A Business-First Approach to Building Data Governance Programs

A conversation with

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Vice President of Product Management
Precisely
Today’s speakers

Moderator

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Co-Founder & COO
EDM Council

Cameron Ogden
Vice President of Product Management
Precisely
Business-first Data Governance

Cam Ogden | VP of Product Management
Precisely
The Need for Business-First Governance

80% of governance initiatives fail to deliver expected outcomes

65% of data citizens don’t know how data governance impacts their role

74% of data leaders struggle to calculate the ROI of data governance projects

Gartner | HBR | Forbes
Poll Question #1
A Typical Governance Story

“Inciting Event”

**Leadership:**
Exec calls for a data governance program

**Data Governance Team:**
Team is tasked with putting program in place

**Business Users:**
Asked to help with definitions, approvals, and ownership.

**Data Governance Team:**
Governance spends more time fighting data fires.

**Business Users:**
Business quickly loses interest; stops attending meetings

**Leadership:**
Program investment is deprioritized

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“We need to govern our data!”

“We need to get the business involved!”

“How does this help me do my job?”

“We’re spending a lot more time fighting data fires. We need more meetings...”

“These meetings are a waste of time!”

“I’m not seeing the ROI”
How to Build “Business-First” Data Governance
Successful programs link Data Governance to value drivers
Business goals inform your steps

Data to minimize risk
- Data protection
- Risk and fraud
- Privacy
- Safety
- Regulatory compliance
- Internal reporting

Data to make decisions
- Net Promoter Score
- Website traffic
- Targeted marketing
- Customer retention
- Buying patterns
- Customer 360° view

Data to run the business
- Optimize working capital
- Enhance customer care
- Improve product traceability
- Reduce attrition
- Lower operating expenses
- Facilitate M&A
How data drives the business

**REPORTING & COMPLIANCE**

- Data to minimize risk
  - Data protection
    - Risk and fraud
    - Privacy
    - Safety
    - Regulatory compliance
    - Internal reporting

**ANALYTICS & INSIGHTS**

- Data to make decisions
  - Net Promoter Score
  - Website traffic
  - Targeted marketing
  - Customer retention
  - Buying patterns

**OPERATIONAL EXCELLENCE**

- Data to run the business
  - Optimize working capital
  - Enhance customer care
  - Improve product traceability
  - Reduce attrition
  - Lower operating expenses
  - Facilitate M&A

**Customer 360° view**
# Mapping data governance business value

<table>
<thead>
<tr>
<th>Goal</th>
<th>Org Stakeholders</th>
<th>Expected Outcomes</th>
<th>DG Objective</th>
<th>DG Capabilities</th>
</tr>
</thead>
</table>
| Improve personalization of customer goods and services | Marketing, Sales, Finance | • Increase NPS by 5%  
• 17+% repeat customer purchases  
• 11% reduced churn | • Establish a common view of trusted customer data assets | • Data Catalog  
• Data Lineage  
• Approval Workflow  
• Data Integrity rules |
| Increase sales and revenue through faster speed-to-market | Marketing, R&D, Finance | • $15M+ top-line revenue  
• 25% increased deployment speed | • Establish stage gates, rules, policies, and quality measures from Ideation through Commercialization | • DQ rules  
• Business process monitoring  
• Data quality metrics |
| Increase user productivity by improving time-to-insights | Business Analytics, IT, Data Office | • Improve decision-accuracy by 22%  
• Reduce time-to-insight by 45% | • Launch data literacy campaign across business data SMEs | • Data lineage  
• Data Catalog  
• Automated workflow |
| Reduce supply chain costs associated with errors in orders | Vendor Management, Finance, Supply Chain | • Reduce COGS by 4%  
• Improve OTIF by 15% | • Establish common semantics view across order fulfillment data | • Impact analysis  
• DQ rules  
• Business process monitoring |
# Governance as a “painkiller” and “vitamin”

