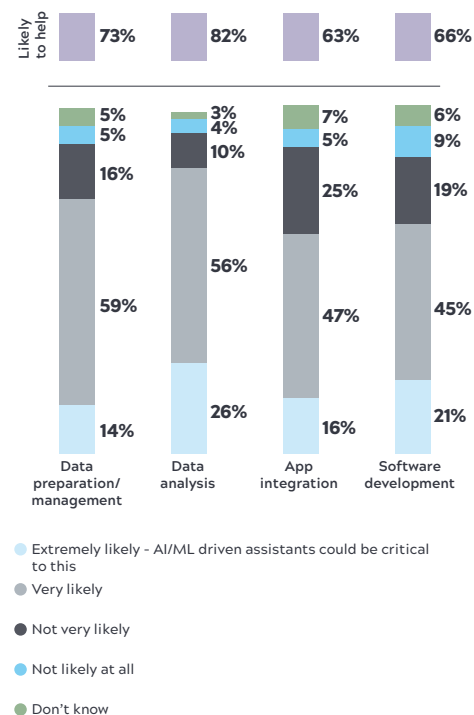


Figure 12: “How likely is it that AI and/or machine learning driven assistants could help your organization to better automate the above,” asked of all respondents (500)

Assistants driven by AI and ML are believed to hold significant potential for automating various parts of preparing and processing data. The majority of respondents say it's likely that AI assistants will help their organization automate data analysis (82%) and data preparation/management (73%), with over a quarter (26%) suggesting they could be critical to automating data analysis (*Fig. 12, see page 8*). On average, respondents estimate that introducing voice-activated assistants to help with data management will result in a \$3,028,398 increase in annual profits (*Fig. 13*).

The financial impact of using voice-activated AI in data management

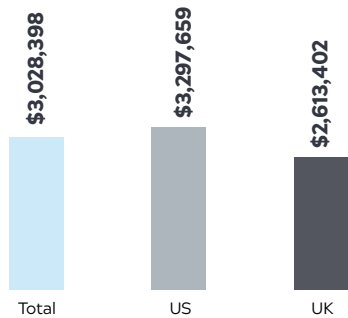


Figure 13: Analysis showing the average estimated increase in profits of introducing voice-activated assistant technologies to help with data management within respondents' organizations (in US\$), split by country. Asked of all respondents (500)

Final thoughts

It's clear that for most organizations, keeping afloat in an increasingly deep sea of data is challenging (*Fig. 2*), but enterprises are keenly aware that significant benefits are theirs for the taking if they can effectively manage it (*Fig. 8*). There is clearly a willingness to invest in these areas (*Fig. 7*), so organizations need to make sure that their investments will enable them to meet their data operationalization goals.

If businesses are to truly make the most of the increasingly large, complex data landscape, they'll need to invest in the right technologies. The issue of data silos is nothing new to businesses both large and small, but it's becoming far more pronounced as data usage grows across all departments within the enterprise and as senior business leaders push their global teams to become more data-driven.

With nearly half of respondents citing differences in how data is being collected, defined, and managed across their organization as a reason to mistrust it, clearly a unified, integrated approach to data is a reasonable first step to creating a more data-driven enterprise.

Although respondents' expectations for the ROI from increased data operationalization budgets look impressive, they'll achieve little unless the budget is spent thoughtfully.

Research scope and methodology

The research was conducted by Vanson Bourne, an independent specialist in market research for the technology sector, between April and May 2018.

Five hundred interviews for this research were conducted with IT Decision Makers. To qualify for the research, respondents' organizations could be from any sector and their organization had to have at least 500 employees.

Respondents came from the US and UK:

- US - 300 interviews
- UK - 200 interviews

Respondents were interviewed using an online methodology and a robust multi-level screening process was used to ensure only appropriate respondents participated in the project.



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