

Strategy Brief

DATA TRANSFORMATION AND BECOMING A DATA-DRIVEN ORGANIZATION: STEPS TO TAKE TODAY

“Data, and the ability to make sense of it, has been one of the greatest drivers of innovation in both business and society in recent decades, and a primary driver of success in the 21st century.”

Thomas H. Davenport and Randy Bean



CHALLENGES WITH DATA TRANSFORMATION AND BECOMING DATA-DRIVEN

Though leading companies are creating value from their data, Wavestone's research of CDOs and CDAOs shows that many organizations are struggling to drive data transformation and become data driven.

Human factors – culture, people, process, or organization – appear to be more pressing than technological factors. Investment continues to focus on the supply-side of data – like technology and infrastructure – yet a majority of respondents in our annual [Wavestone : Data and Analytics Leadership Annual Executive Survey 2023](#) indicate that technology is not the primary challenge.



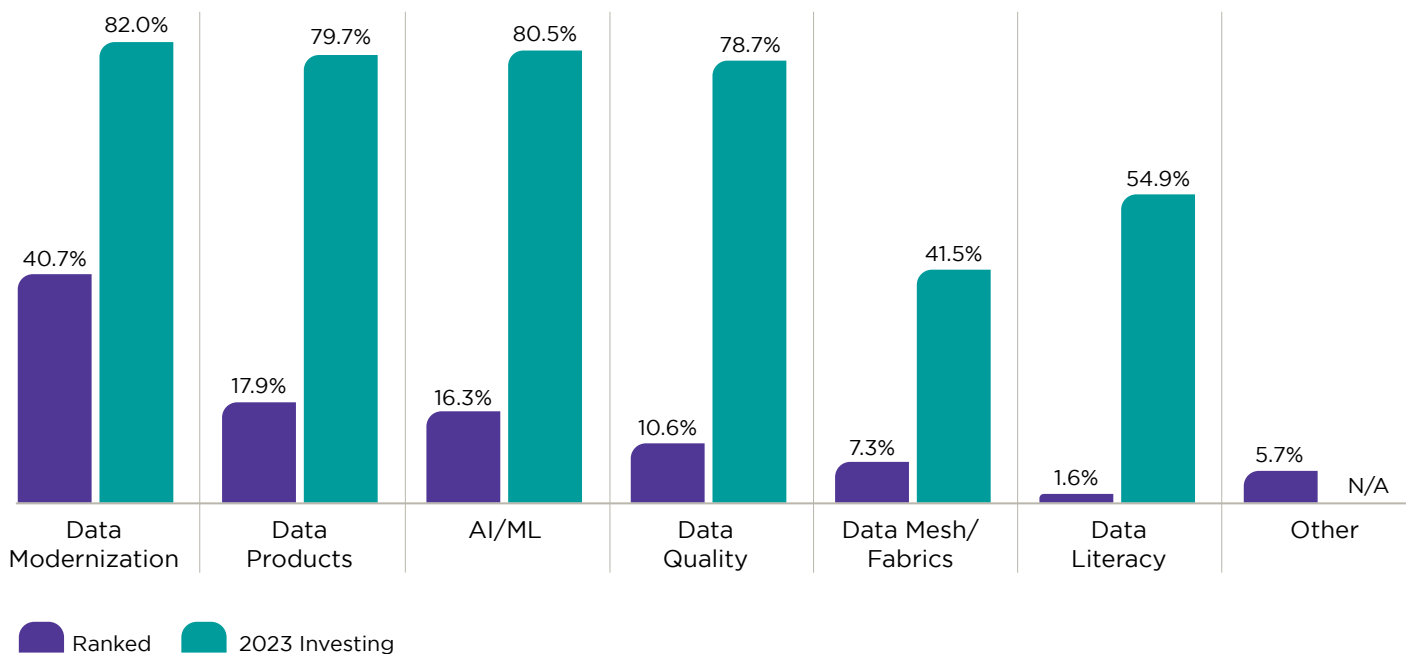
TECHNOLOGY INVESTMENT CONTINUES

Data and analytics can be utilized by companies in ways that can transform industries. Organizations can make informed and better decisions using data, without having to rely exclusively on intuition. Yet many organizations continue to struggle to deliver business value from their data and analytics investments.

