

Data market in analytics

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Nowadays, businesses face a much tougher competitive environment. They must comply with and respond to emerging regulatory requirements and supervision.

To address the continued market and economic flux, it is essential for organisations to leverage information in new ways to maintain and grow profits, enhance performance and provide information transparency to satisfy regulators, clients and investors. The main challenges in order to fulfil these obligations are to provide not just accurate but also meaningful data—as in, data from which useful assumptions and analysis can be derived.

In order to fully realise the potential of their in-house data, organisations need to clean, complete and enrich their data, and the latter is typically done by using external data (usually from leading data providers). External data can be in the form of additional geographical or financial data, such as house prices for given addresses, which in turn can suggest the relative affluence of clients.

The sale of data is nothing new. Data as a business began in the 19th century when Paul Reuter began providing telegraphed stock-exchange prices between Paris and London. During the same period, five New York newspapers founded the Associated Press, which is one of the oldest sources of news in the world today.

Since the nineties, the web and increased technology use has led to an explosion of data and information providers. During the past 20 years, the ability to discover and exchange data has rapidly improved, completing the offering of well-known data aggregators such as Bloomberg and Thomson Reuters. There are now many data market providers, both large and small, who can offer enriching data to organisations.

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Why use external data?

To increase operational efficiency and lower the cost of data quality issues

Most of the commercial consumers of data from today's marketplaces are enterprises wishing to enrich their existing data to overcome obstacles or to achieve market advantage. They may face data quality issues, which they have to solve in order to comply with a regulator's data request or to provide truthful master data in order to ensure that client mail goes to the right mailbox.

For that purpose, they use data from data market providers. In fact, few organisations can be completely confident regarding master data. For this reason, it is worth checking and completing missing salient

information. For instance, in the KYC domain, some software providers have set up all-in-one solutions connected to data market providers which enable the completion of mandatory information or verification of its accuracy and thus enable compliance with regulatory constraints.

To increase revenues

Other aspects where data market providers can be very useful, and profitable, is the field of data enrichment. As an example, a Belgian organisation was having disappointing results from one of its lists of prospects despite the fact that the prospects (as far as the data on the list could reveal) seemed to be similar to those in their existing client portfolio.



They subsequently requested external help to discover why their conversion rate from prospects to clients was so low. A project was carried out to link external data from data market providers to enrich their list and it immediately offered new perspectives and understanding of the prospects on the prospect list.

Armed with this meaningful analysis, the organisation was able to reveal undiscovered patterns and define target prospects which led to an increase in the conversion rate to more than 20%.

To improve the customer experience

Generally, by adding another external dataset to their own business data, organisations can create additional insights into their clients' needs. For instance, by mixing an IP address database with the logs produced by your website, you can understand the geographical location of the visitors to your site visitors (usually your customers and prospects). That is just a starting point: when combined with other data strategies, you can leverage this knowledge. For example, if you add demographic data to the mix, you have some idea of socio-economic bracket and spending ability.

Nevertheless, saying that insights are useful for analytical purposes only is a narrow view of the great potential that these data can offer. Instead of only trying to discover patterns in your data to increase, or strengthen your business, you can also provide value back to customers. For instance, recommending the phone number of the closest garage when your customer's windscreen breaks while travelling on holiday is the best time for you to give a very welcome helping hand to your customer—while building brand loyalty and customer approval.

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How to capitalise on integrating data

When trying to integrate external data into enterprise operations, three different approaches can be considered:

- **The ad-hoc approach:** in this model, external data is integrated in a project mode to tackle a non-recurring objective like a one-shot data quality improvement project or to enrich an individual exercise of advanced analytics.

This approach does not of course require any additional governance or specific technology to be set up.

- **The integrated batch approach:** to address recurring issues like reporting, controls or master data enrichment, external data is integrated on a daily or less frequent basis. This model requires that clear ownership is defined to ensure all data management aspects are covered, especially the data definition and the communication of changes to external data users.

On top of this, the data architecture must enable regular delivery of external data, quality controls and traceability.

- **The real-time approach:** in this model, external data is integrated into operational processes in real time. The most obvious example of this model is stock price integration into asset management processes.

Due to its real-time nature, this model requires a very strong service level agreement with the data providers, especially in terms of data quality and availability, to reduce operational risk.

Furthermore, the data architecture is also a focal point as it must be service-oriented and cope with the robust requirements of real-time activities.

All these models imply different levels of data architecture and governance but in all cases, particular attention must be paid to the legal aspects. This domain evolves constantly to take into account the increase in data consumption and people's exposure to social media, as well as how to take advantage of the data.

The border between public and private data is very thin and must therefore be monitored on a regular basis. For these reasons, experienced staff are required to make the most of external data.

Indeed, the impact may be significant in terms of integration and the expected benefits. It is therefore essential to leverage proven approaches.

Where to start?

As we saw, external data is already bringing and can still deliver many benefits to organisations in the areas of asset management, marketing or customer services.

When starting to use external data, it is advisable to perform a pilot project in order to demonstrate on a particular subject the value these external data can bring and what you can expect from them.

Subsequently, you can leverage this pilot as a communication tool within the organisation and apply a similar approach to other groups of data. However, if you have already carried out such projects, it is advisable to review what has been done previously.

Indeed, it is a fast-moving domain, and new data sets as well as technology solutions are constantly created and can have a significant impact on operational excellence, revenue growth or the customer experience.

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