The ROI of data quality

How organizations are getting the most from their solutions

Experian®
Data Quality

CONTENTS

Introduction

The data-driven age has brought about investment in data quality solutions. Businesses are realizing that it isn't just about the volume of data they have available; it is about the accuracy of information.

However, investing in new technology isn't always easy. Organizations are required to do more with the same budgets and resources, or even less. Therefore, every dollar is scrutinized to a higher degree and continued investment requires proof of business change.

It can be difficult to show return on investment in data quality efforts. When data is accurate, information can be used with ease and individuals may not realize the value of data quality tools. It is only when data becomes inaccurate that individuals realize the operational, efficiency and customer experience costs of bad information.

As a result, having metrics and showing a return on investment is vital. While many organizations are realizing this need, not all are taking the time to prove an ROI. In a recent Experian Data Quality survey, two out of five businesses stated they did not calculate an ROI for their solutions.

The lack of hard figures creates two challenges. First, budget allocated to data quality solutions may be cut if value is not demonstrated. Second, poor solutions that do not benefit the organization could continue to receive investment rather than opening up budget to search for new technology. Either way, organizations may not be getting the most out of their data quality tools.

Review this resource to find out how much organizations are investing in data quality tools, how ROI is being calculated and tips for improving that process.
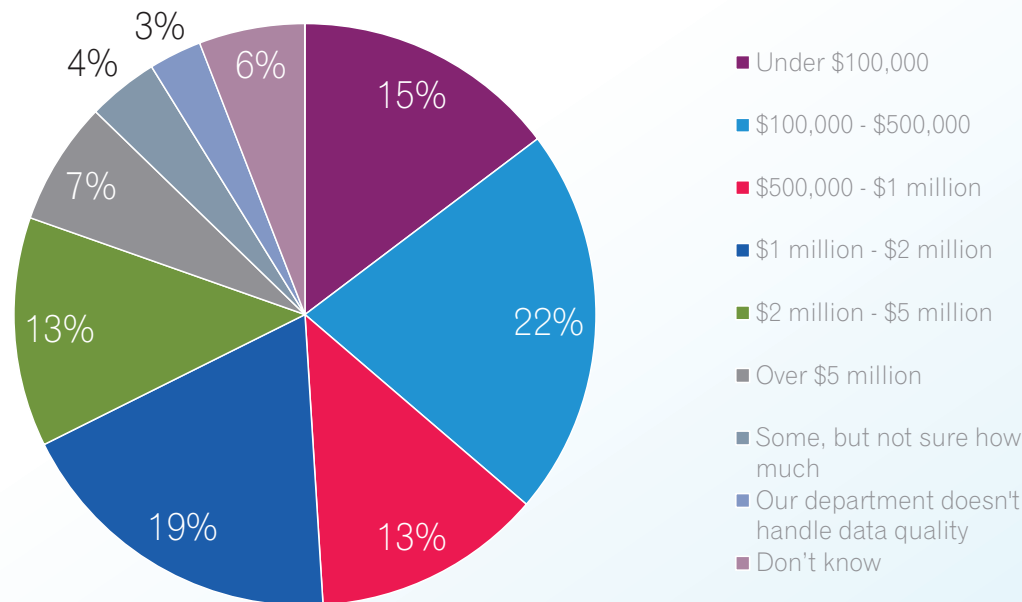
Expanding data quality tools

Organizations are investing heavily in technology across all industry sectors. In fact, 89 percent of organizations invest in data quality solutions. The bulk of them spend over $500,000 annually on data quality technology. This level of investment now means that 93 percent of companies that have a data quality solution in place.

However, the level of perceived investment did vary based on size of business and on an individuals' seniority level. Not surprisingly, small businesses spend far less on data quality annually than their enterprise counterparts. In addition, senior management believes they spend far more on an annual basis than those in admin level positions.

In fact, 89 percent of organizations are investing in data quality solutions. The bulk of organizations spend over $500,000 on data quality solutions.

