Flattening the J-Curve

Strategies to realise the value of your data investment
CDAO Melbourne 2023

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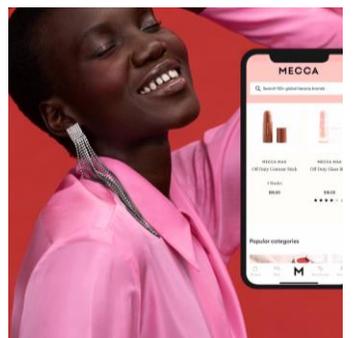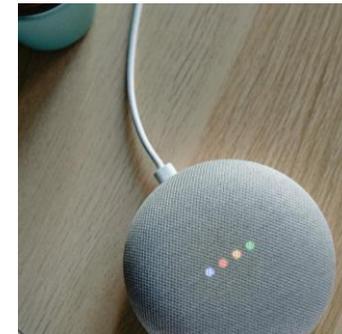
Carol Mok
APAC Lead Value Advisor

Teradata

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The data economy

Organisations are investing
trillions in data and data platforms.
Every company is now a data company,
whether they realise it or not.

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Companies have yet to realise the value of their data investments

70%

of Data & Analytics leaders are struggling to deliver a measurable return on investment. [1]

23%

of executives reported that their companies have created a data-driven organisation. [2]

79%

of executives surveyed identified cultural impediments as the greatest barrier to becoming data driven companies. [2]

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Australia's digital and data divide

"We do well in Australia on basic aspects of technology and data use, like internet coverage, but are falling behind in more advanced areas such as business uptake of analytics and artificial intelligence" [1]

Dr Stephen King
Australia Government Productivity Commissioner

AI early adopters are more likely to use AI to create a strong competitive advantage [2]

Country	Widen lead/leapfrog	Catch Up
Australia	22%	50%
France	27%	43%
Canada	31%	38%
United States	37%	35%
United Kingdom	44%	26%
Germany	47%	18%
China	55%	22%

Catch Up
Widen lead/leapfrog

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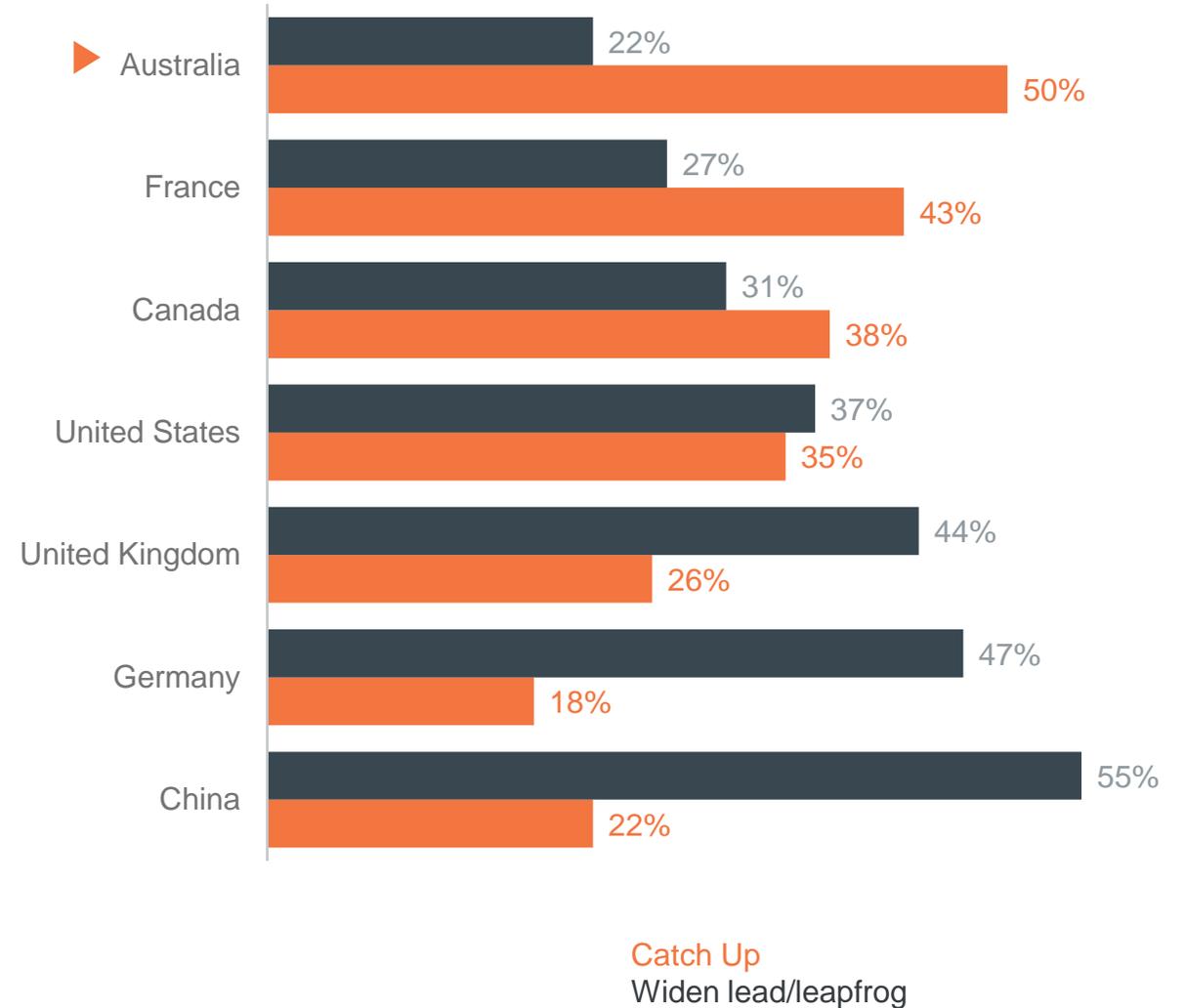
The data investment challenge