Investments in data are growing and remain strong, even with potential economic headwinds – Organizations continue to invest in data, with 87.8% reporting increases in data investments during 2022, most notably in activities such as data modernization, which was identified as the top data and analytics investment focus by 40.7% of organizations.

Looking ahead to 2023, 93.9% of organizations are planning to increase their investments in data in the wake of potential economic uncertainty, reflecting the continued perception that data is an essential business asset to organizations.

Primary Area of Data Investment

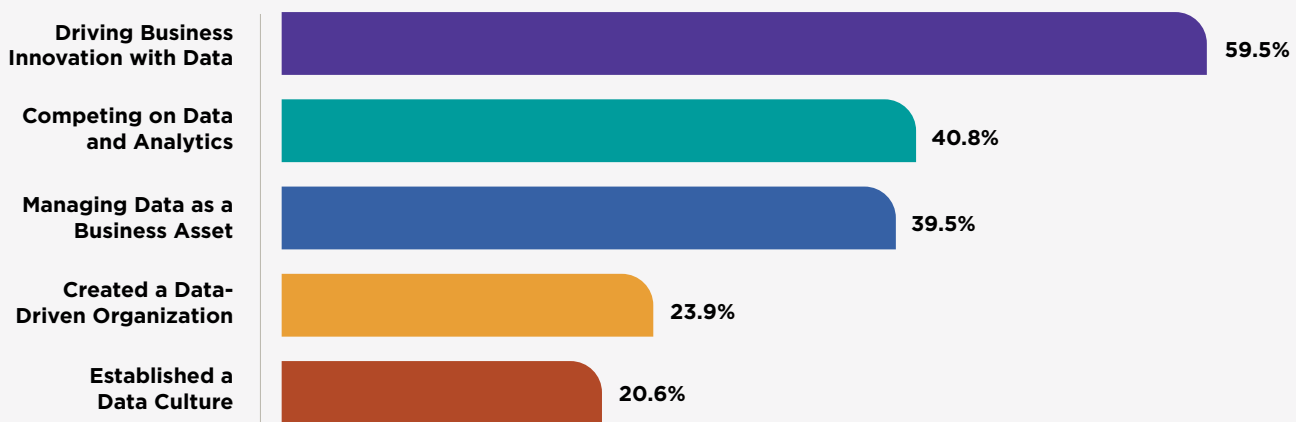


HUMAN FACTORS ARE CHALLENGING

Becoming data-driven and building a data culture remain aspirational objectives for most organizations.

Just 23.9% of companies characterize themselves as data-driven, and only 20.6% say that they have developed a data culture within their organizations, reflecting that becoming data-driven is a long and difficult journey that organizations increasingly recognize playing out over years or decades.

Progress of Data and Analytics Aspirations 2023

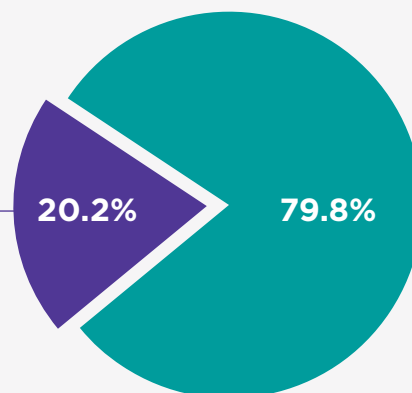


Human factors continue to be the greatest obstacle to delivering business value from data investments – The vast majority of data leaders – 79.8% – continue to cite business and people/process issues – organizational receptivity to change and business transformation, changes to organizational processes, people and skills, organizational alignment, and communications – as the greatest obstacles to realizing business value, reflecting that change is seldom easy, and organizational transformation tends to move slowly. **Yet, investment in people skills such as building data literacy, remain low – just 1.6% cited this as their top investment priority.** A sign of hope is that 70.9% of CDO/CDAOs and data leaders report that their firms are receptive to change and organizational transformation.