Spending on data quality solutions

- Under $100,000
- $100,000 - $500,000
- $500,000 - $1 million
- $1 million - $2 million
- $2 million - $5 million
- Over $5 million
- Some, but not sure how much
- Our department doesn't handle data quality
- Don't know

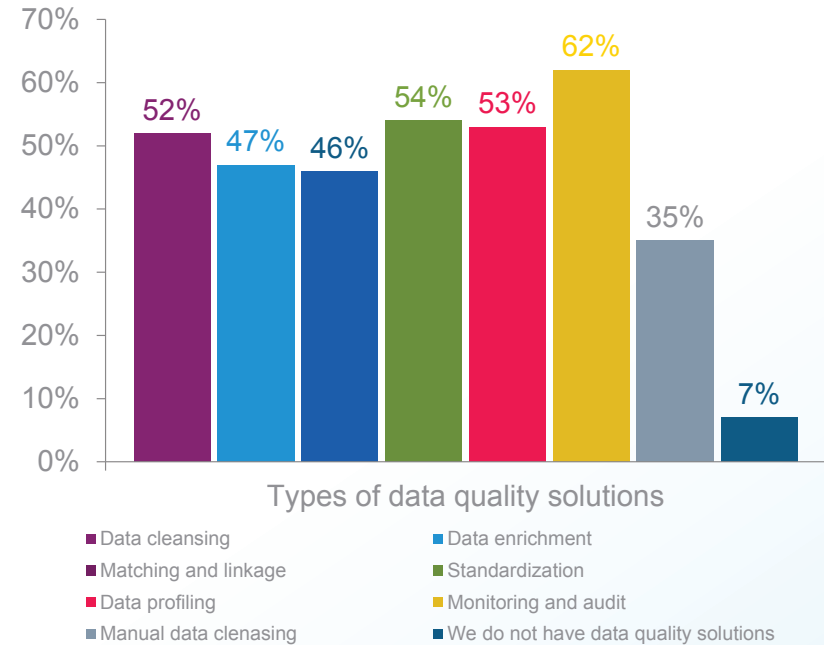Pie chart values: 15%, 22%, 13%, 19%, 13%, 7%, 4%, 3%, 6%

Types of data quality solutions

Data quality solutions vary dramatically depending on the organization, industry and data needs. There is certainly not a one-size-fits-all data quality solution in the market. Data quality is made up of a number of different capabilities and the investment level is spread across these areas.

The most popular types of technology to invest in are monitoring and audit, standardization and data profiling. It is interesting to point out that data cleansing technology is particularly popular among those with marketing titles and those in the retail industry. This is not surprising due to their reliance on accurate consumer contact data for many functions.

It is also important to note that those in IT positions often believe their company has a wider variety of data quality solutions. They also rank data cleansing technology as more important than the rest of the surveyed population.
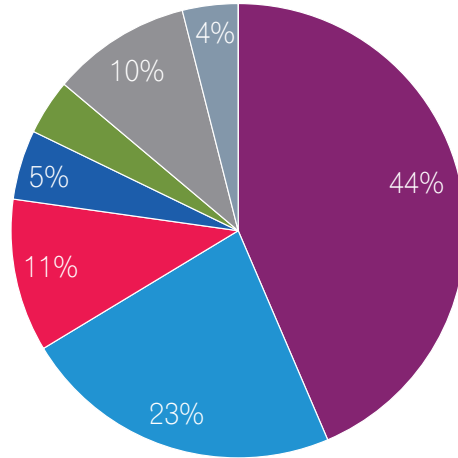
Types of data quality solutions

- ■ Data cleansing
- ■ Matching and linkage
- ■ Data profiling
- ■ Manual data clenasing
- ■ Data enrichment
- ■ Standardization
- ■ Monitoring and audit
- ■ We do not have data quality solutions

Data cleansing	Data enrichment	Matching and linkage	Standardization	Data profiling	Monitoring and audit
Modifying data values to meet domain restrictions, integrity constraints or other business rules that define the quality of data is sufficient for an organization.	Appending related attributes from external sources to internally held data.	Identifying, linking or merging related entries within or across sets of data.	Decomposing text fields into component parts and formatting values into consistent layouts based on set standards.	Analyzing data to capture statistics that provide insight into the quality of data and help to identify data quality issues.	Deploying controls to ensure that data continues to conform to business rules that define data quality for the organizations.