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| Increase sales through faster speed-to-market | • Establish stage gates, rules, policies, and quality measures for Commercialization process | • DQ rules  
• Business process monitoring  
• Data quality metrics |
| Increase user productivity by improving time-to-insights | • Launch data literacy campaign across business data SMEs | • Data lineage  
• Data Catalog  
• Automated workflow |
| Reduce supply chain costs associated with errors in orders | • Establish common semantics view across order fulfillment data | • Impact analysis |

**PAINKILLER “Must Haves”**
- Centralized collection of customer data elements used for marketing and promotion
- Data lineage flow of upstream/downstream relationships
- Approved governance ownership indicating data is certified for access and use
- Data integrity metrics to indicate data that is accurate, consistent, and trusted

**VITAMIN “Bonus”**
- Data profile providing additional context on volume, counts, location, and contents
- Impact analysis to business processes, metrics, and analytics
- Automated approval workflow to grant access to data at source
- Quality monitoring to trigger notifications below acceptable values
Poll Question #2
Successful programs prioritize the data that matters
Focusing on what matters (critical data adding value)

- **Data**: Selection of data maintained at the system level (tables and fields)
- **Information**: Information required to run the business and conduct daily operations
- **KPIs / Performance Measures / Analytics**: Measuring process effectiveness & enabling sound business decisions
- **Actionable Insights & Business Value**: Strategic enterprise and organizational business value drivers

CRITICAL DATA
## Prioritizing what matters

“We need to personalize our outreach to reduce churn.”

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• Data Lineage  
• Approval Workflow  
• Data Integrity rules |

### Critical Customer Attributes (Typical Examples)

- Customer Account Group
- Customer Name
- Address
- Zip Code
- Email Address
- Telephone Number
- Class of Trade
- NAICS Code
- SIC Code
- Market
- Sub-Market
- Vertical
- Sub Vertical
- Customer Size
- Number of Employees
- Sales District
- Sales Office
- Tax Jurisdiction
- Tax Indicator

<table>
<thead>
<tr>
<th>Name and Address</th>
<th>Credit</th>
<th>Billing</th>
<th>E-Business</th>
<th>Shipping</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Segmentation</td>
<td>Group Key</td>
<td>Tolerance Group</td>
<td>Credit Score Group</td>
<td>Credit Limit</td>
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<td>Risk Category</td>
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<td>Terms of Payment</td>
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<td>Bill PO Complete</td>
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<td>Order Acknowledgements</td>
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<td>EDI Delayed Billing</td>
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<td>Invoice Output</td>
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<td>Priced Pack Slip / BNG</td>
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<td>Shipping Conditions</td>
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<td>Shipping Location</td>
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<td>Freight Allowance</td>
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<td>Condition Group 1</td>
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<td>Condition Group 2</td>
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<td>Handling Charge Exception</td>
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<td>Price List Type</td>
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</tbody>
</table>
Poll Question #3
Successful programs build value across three levels
## Value metrics across three levels

<table>
<thead>
<tr>
<th>Strategic</th>
<th>Value Metrics: Business Impact / ROI</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Business Transformation Lead</td>
<td>- Process enablement</td>
</tr>
<tr>
<td>- CDO / Data &amp; Analytics Lead</td>
<td>- Customer sentiment</td>
</tr>
<tr>
<td>- CIO</td>
<td>- KPI's / PPI's</td>
</tr>
<tr>
<td>- Data &amp; Analytics Lead</td>
<td>- Project acceleration</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operational</th>
<th>Value Metrics: Performance Improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Business Process Lead</td>
<td>- Data Quality</td>
</tr>
<tr>
<td>- Data Governance Lead</td>
<td>(e.g. Accuracy)</td>
</tr>
<tr>
<td>- Data Management Lead</td>
<td>- # of touches</td>
</tr>
<tr>
<td>- Information Architect</td>
<td>- Data Error % (Rework %)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tactical</th>
<th>Value Metrics: Efficiency &amp; Effectiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Business Data SME</td>
<td>- Volume / counts</td>
</tr>
<tr>
<td>- Data Analyst / Scientist</td>
<td>- Completeness</td>
</tr>
<tr>
<td>- Data Steward</td>
<td>- Accessibility</td>
</tr>
<tr>
<td>- Data Maintenance &amp; Quality</td>
<td>- Curation times</td>
</tr>
<tr>
<td>- Data Engineer</td>
<td>- Scale (# Systems managed)</td>
</tr>
</tbody>
</table>
Building the Business Case

