MONETIZING DATA:
MAKING IT HAPPEN!

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Introduction

Big Data, All Data, Master Data, Insights, Foresights - there is enough and more written about it. Every conference, every business magazine speaks about the immense value that can be realized.

- "Using insights to personalize the offer down to the individual customer!"

- "Using insights to optimize the return on trade promotions!"

- "Using real time insights to help produce the Golden Batch of product, every time!"

Well, the possibilities are all seemingly real. Hardware providers, software vendors, and consulting companies are out there making a lot of noise about the money that is to be made, but we find every successful organization asking "But how do we make it happen?"

Realizing this dream requires addressing a few misconceptions. Once that is done, the path to value will be a lot clearer.

Myth 1: True insights are all about advanced analytics
False! Let's look at this closely

Advanced analytics certainly plays a very important part in deriving insights from data. However, there is a lot more to it – the term insight itself is very often misunderstood. A report or a colorful graph is also referred to as an insight. In reality, an insight is not really about what happened, but about why something happened and how one can make an impact with the action taken. Advanced analytics is just a tool in this process. The approach to arriving at the insight is what is more important.

The approach requires a strong understanding of the business and the ability to define the right hypothesis to test, based on the facts presented by the business. The testing of a hypothesis very often takes one back to redefining the problem. This iteration needs a lot of business domain expertise and the ability to efficiently deal with the underlying data. The ability to deal with the data, which comes in a variety of forms and at varying speeds, requires knowledge of the data and access to the right tools as well, in addition to the capability of analyzing the data using advanced analytics.

> **Hence: "Capability of advanced analytics needs to be supported with the right methodology and a sound knowledge of the business and the underlying data."**

Myth 2: Realizing value is all about good insights
False! Far from the truth

A great insight does not equate to value. Value is realized only through the right action. Action in turn happens in one of two ways. One is that the action is automated, based on the insight. For example, we helped a large apparel retailer reduce the in-season out-of-stock by leveraging insights based on advanced analytics, to help change the allocation logic in the systems.

Secondly, the person initiating action must be convinced that it is the right thing to do. This is most often the one challenge that causes efforts to fail. It is very important to convince the consumer of the insights, and this is an art as much as it is science. A strong story is required in conjunction with the data, the analysis, and an appropriate visualization that helps tell the story.

However, this may also not suffice to solve the problem. The reason can be human aspects - the person who needs to be convinced may not want to be convinced for a variety of reasons. It is very important to understand the motivations and sensibilities of the user and devise strategies to help address them. For example, in the same case of the apparel retailer mentioned earlier, when the story was presented to the merchants, only a few of them agreed with the proposed approach. Insecurity about the system replacing them was rampant, while their presumption was far from the truth. When we helped address how the system could make their life easier, make them better merchants who could do a lot more with their assortments, they all bought into it.

> **Hence: "Deal with the human aspects to help ensure action based on insights"**

Myth 3: Real-time insights is what we need but it is still ways off
False! For more than one reason this statement is off!

The first question to ask is "Do we really need real time insights?" If it is required technology today provides for enough options to make it happen. For example, we worked with a grocery retailer to get real-time streaming POS data (@1 million records per hour) and to analyze the impact of promotions in stores. With real-time information available, we were able to determine which stores were

doing well on promotions, and where interventions were required in terms of execution. So real-time analytics is very much here and can be done.

So we come back to the basic question. Real-time insights are not always required. As we said in the previous myth, it is all about the ability to execute on the insight. For example I may know in real time that

a product is going to be out of stock, but I service the store only every two days. The real-time insight into the out-of-stock does not help us in anyway.

> **Hence: "Real time insights is very much possible, but first assess the real need"**

Myth 4: Value realization is a long journey
False! Let's turn this on its head

Traditional business intelligence initiatives have been much maligned due to the inherent waterfall nature of implementation. Multiple year-long implementations with no sight of value have no place in today's fast-paced world. However, we find traditional approaches being practiced more often than not.