Data quality solutions on eCommerce sites

- Has solutions that interact with the consumer and provide improvement
- Has solutions that occur after the customer has completed the transaction
- Has solutions but is unhappy with them
- Does not have solutions due to drop-off concerns
- Does not have solutions and is unsure of the reason
- Does nto have an eCommerce site
- Don't know

44%
23%
11%
5%
10%
4%

The majority of companies that have a data quality solution on their site are happy with it. Forty-four percent of companies surveyed say they have data quality solutions that interact with the customer and they have seen strong improvement from those tools.

A growing need for eCommerce data quality

While data quality solutions are used across departments and channels, eCommerce sites are a popular area for data quality solutions. Seventy-eight percent of companies have a data quality solution on their eCommerce site.

The majority of companies that have a data quality solution on their site are happy with it. Forty-four percent of companies surveyed say they have data quality solutions that interact with the customer and they have seen strong improvement from those tools.

However, there is a belief that data quality tools can have an impact on site conversion. Eighty-seven percent of organizations believe data quality tools have some negative impact on site conversion. However, the level of impact varies dramatically. A third of organizations believe conversion is affected by five to ten percent, while other organizations feel conversion is impacted by over 20 percent and others not at all.

Decrease on website conversion from data quality tools

- Not at all
- Less than 2%
- 2%-5%
- 5%-10%
- 10%-20%
- More than 10%
- Don't know

5%
6%
10%
22%
33%
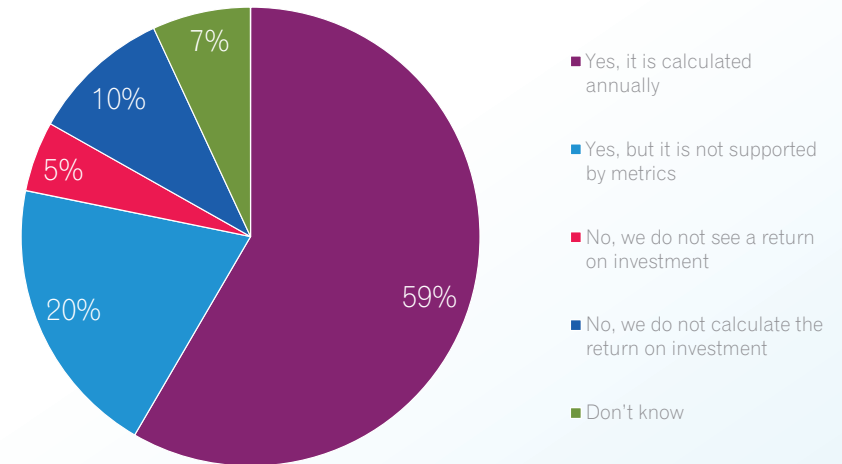**18%**
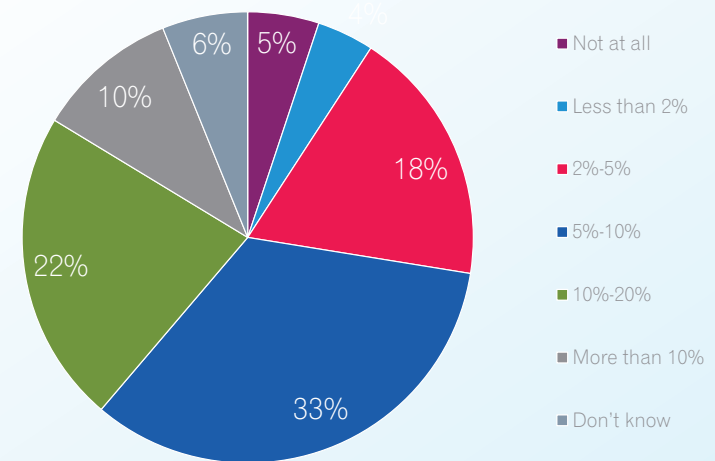
The level of return on investment

With the increasing amount being spent on data quality tools, return on investment is critical. Fortunately, most companies believe they are seeing a return from these types of tools. Seventy-nine percent of companies state that they see a return on investment from their data quality tools. In fact, only five percent of companies flat out say they do not see a return at all.