Principal Challenge to Becoming Data-Driven 2023



Technology Limitations



Culture | People | Process | Organization

WHAT YOU CAN DO

Emphasize the demand-side of data in addition to its supply side

Organizations feel they are leveraging data if they have analytics teams answering business questions, developing models, and informing decisions. That is all good, but it must go much further than that.

Data and analytics should be tightly connected with people designing improved customer experiences, developing new products and services, and charged with improving operations and efficiency.

“ **Data transformation and becoming data-driven are about helping everyone use data.** ”

That is, more focus is needed on human factors – culture, people, process, or organization. For that to happen, organizations need to emphasize the demand-side of data, as much as or even more so, than the supply-side of data where the traditional focus has been.

What is the demand-side of data? It is activity that helps businesses understand and use data to enhance operations, support new business needs, and gain timely insights.

Attention to the demand-side of data is about connecting the business need with data and analytics rather than a push of technology onto the business. Below is a view of what we mean by the supply-side and demand-side of data:

SUPPLY-SIDE	DEMAND-SIDE
<ul style="list-style-type: none">/ Data Management/ Data Governance/ Analytics/ Technology/ Risk and Compliance	<ul style="list-style-type: none">/ Business-driven Data Strategy/ High-value business needs and use cases/ Demand Management/ Business-Technology-Data partnership/ Innovation accelerated by<ul style="list-style-type: none">> Data Literacy> Data Democratization> Agile and Test-and-Learn

A successful Data Strategy leads with the business need, not the technology

The journey to data-driven business transformation and innovation requires clearly defined business outcomes and an objective evaluation of capabilities against rapidly evolving best practices, seeking to build on strengths and close gaps.

“ **Data and analytics organizations need to be great partners in teaming with their business and technology peers to operationalize insight from data and analytic products.** ”

While the technology architecture and platform are important, **the most important goal is connecting people with data and analytic products and helping them know how to understand and use them.** Here are some best practices we recommend to better enable the demand-side of data.



Focus on select, high-value business needs and use cases. Identify high-value use cases and focus investment. Embed data and analytics resources into product development teams to expedite collaboration. Use agile methodologies and test-and-learn processes to accelerate business value. Lead with the business need and use case, not with the data or technology.



Increase data literacy and democratization of data. Leading companies understand their data assets. They ensure analytic competency exists across the entire enterprise and they strive to make data and analytic products ubiquitous. Improving knowledge and access to data should be a top investment priority.



Move quickly from Insights to Decisions and Actions. Value has not yet been created when the data is published, a report is produced, or a model is created. **Value is created when an action is taken.**

Tremendous progress has been made in advancing data and analytics capabilities. There remains tremendous upside from growing the use of data for commercial, consumer and societal benefits. Helping everyone in the enterprise enjoy the benefits of data outcomes facilitates your journey and success in becoming a truly data-driven organization.



