Data Strategy

– to balance between the offensive and defensive data management activities

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A presentation summarizing the article DalleMule & Davenport (2017) What is your data strategy?, Harvard Business Review, May-June 2017

The need for a data strategy

- Organizations need a **data strategy** to **organize, manage and govern the data assets in an organization**

(DalleMule & Davenport: What is your data strategy?, 2017)

A framework for building a data strategy

- DalleMule & Davenport **suggest a data management framework for developing a data strategy for organizations**
- The **suggested framework addresses two issues**:

  1) to clarify the primary purpose of the data for organizations

  2) to guide organizations in strategic data management

(DalleMule & Davenport: What is your data strategy?, 2017)

Defensive vs offensive strategy

- The suggested framework **supports the development of a data strategy** that permits both
    - a **defensive data management activities,** and
    - an **offensive data management activities.**
- The framework supports organizations to find a **proper balance between the two** – the offensive and defensive data management activities

(DalleMule & Davenport: What is your data strategy?, 2017)

The proper balance depends on a number of factors

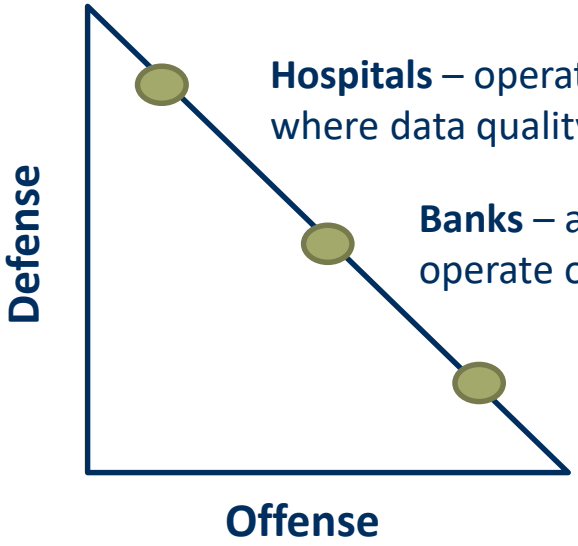
- The overall business strategy of the organization
- Maturity of data management
- Centralized or decentralized data management
- Size of data management budget
- Market competition and dynamic
- Regulatory environment

Internal factors

External factors

(DalleMule & Davenport: What is your data strategy?, 2017)

External factors



Hospitals – operate in a highly regulated environments where data quality and protection are required

Banks – are heavily regulated but also operate on a dynamic market

Retailers – must react rapidly to competition and market changes

(DalleMule & Davenport: What is your data strategy?, 2017)

Focusing on a defensive activities

Business objective for a defensive activities:

- Minimizing business risk

Data management defensive activities:

- Ensure complience with regulations
- Introduce data access control
- Detect and limit fraud and theft
- Ensure data integrity of data flows
- Provide a single source of truth

(DalleMule & Davenport: What is your data strategy?, 2017)

Focusing on offensive activities

Business objective for an offensive activities:

- Increasing revenue, profit, and customer satisfaction

Data management offensive activities :

- Generate customer insights by data analysis and advanced data modellingand data science work
- Integrate customer and market data for supporting decision making
- Analyse data in real time

(DalleMule & Davenport: What is your data strategy?, 2017)

How does the framework support the balance?

- The suggested framework support the balance between defensive and offensive activities by introducing:
    - **a single source of truth (SSOT) and**
    - **multiple versions of the truth (MVOTs)**

- Therefore, the framework could be seen as a **SSOT-MVOT model**

(DalleMule & Davenport: What is your data strategy?, 2017)

Single source of truth (SSOT)

- **Single source of truth (SSOT) -** is a repository that contains one authorative copy of all crucial data, such as customers, suppliers and product details

(DalleMule & Davenport: What is your data strategy?, 2017)

More about SSOT

- SSOT requires **data governance to ensure that the data is accurate and timely so that data can be relied on** for both defensive and offensive activities
- For example customers, suppliers and product details need to be specified in an agreed-upon way

(DalleMule & Davenport: What is your data strategy?, 2017)

More about SSOT

- **If a SSOT does not exist** – the organization may not understand which:
    - relationships to customers and suppliers exists
    - details are correct about customers, suppliers and products
- SSOT is often implemented by introducing a **master data management system**

(DalleMule & Davenport: What is your data strategy?, 2017)

Multiple versions of truth (MVOTs)

- **Multiple versions of truth (MVOTs)** – provide different data for different business units
- **MVOTs are based on a SSOT but adapted to different units' needs.**
- That is, **SSOT data have to be transformed, enriched and adapted** to be useful for the different needs.

(DalleMule & Davenport: What is your data strategy?, 2017)

More about MVOTs

- For example, **a marketing department and a financial departments** are both interested in **ad spending** in an **ad project**
- The **marketing department** is interested in the **effectiveness of the ad project**
- The **financial department** is interested in the **cash flow related to the ad project**, for example, when the invoices were payed
- Therefore, they are interested in different numbers, and their reports need to differs

(DalleMule & Davenport: What is your data strategy?, 2017)

The need for MVOT

- According to DalleMule and Davenport (2017), **the need for SSOT is well understood, but not the need for MVOTs**

(DalleMule & Davenport: What is your data strategy?, 2017)

The need for MVOTs

- **Different business units have different needs**
- Therefore, **SSOT data need to be transformed, enriched and adapted for different business unit**
- **MVOTs are the result such business-specific transformation**
- However, **MVOTs must diverge from SSOT in a carefully controlled way otherwise siloed and uncontrolled MVOTs will be created**

(DalleMule & Davenport: What is your data strategy?, 2017)

The SSOT-MVOT model

- The **SSOT-MVOT model requires** standars, controls, governance and technology

(DalleMule & Davenport: What is your data strategy?, 2017)

Tool to assess the balance

- The paper provide a link to a tool to determine the strategy position by selecting the most important 8 objectives for a business out of 16 listed objectives

(DalleMule & Davenport: What is your data strategy?, 2017)

How to change strategic position

- According to DalleMule and Davenport, it is **easier to move from a defensive focus towards an offensive focus**, than the opposite
- Starting from a defensive focus means that a SSOT has been developed. This can be the base for developing MVOTs

(DalleMule & Davenport: What is your data strategy?, 2017)

Centralized or a decentralized data management?

- If an organization should develop a **centralized or a decentralized data management** depends on the organization's position on the offensive-defensive spectrum.
- Organizations with focus on **defensive activities** usually prefer a **centralized data management** with an Enterprise Chief Data Officer (CDO)
- Organization with a focus on **offensive activities** has a more **decentralised data management**, where Unit CDOs have responsibility to MVOT and is complemented with an Enterprise CDO that owns the SSOT

(DalleMule & Davenport: What is your data strategy?, 2017)

The elements of data strategy

	Defensive	Offensive
Key objectives	Ensure data security, privacy, integrity, quality, regulatory complience, and governance	Improve competitive position and profability
Core activities	Optimize data extraction, standarization, storage ad access	Optimize data analytics, modeling, visualization, transformation and enrichment
Data management orientation	Focus on control	Focus on flexibility
Enabling architecture	Single source of truth (SSOT)	Multiple versions of truth (MVOTs)

(DalleMule & Davenport: What is your data strategy?, 2017)