However, there is a difference between perceived value and calculated value. The perceived value alludes to a positive perception of data quality tools, but that can fade as staffing changes or organizations restructure. The only way to truly demonstrate return of investment over time is by calculating it with hard figures.

Today, 59 percent of companies annually calculate the return on investment of data quality solutions. However, that still leaves a large number of companies who only perceive a return on investment, rather than know it has a hard fact.

Today, 59 percent of companies annually calculate the return on investment of data quality solutions. However, that still leaves a large number of companies who only perceive a return on investment, rather than know it has a hard fact.

Return on investment from data quality tools

- Yes, it is calculated annually
- Yes, but it is not supported by metrics
- No, we do not see a return on investment
- No, we do not calculate the return on investment
- Don't know

59%
20%
5%
10%
7%

How to ensure a return on investment

There are many reasons why organizations do not calculate a return on investment from solutions. First, it is challenging. Each business will have unique benefits and a variety of implementation models and tools. Second, benchmarks are not frequently taken at the start of implementation, preventing success metrics from being calculated. There are three steps organizations should take to ensure a return on investment is calculated.

1. Define data quality metrics

The best way to show a return on investment is to start by measuring individual products, particularly those that are being newly implemented.

Organizations should define the metrics related to the project they are looking to achieve. While metrics will be different for each organization, some to consider include:

- Number of duplicate records

- Amount of returned mail

- Number of individuals with complete contact information

- Number of personalized offers accepted

Once the metrics are determined, baseline metrics should be documented prior to solution implementation.

2. Implement solutions and calculate improvement

A defined period of time for testing should be determined. This should be a set time period after the tool has been put into production. It is important not to set a specific date because implementation timelines frequently shift.

After the time period has passed, take the same metrics again for comparison. However, it is important to take all changes into account. For example, if you implement data quality on your eCommerce site, be sure to see how contact data quality may have improved, but also asses other factors, like changes in conversion. All factors, both positive and negative, will affect the return of the solution.

3. Share your metrics

Succeed or fail, it is important to share metrics back to the business to show a return on investment. All solutions may not have a return, so it is important to identify those and correct them before the bottom line is impacted.

If metrics are positive, share those as well. This will show the value of data quality solutions and show given tools are important to maintain.

Conclusion

As analytics and data insight continue to become more prevalent across all departments and industries, data quality will become more and more important. Organizations will need to implement tools to ensure the accuracy and accessibility of information.

However, to ensure those tools meet business requirements and receive continued investment, return on investment metrics need to be calculated. It is important that the value of these tools is not just perceived but proven to the business.

Be sure to take metrics early and often when implementing new solutions and socialize those metrics, both positive and negative, with key data quality stakeholders across the business.

Methodology

In September 2014, Experian Data Quality commissioned a research study to look at current approaches to data quality. This report, 'The data quality return on investment,' reviews the level of investment in data quality solutions and how it is being tracked across the organization.

There were 200 respondents in the U.S. that took part in the research, produced by GMI for Experian Data Quality. Individuals in marketing, data management, customer service, IT, sales, finance, management and operations departments all took part in the survey who had knowledge of data management practices. Small to large enterprise businesses were included. These individuals came from a variety of industry sectors, including manufacturing, automotive, retail, financial services and travel.

About Experian Data Quality

Experian Data Quality is a global leader in providing data quality software and services to organizations of all sizes. We help our clients to proactively manage the quality of their data through world-class validation, matching, enrichment and profiling capabilities. With flexible software-as-a-service and on-premise deployment models, Experian Data Quality software allows organizations around the world to truly connect with their customers by delivering intelligent interactions, every time.

Established in 1990 with offices throughout the United States, Europe and Asia Pacific, Experian Data Quality has more than 13,500 clients worldwide in retail, finance, education, insurance, government, healthcare and other sectors. For more information, visit http://www.qas.com.

Experian®
Data Quality