Time to Value J Curve

4 Elevated Productivity

1 Initial Disruption

2 Reskilling and Adaptation

3 Innovation and Optimization

value

time

+

-
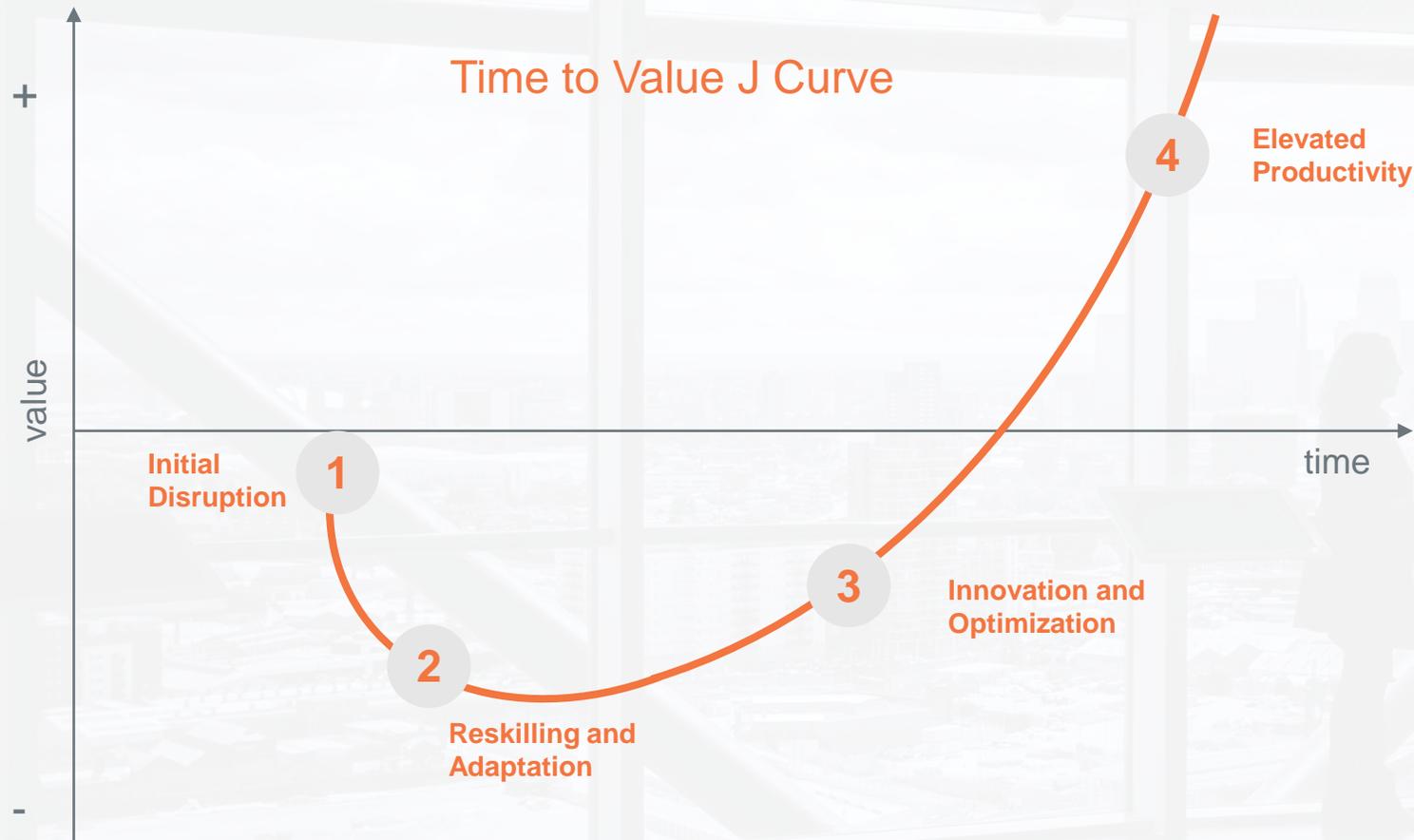
1 Workflows and processes become obsolete or require modification.

