OPENTEXT™

The Chief Data Officer's Agenda

Balancing risk and innovation in an age of digitalization

The Chief Data Officer (CDO) is the new "it" role in the executive suite, and with good reason. There has been massive growth of digital information, new data types and devices (and consumption models) requiring oversight. Also, companies are feeling an urgent demand to not only deliver value—but also to adapt processes and culture to support more social, data-driven employees and their customers.

So what is the ideal balance? And should CDOs focus on being the lead data steward in their organization (focused for the most part on lowering risk), or being lead innovator with data as the vehicle to create and measure digital disruption?

In our view, it's both—a perspective that we've heard at recent BI and analytics industry conferences, as well as a dinner event we held in London recently for a small group of CDOs.

What we learned that evening reaffirmed the broad remit of today's CDO. It also highlighted some key themes, challenges and opportunities for organizations looking to re-architect their businesses to become more data-driven, as well as those looking to transform themselves into a full-fledged Data-as-a-Service business.

Consider these stats from IDC Research:

- The digital universe is doubling in size every two years
- By 2020, 60 percent of data will come from emerging markets
- By 2020, 10 percent of data will come from embedded systems (IoT)

Meanwhile the massive adoption of social and mobile technology is changing the landscape of where and how we are collecting, storing and consuming data:

- In August 2015, one billion people used Facebook— in a single day
- By 2020, there will be more than six billion smartphone users globally
- By 2020, a third of all data will pass through a cloud service

EMBEDDING ANALYTICS FOR ACTION

Embedded analytics adds powerful capabilities that make existing business applications easier for users and more valuable to the business as a whole. With a vast number of different approaches to embedding analytics, it's all too easy to come unstuck without the right plan. In this webcast, TDWI Analyst Fern Halper presents her best practices for succeeding with embedded analytics.

▶

View the webcast now

Managing and exploiting all this new digital information, along with overseeing data from legacy systems and third-party partners, is core to the role of the CDO. But so is staying ahead of compliance and financial reporting requirements, standards and emerging tech trends (think emerging database architectures, edge analytics and machine learning). Ultimately, the CDO must enable people to "do the right thing" when it comes to their data and decision making.
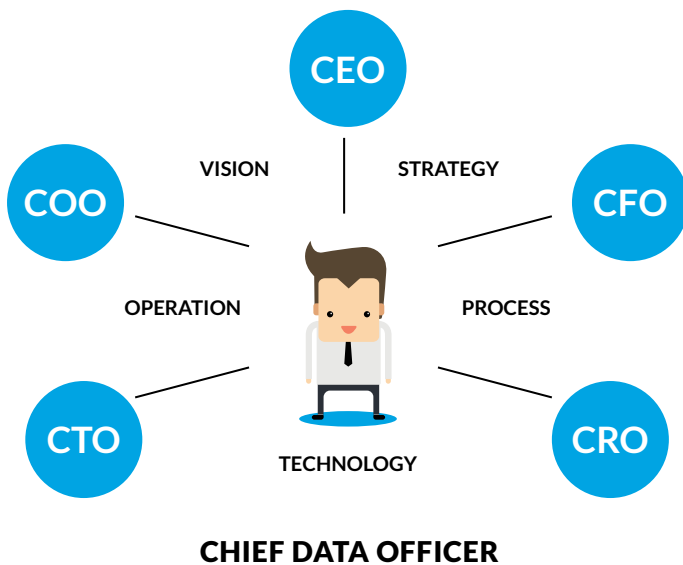
Finding a Balance

A recent McKinsey report (see "Mobilizing your C-suite for big-data analytics," McKinsey Quarterly) argues that CDOs need to spend at least as much time on driving adoption, promoting a data-driven mindset, and focusing on frontline capabilities as more operational, "backline" tasks and systems when it comes to data and analytics.

"In our experience many companies spend 90% of their investment on building models and only 10% on frontline usage, when, in fact, closer to half of the analytics investment should go to the front lines." – Brad Brown, McKinsey

The CDO's Agenda

Our CDO roundtable provided a unique venue for testing some of these observations, as well as identifying common experiences. Here are some top-level views on the CDO's agenda, based on the group discussion.

when it comes to being a CDO, which includes providing incentives and measureable benefits at all levels of the organization.