Data remediation variables

- Each data error takes two people to fix.
- Each error takes each person 10 minutes to fix.
- Each person costs $2.50 per minute (fully loaded cost).

Calculation

- 10,000 Customer records
- Total cost per error is $50 (2 people * 10 minutes * $2.50/minute)
- Assume 25% of errors can be avoided with a governance program = 2,500
- 2,500 * $50/savings = $125,000
Choosing benchmarks that resonate

- Master data degrades 2-7% per month (Gartner)
- Every data error has a 6X impact on business processes
- Avg. cost to fix a data error is $20
- Avg. cost to remediate a data error that impacts a business process is $16,500
- 17% higher data accuracy for organizations that have a global data governance operating model
- 13% higher data accuracy for organizations that have established data governance automation
- 37% lower “IT projects delivered over budget” for organizations with Data Stewards
Value metrics across three levels

**Strategic**
- Business Transformation Lead
- CDO / Data & Analytics Lead
- CIO

**Operational**
- Business Process Lead
- Data Governance Lead
- Data Management Lead
- Information Architect

**Tactical**
- Business Data SME
- Data Analyst / Scientist
- Data Steward
- Data Maintenance & Quality
- Data Engineer

- **Increased Revenue from New Products**
  - Full Realization: $182M
  - Expected Target: $28M
  - Minimum Target: $14M

- **Cost of Delayed Product Information**
  - Full Realization: $2.4M
  - Expected Target: $1.1MM
  - Minimum Target: $94M

- **Cost of Inaccurate Product Data**
  - Full Realization: $3.7MM
  - Expected Target: $1.7M
  - Minimum Target: $1.1M
# Use Case

Value metrics come together at each level to tell a complete story that resonates.

## Tactical Value Metrics (Inputs)
- Catalog assets
- Terms defined
- Quality rules developed
- Data owners identified
- Issue requests

## Strategic Value Metrics (Outcomes)
- FTE Productivity
- Data Literacy index
- Adoption / NPS
- Cycle time
- Data sharing

As a result...

- We’ve catalogued 10,000 supplier data assets...
- Defined the top 50 critical supplier terms ...
- Aligned on key rules and policies for each...
- And our data quality is showing 90+% accuracy and consistency for supplier spend data...

Lead to...

- Our supplier data setup process has decreased by 25%...
- We’re able to identify top 20 vendors 33% faster for contract renegotiations...
- And we’ve increased FTE productivity by 20% due to data self-service ...
Business-first Data Governance

Link to business goals

Goal

PAINKILLERS
VITAMINS
Business-first
Data Governance

Prioritize what matters

~95%

~5%
Business-first Data Governance

Build value across 3 levels

- **Strategic**
- **Operational**
- **Tactical**
Q&A
precisely

The leader in data integrity

Our software, data enrichment products and strategic services deliver accuracy, consistency, and context in your data, powering confident decisions.

12,000 customers

99 of the Fortune 100

100 countries

2,500 employees

Brands you trust, trust us

Data leaders partner with us
The Precisely Data Integrity Suite

Integrate
- Change Data Capture
- ETL
- Machine Data Integration
- Process Automation

Verify
- Data Governance
- Data Catalog
- Data Quality
- Master Data Management
- Self-Service Analytics

Locate
- Spatial Analysis
- Geocoding
- Routing
- Visualization

Enrich
- Geographic Data
- Business Data
- Industry-Specific Data

Engage
- Integrated Comms
- Personalized Video
- Chatbots
- Responsive Messaging
- Digital Self Service