2 Workforce reskilling and training to operate, manage, and collaborate effectively.

3 Business begins to optimise operations and innovate new offerings with AI-driven insights, automation, and predictive analytics.

4 Elevated productivity levels AI's ability to handle complex data analysis, generate insights, and streamline operations will lead to tangible gains that contribute significantly to economic growth.

Source:
1. "The Productivity J-Curve: How Intangibles Complement General Purpose Technologies"
   Erik Brynjolfsson, Daniel Rock, and Chad Syverson

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Treat data as asset
It starts with Measuring
Business Value

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What's Business Value

"

The measure of how much your data contributes to your business outcomes and objectives.

An Approach to Value Investment

Stakeholder Domain

1 Listen & Sense

STAKEHOLDER PRIORITIES & CONCERNS

MULTI-STEAKHOLDER IMPACTS

Assess Trade-Offs **4**

2 Assess

VALUE CREATION (Give)

VALUE LOGIC

VALUE REALISATION (Get)

Measure **5**

3 Develop Options

VALUE LEVERS

REALISED RETURN TO ORGANISATION

Adjust & Iterate **6**

Enterprise Domain

Source: Gartner, The Value Equation

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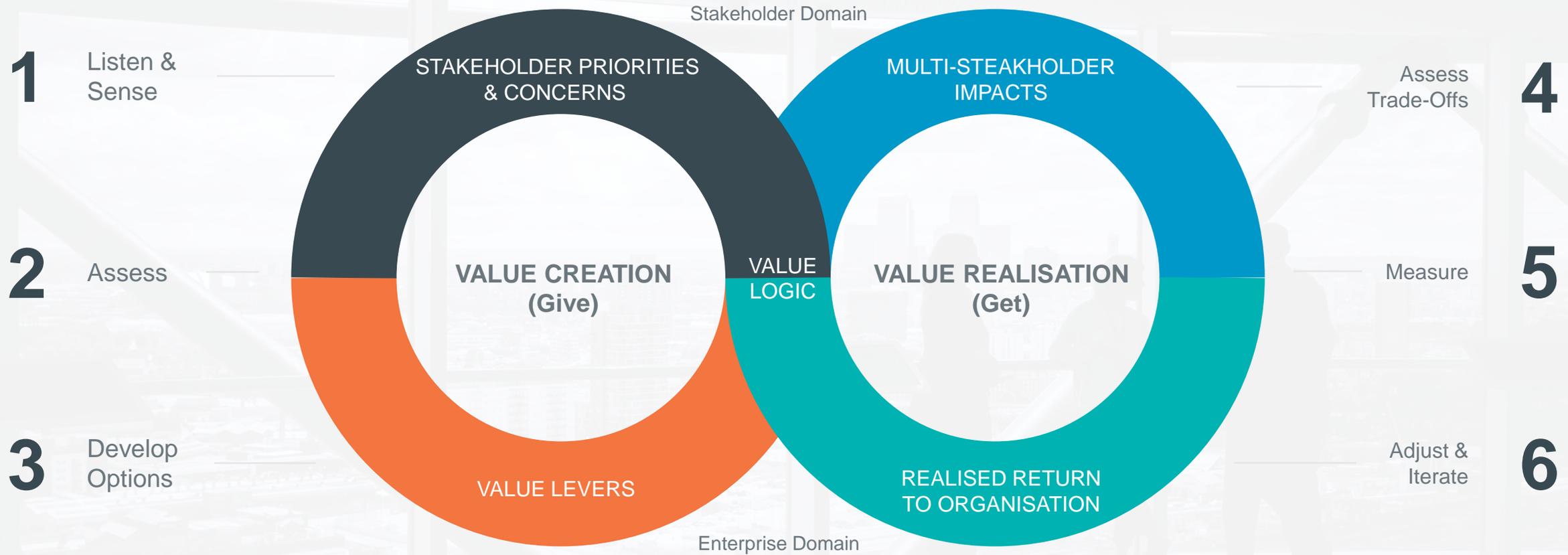
1. Success Factors
Engage stakeholders and build champions

High Usage
High Knowledge

ENGAGEMENT

Knowledge

Advocacy

Participation

Ability

Commitment

Understanding

Awareness

Usage

- I believe in what we do and am helping achieve our business and data strategy
- I know what I can do to support our business and data strategy

- I have the skills and knowledge I need to deliver the strategy
- I buy into it and am committed to delivering it

- It makes sense to me
- I know what our data strategy is about and what we are trying to achieve

Phase 3
Live it

Phase 2
Love it

Phase 1
Get it

Engaging stakeholders means building commitment at three levels:

- **Rational** (awareness and understanding) – Employees/Partners **KNOW** the value of data

- **Emotional** (commitment and ability) – Employees/Partners **BELIEVE** the value of data is about

- **Motivational** (action and advocacy) – Employees/Partners **LIVE** utilize data in their day to day, self service and make decisions

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2. Success Factors
Define the game changing Business Value Levers

