



EDM Webinar

EDMC DataROI SIG Update: Addressing Real World Data Value Issues

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Webinar Resources:

Recording: [View webinar](#)

Presentation: [View slide deck](#)

Relevant Links:

[Data ROI SIG Working Group](#)

[Data ROI Reports](#)

WEBINAR Q&A:

Thank you to the DATA ROI WORKING GROUP and the panelists for providing the below answers to all questions posed during the live webinar. For more information or additional questions, [contact us](#) to inquire further about the Data ROI workgroup.

What type of metadata is imagined for data value? I imagine the various metadata and cataloging tools could be extended to create data dashboards to use value.

Metadata is not a requirement for achieving good Data ROI. Having said that, think of data value as representing “financial metadata,” which supplements the business, technical, and operational metadata that is already ingested into data catalogs.



Should the output of the DCAM and other models be Data ROI and evidence of the value add?

The EDM Council's DCAM and CDMC frameworks provide a useful tool for organizations to assess their readiness against the key building blocks for data ROI:

- Organization structure needs to support data value realization
- Business objectives and stakeholders need to drive data ROI
- Data governance must support trustworthy data
- Data products are the fundamental building blocks to compute the ROI of data
- Risk and regulatory controls support data risk ROI

How can you value these assets and then communicate to organizations so others can buy into the methodology?

The Data Office ROI and Data As An Asset Playbooks have several case studies that can be repurposed by any organization. You can download them here:

<https://edmcouncil.org/groups-leadership-forums/data-roi/>

The definition of a data product = data plus value. Assuming this is true, I would inventory products; then attach value. Thoughts?

Agreed with this thought. Just remember, for the purposes of data value, data product inventories should avoid double-counting of value.

Are there any CDOs who are testing / trying out the playbook concepts? If so, what are the findings?

Yes, several CDOs are already using the playbook concepts. While we cannot share names, their work has been sanitized and reused in the playbooks, as appropriate.

I understand your process but don't see how this is new. What extra concept is part of the classification / hierarchy?

We have not seen detailed comparisons of specific values for brands and/or data relative to corporate "unattributed intangible values" and few papers actually demonstrate a discounting of cash flow approach for a generic data project – we viewed these aspects as advancing the data valuation discussion.



Great approach, what about adding the cost itself of "managing the data-as-an-asset" as if it was an SKU, meaning: acquisition, transformation, storage, maintenance, "packaging" and eventually disposal?

Ongoing and one-time labor and systems costs should be included in examining the value created in any business unit, as well as in any data investment. The "value benefit" of a data-focused project needs to be conducted using a "with data benefit" and "without data benefit" approach, which was outlined in the paper. It's easiest to "baseline" assuming data is "fully baked into" your business as usual... and then use the investment in data (or data project) as the driver of all the "marginal effects" across each line of a profit and loss. With that, cash flows can be computed, and value created by the data investment can be measured.

How do you define a framework since you are making a point to distinguish vs. playbook?

DCAM and CDMC are frameworks and have maturity models to support formal assessments. Data ROI is a playbook and NOT a framework because it lacks a maturity model (perhaps later in 2023).

Do you holistically calculate Data ROI measured across different use cases OR you pick a few and then use the median as your data ROI number?

For specific use cases, various probability-weighted outcomes would be a good practice. The expected (pre-project) data ROI for the contemplated investment could be the blended average of these scenarios. If a project has multiple use cases (i.e. multiple ways where value could be created), then each use case should contribute a certain portion of the total incremental revenue, incremental cost decrease, incremental risk reductions, etc.

I really didn't get how you got to a percentage of the intangible value attributed to data ranging from 10% to 25%. What's the rationale? Have you tried out some typical valuation techniques?

Premise 1: "Unattributed intangible value" is various forms of intangible value. "Unattributed intangible value" is the difference between a company's market value and its book value.

Premise 2: We can allocate the "unattributed intangible value" across five categories. We define them as: Brand, Data, Talent, Innovation, and Other. Why 5 categories? Studies of intangible value commonly make 4-to-5 categories of intangible value, and the five we choose mirrored those.



Premise 3: We learned/reasoned that Brand value would tend to be the largest portion among the five categories. Why? We studied 100 of the world's top brand valuations using Kantar Brandz research. Comparing Kantar's brand valuations with "unattributed intangible value" as of year-end 2021, we saw that a median brand value was 35% of its associated corporations "unattributed intangible value".

Premise 4: The remaining 65% would then be attributable to Data, Talent, Innovation and Other. Using a simple equal division of the $65\%/4=16.5\%$. We believe that for most companies, data's value within the company is about 16.5% of the unattributed intangible value. Because facts and circumstances matter for each firm, we used a range of 10%-25% as the "generalized rule" for estimating the value of data in an enterprise. Applying the rule to the companies of the S&P 500, and making several modifications for certain sectors (data product companies, banks), the results were sensible.