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HOW TO MONETIZE YOUR DATA

In today's world data itself is increasingly a commodity. The ability to monetize data effectively can be a source of competitive advantage in the digital economy.

Companies can take three approaches to monetizing their data:

1. Improving internal business processes and decisions
2. Wrapping information around core products and services
3. Selling information offerings to new and existing markets

1. Improving Internal Processes

Using data to improve operational processes and boost decision-making quality is the most immediate way to monetize data. Companies see positive results when they put data and analytics in the hands of employees who are positioned to make decisions, such as those who interact with customers, oversee product development, or run production processes. **With data-based insights and clear decision rules, employees can deliver more meaningful services, better assess and address customer demands** and optimize production.

2. Wrapping Information Around Products

Most companies have opportunities – often quite significant ones – to enrich their products, services, and customer experiences using data and analytics, a phenomenon that we call „wrapping.“ They are wrapping their offerings with data to escape commoditization and satisfy increasingly hard-to-please customers – with the goals of generating sales increases, higher prices, and deeper customer loyalty. **Wrapping is a creative exercise in which companies identify what problems their customers have and then find ways to solve those problems using data and analytics.**

3. Selling Data

Selling data represents the hardest way to monetize data, mainly because it requires a unique business model that most companies are not set up to execute. Companies should think carefully about the operational capabilities, investment, and commitment required to successfully sell data. **In order to succeed selling data a company has to first assess its capabilities, and based on the results it has to create its own operating model.**



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Obstacles in data monetization

There are **two major obstacles to monetizing data**. The first is the **accessibility and quality of data**. Research shows that only about a quarter of companies offer employees and customers easy access to the data they most need, the rest of the companies doesn't share their data or doesn't provide it in good quality. The second obstacle is **lack of accountability**. Addressing this issue first will create urgency and commitment to addressing data quality issues – and so it's recommended starting there.

In order to enhance accountability all three approaches of data monetization require committed leaders who can redirect the behaviors of employees to deliver an important new value proposition.

1. Data monetization through **process improvement** requires **strong process leaders**.
2. Data monetization through **wrapping** requires **strong product leaders**.
3. Monetizing data by **selling** it requires a **strong business-unit leader**.

Each of the data-monetization strategies requires new processes, skills, and cultures to generate maximum returns. Companies with data-monetization experience have learned that it is insufficient to simply put data and tools into the hands of employees.

For example **Microsoft**, a company that introduced the internal process improvement strategy in 2014; refined goals, cleaned up data, honed reports and algorithms, grew talent, and changed habits to make their employees prepared for the change.

When **Johnson & Johnson** applied the information wrapping approach to introduce its new pattern identification to users of its health-monitoring product, it reshaped product-management talent, platforms, and capabilities. By these developments they could offer data and analytics to customers at the same level of quality as the core product.

State Street, primarily a company providing financial services decided to choose the data selling method. In order to succeed they set up an information-business division to develop information-based solutions that clients would be willing to buy independently of the company's core services. The company accomplished its new data selling objectives by redesigning the organization and creating a new profit formula that would generate stand-alone revenues from information.

As the examples show impressive results from data monetization can only stem from a clear datamonetization strategy, combined with investment and commitment.