VALUE
METRICS
AREAS

SAVINGS

GROWTH

EFFICIENCY
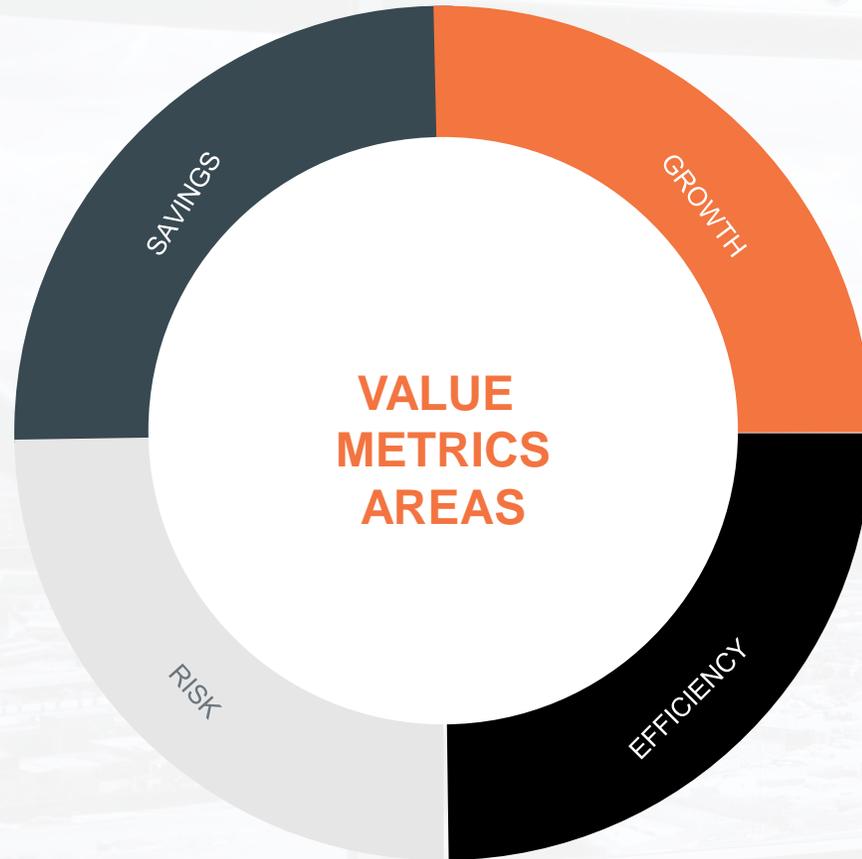
RISK

VALUE LEVERS

Leadership

Client Centricity

Sales & Marketing

Pricing

People & Culture

Operations

Governance & Risk Controls

Delivery & Technology

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3. Success Factors
Focus on clearly identified high-impact business problems or use cases

