

A stylized graphic of a staircase in dark blue, ascending from the bottom right towards the top right. The steps are represented by horizontal bars of varying lengths, and the railing is composed of several parallel lines. Two vertical orange bars are positioned on either side of the main title.

Design a Data and Analytics Strategy

Advance your organization's strategy by communicating the business value of data and analytics

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“Data and analytics success over competitors requires a much more expansive role for data and analytics in business value generation,” says White.

Organizations need to get smarter at understanding what outcomes can be improved, and what investment across data and analytics drives those outcomes. It might be an investment in data quality, or artificial intelligence, or data virtualization or other options.

A clear strategy, which also considers data quality, data governance and data literacy, is vital to the success of a data and analytics investment.

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Focus on the strategy

A data and analytics strategy is what emerges when an organization connects a vision with outcomes and a value proposition.

Start with a common understanding of the mission of the organization. From there, prioritize which business outcomes matter the most, and use that priority list to target a data and analytics strategy. Remember to focus on delivering business goals.

Generally, three kinds of trajectories can be used for looking at a data and analytics strategy. They tend to focus on:

- **D&A as a utility** — A generic capability. It should be available to everybody for myriad requirements and for all kinds of intended business value.
- **D&A as an enabler** — Always targeted toward a specific business goal. Secondary value should come from reusing the data and analytics for other business purposes.
- **D&A as a driver** — A means to achieve new business goals. New tools can uncover new insights, and new data types can lead to new business questions; both drive new business ideas and revenue sources.



Why you need a CDO

How can you make a business case for a chief data officer (CDO)? Explain what they do:

- Assure regulatory compliance
- Manage and exploit information assets
- Apply data and analytics to drive both cost-optimization and revenue objectives
- Reduce uncertainty and risk

CDOs can help organizations gain competitive advantage over peers and manage data and analytics as principal assets.

Although an ideal data and analytics strategy utilizes all three, most companies use data and analytics as an enabler. There are no right or wrong choices — it depends on the organization. Establish the business value and match it with the core business strategy of the company for the best data and analytics approach. The most common options are:

- **Operational excellence** — Bring value through cost focus. Outsmart competitors with a superior grip on business processes.
- **Product innovation** — Seek value by creating the most desired products (or innovative business model) on the market. Margins are sustained by premium pricing for technologically advanced or fashionable products/services.
- **Customer intimacy** — Show superior knowledge about customers and the ability to move quickly despite not having the best or cheapest products. These offers are always well-fitted to the moment.
- **Risk management** — Create business value and differentiation by being able to mitigate risks in business that others can't.

13 Approaches to D&A Strategy

Core Business Strategy	D&A Approaches by Value Proposition		
	Utility	Enabler	Driver
Operational Excellence	1. Always on	2. D&A hub	3. Integrated value chain
Customer Intimacy	4. D&A as a service	5. 360-degree view	6. Personal analytics
Product Innovation	7. Self-service	8. Feedback	9. D&A products
Risk Management	10. Compliance	11. Risk mitigation	12. Risk leadership
13. Do nothing			

Source: Gartner

13 Approaches to D&A Strategy Breakdown

1. Always on Uses data and analytics as an “always on” set of capabilities that doesn’t require a specific set of predefined business capabilities.	2. D&A hub Uses data and requires a measurable return for a business; generally centers around business cost, time and quality optimization.	3. Integrated value chain Creates a completely integrated information value chain, with data and analytics used throughout the chain.
4. D&A as a service Collects as much customer data as possible within legal boundaries to use for cross-selling, upselling and deep-selling.	5. 360-degree view Uses data to create a solid understanding of customer needs with context for better selling opportunities.	6. Personal analytics Shares data with customers that enables them to improve their lives versus for the benefit of the enterprise to create loyalty.
7. Self-service Uses data and analytics as a tool to support customers, enabling customer service to become self-service and the business to focus on innovation.	8. Feedback Uses data and analytics to enable new business models such as predictive asset maintenance.	9. D&A products Uses data and analytics to drive new business, making data a product in and of itself. Success is measured by the percentage of revenue attributed to data.
10. Compliance Aims to use data for compliance reporting and to minimize related costs.	11. Risk mitigation Uses data to mitigate risks and select business opportunities based on investment/return.	12. Risk leadership Uses data to more accurately assess risks versus companies not using data, enabling new business opportunities.
13. Do nothing (Not recommended) Fails to recognize the value of data and analytics, either unconsciously or as a purposeful business decision. This results in fragmented data and a generally undesirable state.		

The key to success is to explicitly share the plan with stakeholders. There is a risk to assuming that everyone shares your view of whether data is a utility, an enabler or a driver. Data and analytics leaders must gain explicit agreement on the plan and create a strategy that works for the organization.