HOW **POOR DATA** GOVERNANCE IS BETRAYING YOUR BUSINESS

ABERDEEN | INFOGIX

EXECUTIVE SUMMARY

A lack of effective **data governance** capabilities can make your enterprise data a recurring liability, as opposed to a strategic asset that helps you make better-informed business decisions.

Aberdeen's research quantifies the shocking negative impact of failing to provide business users with enterprise data that is accessible, timely, accurate, and complete. It also reveals that more effective data governance can significantly help to alleviate this.

DATA GOVERNANCE refers to the orchestration of people, processes, and technologies to leverage your enterprise data to help make better-informed business decisions.

YOUR ORGANIZATION DEPENDS ON DATA, TO HELP MAKE BETTER-INFORMED BUSINESS DECISIONS

Your organization's business users depend on data to help them make better-informed business decisions. Based on current data governance capabilities, however, are their decisions really better? Far too often, the most important business decisions are based not on the best available data and analysis, but simply on the intuition and judgment calls of the senior leadership team. This approach might have sufficed in simpler, slower-moving times — but modern enterprises are too connected and too fast-paced for important business decisions to be made strictly on individual intuition and gut feel.

For better-informed business decisions, your organization's business users need **timely access** to **information they can rely on**. Unfortunately, Aberdeen's research shows that the effectiveness with which enterprise data governance capabilities can deliver these requirements is currently very low.

Modeled after the well-known Net Promoter Score.

The Net Effectiveness Index ranges from:

+100%
everyone thinks data governance is highly effective

to

-100%
no one thinks data governance is highly effective

In general, +50% and higher is considered to be an indicator of strong effectiveness.

NET EFFECTIVENESS INDEX OF CURRENT ENTERPRISE DATA GOVERNANCE CAPABILITIES

(goal is +50% or higher) Aberdeen, July 2018 (N = 309)

+5%

Visibility into relevant data

-2%

Speed / efficiency of integrating and preparing data

+12%

Organizational trust in data

FOUR DIMENSIONS OF EFFECTIVE DATA GOVERNANCE

As seen in Aberdeen's benchmark research, effective data governance results in data which is:

ACCESSIBLE
% of time that business users can readily access the data they need

Median: 70%;
Range: 10% - 100%

TIMELY
% of time that relevant data is available to business users in the timeframe needed

Median: 75%;
Range: 0% - 100%

ACCURATE
% of time that data is without error

Median: 92%;
Range: 25% - 100%

COMPLETE
% of time that data has nothing missing

Median: 92%;
Range: 25% - 100%

JACKPOT:
Data is accessible, timely, accurate, and complete =

100% likelihood of a fully-informed business decision

Don't be fooled: Visualizations such as this — which are so common in executive dashboards — can be dangerously misleading. For example, it's easy to conclude (mistakenly) that most organizations are doing reasonably well in each of these four dimensions.

Keep in mind, however, that median means that the performance is less than this, half of the time. In addition, these four dimensions don't necessarily move in sync — for example, for any given business decision, data may be complete but not accurate, accurate but not timely, and so on.

The key point is that all four of these dimensions must be present at the same time in order to make a fully informed business decision — analogous to winning the jackpot on a slot machine.

QUANTIFYING HOW POOR PERFORMANCE AT DATA GOVERNANCE AFFECTS THE ABILITY OF YOUR BUSINESS USERS TO MAKE BETTER-INFORMED BUSINESS DECISIONS