Chief Data Officers sweat the Big Data stuff and more

The Chief Data Officer role is critical to the entire decision-making team

CDOs on leadership and culture:

Despite the various reporting relationships we see in the market, the CDOs in our group tended to be aligned with financial or executive leadership functions more than with marketing or IT. That said the group noted that the organization's data strategy needs to be aligned with the overall corporate strategy. And that being a storyteller who leads by example (strategy matters, but so does the direction of travel) is critical. There was also strong agreement—expressed right up front—that, "it's all about culture"

CDOs on their role and creating serendipity for their organization:

While this organizational readiness (and accountability) is front and center for our group of CDOs, they also expressed that they need to provide both stewardship and innovation in their position. In fact, the use of data to foster discovery and generate a sense of serendipity was viewed as drivers for new ideas. This also means including and testing outliers to ensure that data isn't just being used to reinforce existing beliefs or opinions (a form of anchoring). As an aside, the notion of designing in serendipity is an emerging theme in product design and CX circles (see: "How to Build Brand Love with Designed Serendipity," Forbes).

CDOs on people, tools and trust:

Besides the importance of building a data-driven culture (one CDO suggested this should be more of a data-informed culture to start), most agreed that trust in data and data-driven/informed apps and processes is critical. This of course requires scalable, secure infrastructure based on open, widely adopted technology for data prep, management, reporting, analysis, and sharing. This trust also comes from transparency (i.e., What are we tracking? Who is allowed to view which assets? Where did the data came from?, etc.).

CDOs on their pressures and failing fast:

As one CDO put it, "We have more data than we know what to do with, yet we struggle with understanding it." Others noted that you need a foundation but they didn't have three to five years to build something out. They need results quickly, hence a common approach is to work in small increments, fail fast, and run experiments that show initial results in the frame of core business objectives. Most agreed that the cloud and cloud services (like Analytics-as-a-Service) enable this approach.

COMPETE EFFECTIVELY THROUGH INNOVATIVE ANALYTICS

DEPLOY BIG DATA SOLUTIONS AS NEEDED

INVEST IN COORDINATED EFFORTS TO MANAGE YOUR DATA

KNOW & MANAGE THE COST OF YOUR DATA ESTATE

PROPERLY DIVIDE RESPONSIBILITIES

IDENTIFY WHO IS REPONSIBLE FOR YOUR DATA

KNOW THE QUALITY OF YOUR KEY DATA

Success for the Chief Data Officer means knowing what steps to take

** To play this video, you will need to have Adobe® Acrobat® **version 9** or higher **installed** and a live internet connection.*

Check out OpenText's conversation with the 451 Group on the importance of analytics to achieve real-time results and insights.

CDOs on enabling new business models:

The group discussed the disruptive role of digital information in banking, media and other sectors, but also highlighted that the potential for creating entirely new data businesses may actually happen first in other less digitized sectors, such as manufacturing or agriculture. One CDO highlighted how the data that John Deere collects has made possible entirely new Data–as-a-Service businesses.

OpenText Recommendations

The CDO role and its responsibilities continue to vary by organization, industry and geography. So does the reporting structure, with CDOs potentially reporting to the CEO, CIO, CFO or even CMO. Yet all should being focusing on outcomes—like lowering risk, improving margins or bringing new products to market— and adoption. These are arguably the two most important levers for ensuring return on data management (RODM).

These two areas are also tied to technology decisions, such as platform standardization and investment in tools that deliver reporting and analytics capabilities directly to devices in the hands of everyone from executives to everyday workers.

Other recommendations from the CDOs include:

- Aligning with key functional initiatives (customer loyalty, cash management, compliance reporting) to show the power of applying data and analytics within specific repeatable use cases
- Investing in "information design" (see www.EdwardTufte.com) and visualization experts to turn analytics-derived models into consumable, actionable insights – on any device

Exploring ways to access and blend unstructured content with structured data, and serve up insights from any source – CRM/ERP apps, NoSQL, Hadoop, cloud, social media, document archives, and so forth.

About OpenText

OpenText provides Enterprise Information Management software that enables companies of all sizes and industries to manage, secure and leverage their unstructured business information, either in their data center or in the cloud. More than 50,000 companies already use OpenText solutions to unleash the power of their information. To learn more about OpenText (NASDAQ: OTEX; TSX: OTC), please visit www.opentext.com.