value impact

+

-

effort

DO THIS
QUICK WINS

DO LATER
BIG BETS

INCREMENTAL
FILL INS

AVOID
MONEY PIT

Use case **criteria**

Is it strategic

Is there a competitive advantage

Is it scalable

Does the value exceed the cost

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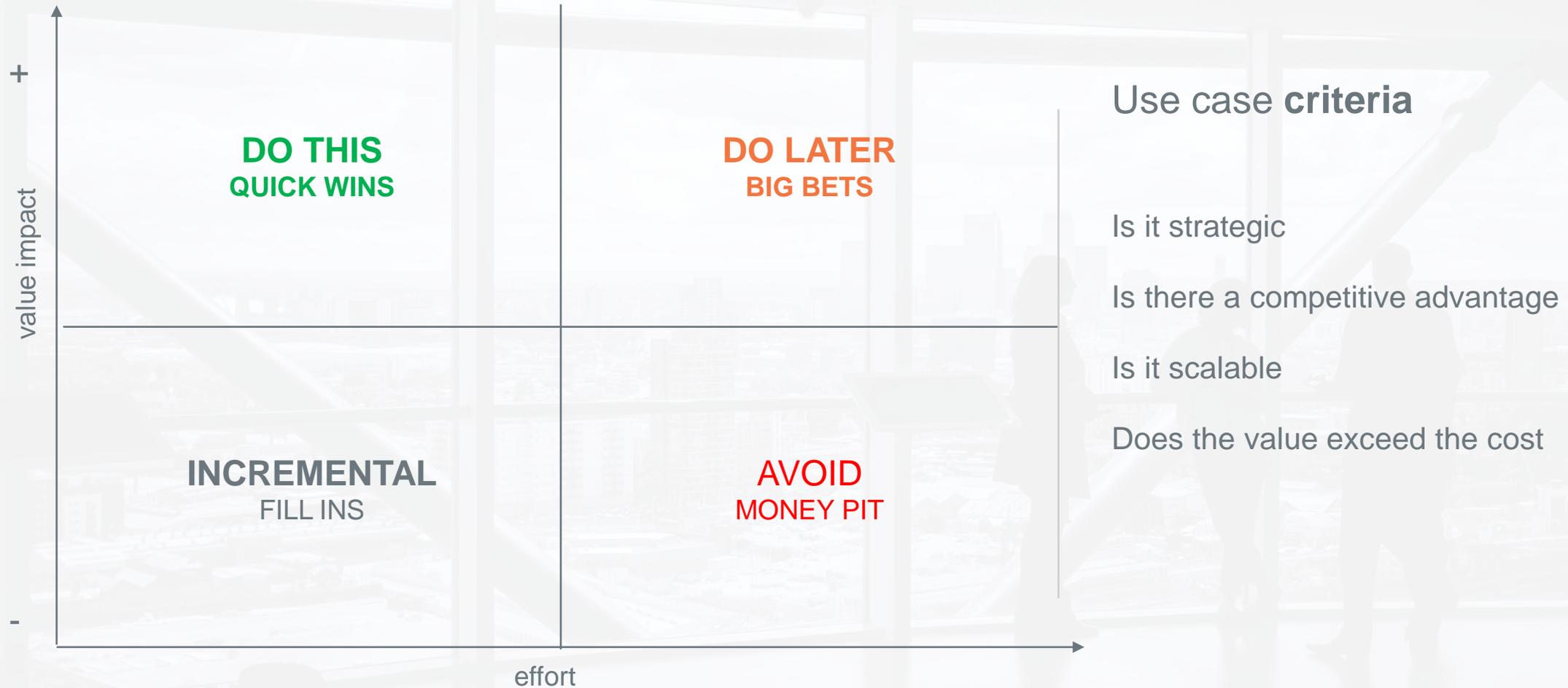
4. Success Factors
Find data overlaps to scale