Author



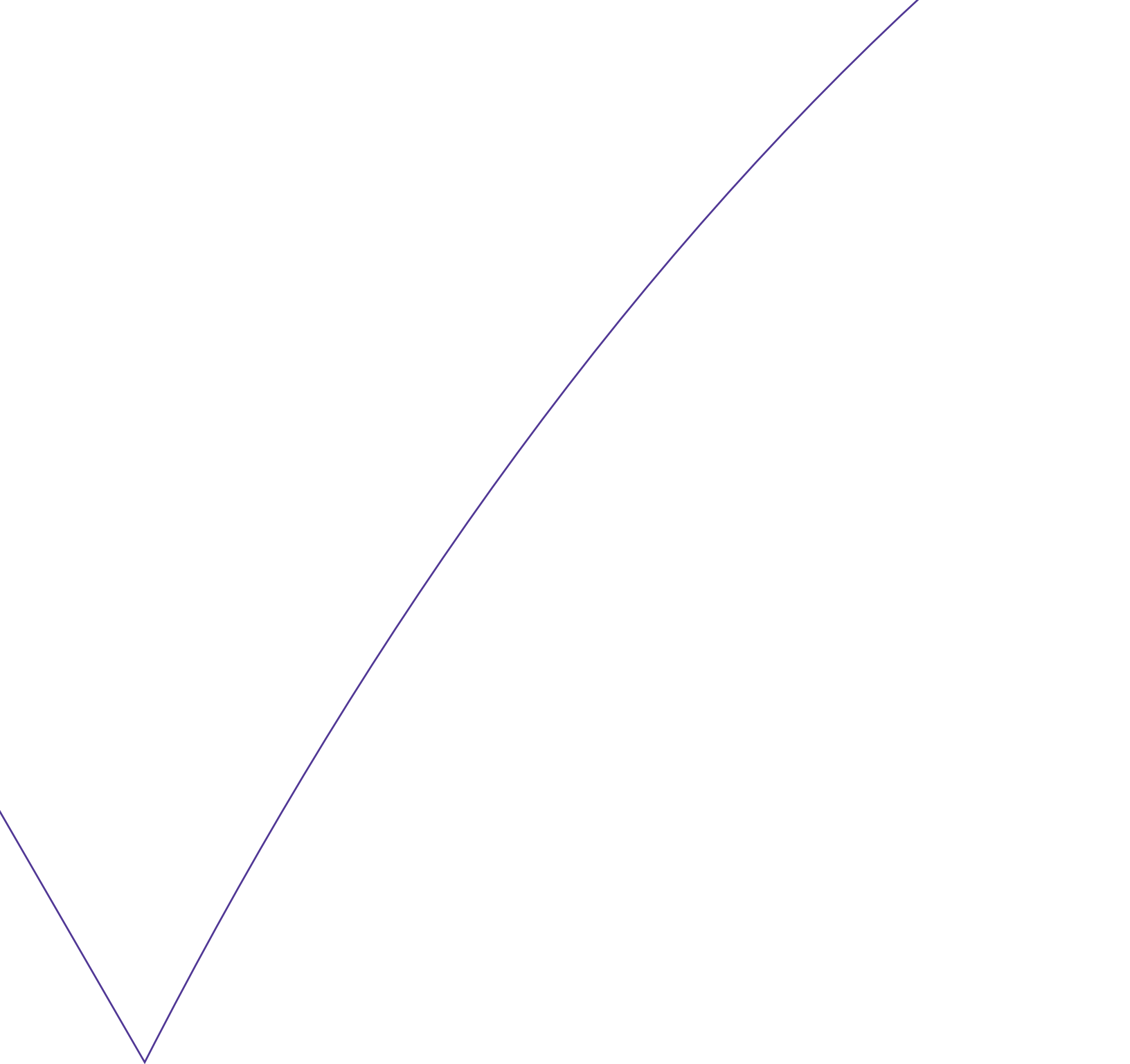
John Ahrendt

Senior Partner, Data

John is a strategic advisor and consultant to Fortune 1000 firms and market leaders, helping organizations in their data transformation to leverage data as an asset, become data driven, and innovate with data. John provides thought leadership and delivery expertise ranging from strategy and planning to execution and implementation with proven results in creating value from data across a portfolio of business initiatives. John has led global teams at Wells Fargo, E*Trade, and Bank of America, providing strategy, architecture, product development, platform management, and operations of large-scale data and analytics environments.

Wavestone's Data & Analytics Service Offering

Wavestone Data & Analytics is a consulting practice specializing in strategy, data management and governance, architecture and ecosystems, data science & analytics, change management, and the responsible use of data. Our team brings a winning mix of extensive hands-on experience, thought leadership, and best practices expertise to help clients drive their data transformation to better manage, govern, and use data to create business value. As industry experts and trusted advisors, we can help revitalize data strategies, modernize capabilities and practices, and drive transformative change.



The Positive Way

WAVESTONE

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In a world where knowing how to drive transformation is the key to success, Wavestone's mission is to guide large companies and organizations in their most critical transformation projects, with the ambition of a positive outcome for all stakeholders. That's what we call "The Positive Way".

Wavestone brings together 4,000 employees across 9 countries. It is a leading independent player in the global consulting market.