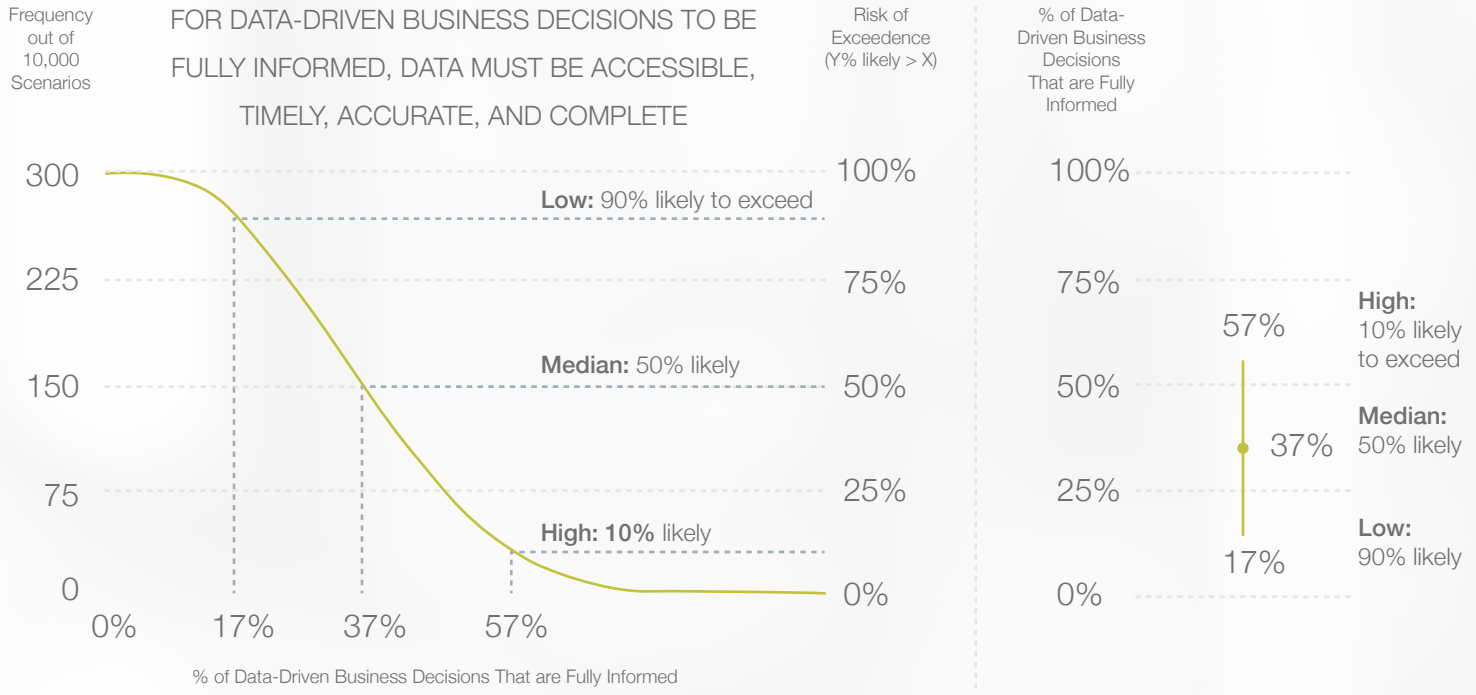
It's reasonable to assume that better-informed business decisions are much more likely when business users are leveraging data that's *accessible, timely, accurate,* and *complete* — analogous to pulling the handle on a slot machine and coming up with four consecutive cherries. Similarly, it's reasonable to assume that business decisions are much more likely to be suboptimal when the data business users need is ***not available, not timely, inaccurate, or incomplete***.

Aberdeen's simple Monte Carlo analysis quantifies the shocking negative impact that the current level of performance at data governance has on your important business decisions.

LACK OF COMPLETE DATA

The business users in Aberdeen's study have access to timely, accurate, and complete data between just **17% and 57%** of the time, with a **median likelihood of only 37%**. This is why they continue to rely so heavily on mere intuition and gut feel!

Do you really want your organization's important business decisions to be made based primarily on personal intuition and judgment calls, **nearly 80% of the time**?



Monte Carlo Analysis and Risk

In a Monte Carlo analysis, each variable in a calculation is expressed as a ***range*** (lower bound, upper bound) and a ***shape*** (probability distribution) — as opposed to a ***single, static value***. The relevant calculations are then carried out based on a randomly selected value from the probability distribution for each variable, over thousands of independent iterations.

In doing so, the result is also expressed as a range and distribution — as opposed to a single, static value. Most importantly, the result can then be represented in terms of both ***how likely*** and ***how much business impact*** — i.e., in terms of **risk**, as risk is properly defined.

More effective data governance is generally achieved with the help of **key technology enablers**, and Aberdeen's research confirms that the current enterprise priorities for investment are aligned with the biggest challenges. In order, top investment priorities include:

IN ORDER, TOP INVESTMENT PRIORITIES INCLUDE:

- **Data integration** and data preparation
- Interactive **data discovery** and visualization
- **Traditional BI** (e.g., dashboards, reporting)
- **Traditional data infrastructure** (e.g., database, data warehouse)
- **Predictive** or cognitive analytics
- **Master data management**

THE KEY TAKEAWAY

Aberdeen's research findings and analysis substantiate the need for organizations to invest in key technology enablers, business processes, and people for **more effective data governance** — which reflects the classic cause-and-effect connection between *activities* and *outcomes*:

- *People, processes,* and *technologies* are needed for **more effective data governance**
- More effective **data governance** leads to enterprise data which is *accessible, timely, accurate,* and *complete* — and to *higher satisfaction* of key enterprise stakeholders
- Stakeholders with *timely access to data* they can rely on leads to **better-informed business decisions**

DOWNLOAD REPORT