If you already have data for this:

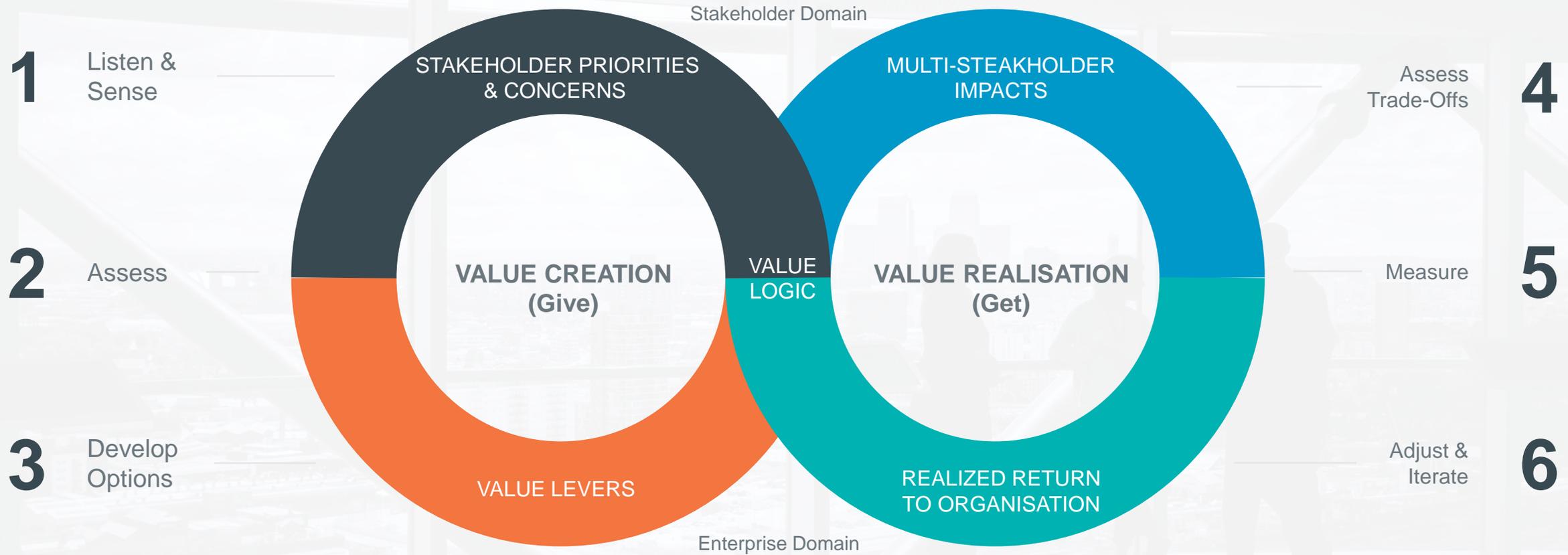Use cases / Business Improvement Opportunities:

...then you have a % of data for:

