



EDM Webinar

Data Economics with YDC and Northwest Bank: Quantifying the Financial Value of All Things Data

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Featuring:

Sunil Soares, CEO, YDC

Mike Cappetta, Chief Data Officer, Northwest Bank

Moderator : Mike Meriton, Co-Founder & COO, EDM Council

Recording: [View webinar](#)

Presentation: [View slide deck](#)

EDM Council Homepage: edmcouncil.org

YDC Homepage: <https://yourdataconnect.com/>

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WEBINAR Q&A:

Thank you to YDC and the panelists for providing the below answers to all questions posed during the live webinar. For more information or additional questions, contact us [here](#).

How was United able to pledge their loyalty program? Or more generally, how would you "pledge" data or data value?

Delta Airlines has a pretty detailed SEC filing from September 2020 and we assume that United did something similar. Delta SkyMiles is a wholly-owned subsidiary that includes the airline loyalty



program and underlying cash flows. This entity was set up as a bankruptcy-remote legal entity that was then offered as collateral to the lenders.

Any advice on how to change the mindset of executives from simple data monetization (e.g. selling non-sensitive data) to other forms of value/revenue/income from data?

Data Value derives from multiple use cases across Growing Revenues, Reducing Costs and Managing Risk. Selling data is only one use case under Growing Revenues. Putting monetary values on all these use cases in alignment with finance and the business is the best approach to get executive buy-in.

Does the market include any value of data in its market analysis/valuation multiples? Perhaps in an acquisition but not in a valuation multiple. How do we see that changing?

DataCos are one approach to get the market to understand the value of data. The EDM Council Data ROI working group is working on a DataCo paper. Notwithstanding this approach, the accounting profession is still playing catch up in terms of recognizing the value of data as an intangible asset.

Are there any examples where the estimated ROIs have actually materialized? Or are they just to get the projects/product funded?

Yes, there are several examples. The EDM Council Data Office ROI V1.0 playbook refers to a value realization lead at a utility as one example.

Do any financial institutions have DataCos?

American Express (ParentCo) and Kabbage (DataCo) are one example.

How many of these commercial DataCo's that you listed are PE/VC-funded vs. Parent-company funded? Is there interest in the M&A market for spinning-off DataCo functions?

We don't have good stats here but there are a fair number of DataCos that are parent-company funded. We are seeing a lot of unannounced activity around DataCos.



What would be the best argument to sell data literacy & data acumen continuing education to an executive who does not invest in education yet?

Think of data literacy as an initiative that drives the value of a data product. The EDM Council Data Office ROI 1.1 Playbook (approx. early May 2023) includes a business case around data literacy ROI to improve the usage of predictive models by pharma field reps.

Do you have any criteria which you use when defining what is (or is not) a Data product? You said your Data Products were “Different from the Data Mesh Data Products”. Can you elaborate on how you are different from the Data Mesh specification ?

In our data valuation approach, we think of Data Products as buckets of value and more logical in nature rather than the physical data products manufactured in a data mesh. Examples of data products from a Data ROI perspective might be customer data, loyalty data, data privacy risk reduction, Anti-Money Laundering compliance risk reduction, etc.

How do you define governance and quality?

Those definitions are provided in other publications including the EDM Council.

Considering EDM Council is a multinational organization, having operations across the globe, would you drive the EDM Capabilities from Central and have a federated model?

The EDM Council has best practices outside Data ROI within DCAM and CDMC that discuss the pros and cons of a federated versus centralized model. This is not the domain of Data ROI.

How can I engage Sunil for one of my clients who is starting their journey?

Please reach out to info@yourdataconnect.com

My issue as a CDO is that the Data Office is only a cost center, and the revenue or cost saving is accounted for in other parts of the business. Do you have any advice?



Definitely work on the valuation of data as well as an attribution model regarding a percentage of the overall project value to attribute to the data. Typically, this attribution can be anywhere from 5% to 40% of the value of the project.

When making a business case, what kind of costs and investments should be considered in the denominator of ROI? Only investments referable to a data scope or also running costs (ex. maintenance costs of an AI solution)? If only a part of the investments are considered, how correct can the quantification of value be considered?

You should include the Net Present Value (NPV) of all the marginal costs associated with the project whether direct or indirect.

How do you differentiate between a Data Product and a Data Asset?

A data product is conceptual whereas a data asset is more physical in nature (database, schema, table, column). We recognize that this may not be the market-accepted definition but it works when we are working on data valuation and ROI.

Can I be included in the Data ROI Working Group?

Join the Data ROI Working group through this link:

<https://us06web.zoom.us/meeting/register/tZAsc-2qpi0vEtSYhu2yuO9bUhVpTdpRzUzM>

What's the recommendation on the minimum size for a data office to be able to deliver on these capabilities?

There is no minimum size. We have seen a one person data management team for a \$1 billion company and data offices that run into hundreds of personnel across the center and within business units.