"Crawl, walk, run." Very often, organizations use this as the excuse to say that they will first build a reporting engine, graduate to analysis, and then move to insights leveraging advanced analytics. The question is, why wait? There is no reason to follow this sequential approach where one can leverage the available tools and methods to solve complex problems without a very mature BI landscape.

"Solve the problem with the best possible solution architecture being put in place." Nothing can be further from the truth. Given the pace at which technology is evolving, there will be nothing called a steady-state for technology. Furthermore, one need not solve a problem in its entirety – if a part solution can deliver value, that's what matters.

For example, we worked with a CPG company that was seeing a decline in one of their categories with a leading retailer. We leveraged insights to help determine the action to arrest the decline in the category share. Did we solve the problem across all the retail chains? No, at least, not in the first pass. But did we add value within the four weeks that we took to solve the problem? Certainly!

Did it help fund a program to expand the capability across the enterprise? Absolutely! Did this help establish the path to the
future state Big Data capability across the entire value chain? Certainly!

Examples are aplenty, where we have solved parts of a business problem in less than a week only to discover more possibilities that could unearth value.

> **"**
> **Hence: "Deliver value as you go. Gone are the days where there is a promise of value at the end of the road"**
> **"**

Myth 5: The solution is really expensive
False! Not any more

With the progress made in open source technologies and commodity hardware, the cost of implementing these solutions are on a steady decline. The focus now is entirely on the value derived. Gone are the days when a huge capital outlay was required to lay the foundation for analytics.

For an Office Equipment major, we were able to address complex problems of customer churn and product affinity leveraging the Open-Source-based architecture of our Infosys Information Platform. While the software was our platform, the hardware was commodity hardware, in the form of Hadoop clusters available on Amazon sources for $1.7 per-node-per-hour.

Capital costs have plummeted, and the time to value slashed, making these initiatives self-funded by the business due to the value they deliver.

"
Hence: "Cost is no longer part of the equation it is only the value."
"

Myth 6: It is all about hiring a bunch of PhDs in analytics
False! We are not in the business of rocket science

I have nothing against PhDs. As in the case of the first myth, one just needs to take a more comprehensive look at the problem space. PhDs in analytics can be invaluable, but one also needs to complement them with the appropriate technical skills, data skills, visualization expertise, and the business domain knowledge. Now where do all these people reside?

A large CPG company was trying to establish a Center of Excellence (COE) for Insights within the IT organization, with all the capabilities housed together. The business decided not to leverage this capability, as they felt that the business knowledge within the COE was very limited. Hence, they duplicated this capability - a very common story across several organizations.

The key is to help establish the right organization structure and culture, which is insights-driven. This in turn needs very strong sponsorship, vision, and support from the top management. While there is no single solution to the right organization structure, what is very clear is that value from insights requires a variety of individuals to work in concert.

> " Hence: "A complete set of competencies, the right structure, and culture are key to success" "

Conclusion

Realizing value from true insights is not just about analytics, hiring a bunch of PhDs, or buying the latest package. It is a combination of art and science; technology, methodology, process, talent, culture, and mindset. Winning organizations will be those who are able to solve this conundrum. This may seem to be a very arduous and complex journey. The trick is in taking small, but sure steps in moving towards the goal of Monetizing Data. Let's make it happen!

About the Author

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Kishor is the global head of management consulting for the Retail, CPG, and Logistics practice at Infosys. He is responsible for driving the transformational agenda for customers through industry-specific solutions and service offerings. He was also responsible for establishing and growing the strategic insights practice at Infosys, focused on delivering services on business insights leveraging advanced analytics.

He has more than 20 years of experience in the industry and has worked with retailers and CPG companies across the globe in multiple areas of the value chain, including marketing, sales, supply chain, and finance. At Infosys, Kishor has played an important role in several innovations and go-to-market solutions. His current area of passion is leveraging design thinking as an approach to unleash the creative potential of organizations.

Kishor has a master's in business from the Indian Institute of Management at Lucknow.

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