	Customer Value Measurement	Revenue Assurance	Customer Retention Maximization	Cube Utilization	Spot Pricing Optimization	Product & Service Optimization	Replenishment Optimization	Accounts Receivable Optimization	Accounts Payable Optimization	Procurement Enhancement	Global Supply Chain Visibility
Customer Value Measurement	100%	50%	59%	43%	55%	51%	49%	1%	27%	1%	34%
Revenue Assurance	96%	100%	90%	57%	66%	72%	69%	2%	48%	2%	50%
Customer Retention Maximization	96%	76%	100%	54%	67%	70%	69%	1%	43%	2%	49%
Cube Utilization	71%	49%	55%	100%	67%	76%	75%	1%	44%	1%	53%
Spot Pricing Optimization	70%	44%	52%	52%	100%	51%	50%	14%	52%	12%	42%
Product & Service Optimization	83%	60%	69%	74%	65%	100%	96%	1%	43%	2%	50%
Replenishment Optimization	82%	60%	72%	76%	66%	100%	100%	1%	45%	2%	52%
Accounts Receivable Optimization	3%	4%	3%	2%	51%	3%	3%	100%	57%	40%	2%
Accounts Payable Optimization	61%	57%	61%	60%	92%	61%	61%	28%	100%	29%	60%
Procurement Enhancement	7%	6%	5%	4%	51%	5%	5%	44%	66%	100%	4%
Global Supply Chain Visibility	100%	76%	88%	95%	96%	91%	91%	1%	78%	2%	100%

Reuse of integrated granular data in data model

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5. Success Factors
The Value Feedback Loop

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Source: Gartner, The Value Equation

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Value created by the Vantage Connected Data Platform

DHL: 20% improvement of selling spare capacity as a last-minute offer to premium customers

Vodafone: Lifetime Value predicted reducing churn via more advanced used of customer behaviour data in campaigns

McCain Foods: Provided visibility to deviation in direct manufacturing costs, purchase-price variability, logistics. Reduced Closing time with more than 50%.

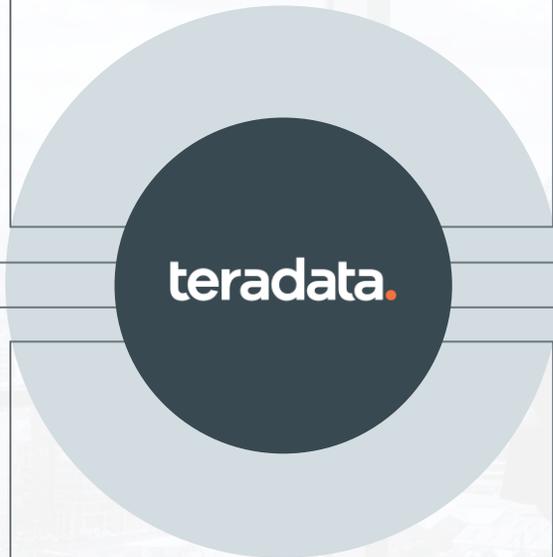**Nordea:** Implemented an AI-driven process to process customer selection and validation

Processing time reduced by 10x (month to weeks) with 80% reduction in FTE

SALES ENABLEMENT
>10%
Efficiency Improved

REVENUE PREDICTION
>5%
Increased Profitability

FINANCIAL CLOSE PROCESS
>33%
Time Reduction

REGULATORY REPORTING
>20-80%
Headcount Reduction

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REAL TIME MARKETING
>1-5%
Increased Revenue

RISK ANALYTICS
>6-15%
Model Performance

OPERATIONAL EFFICIENCY
>5-15%
Call Reduction

FRAUD DETECTION
>40-80%
Increased Detection Rate

Lloyds Bank: Increasing revenue per year by up to 3% with roll out of real time marketing across all channels, brands and product. 25% of branch sales now attributed to insights and capabilities delivered by Teradata

Bank Itaú-Unibanco : Model factory and use of AI to remove human bias improved model performance by allowing introduction of models earlier, inclusion of text-mined variables and use of genetic algorithms

International Bank: Root cause analytics applied to calls originating from web-based customer interactions. Collective rectifications accounted for 5% reduction in annual call volumes.

Top 5 US Bank: A combination of DL and ML models with real-time authorisation enhanced existing rules to detect 50% more fraud by value with the same ratio of false positives.

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Select Client Cases

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We partnered with an Asian bank through their seven-year transformation journey realiing > $118M
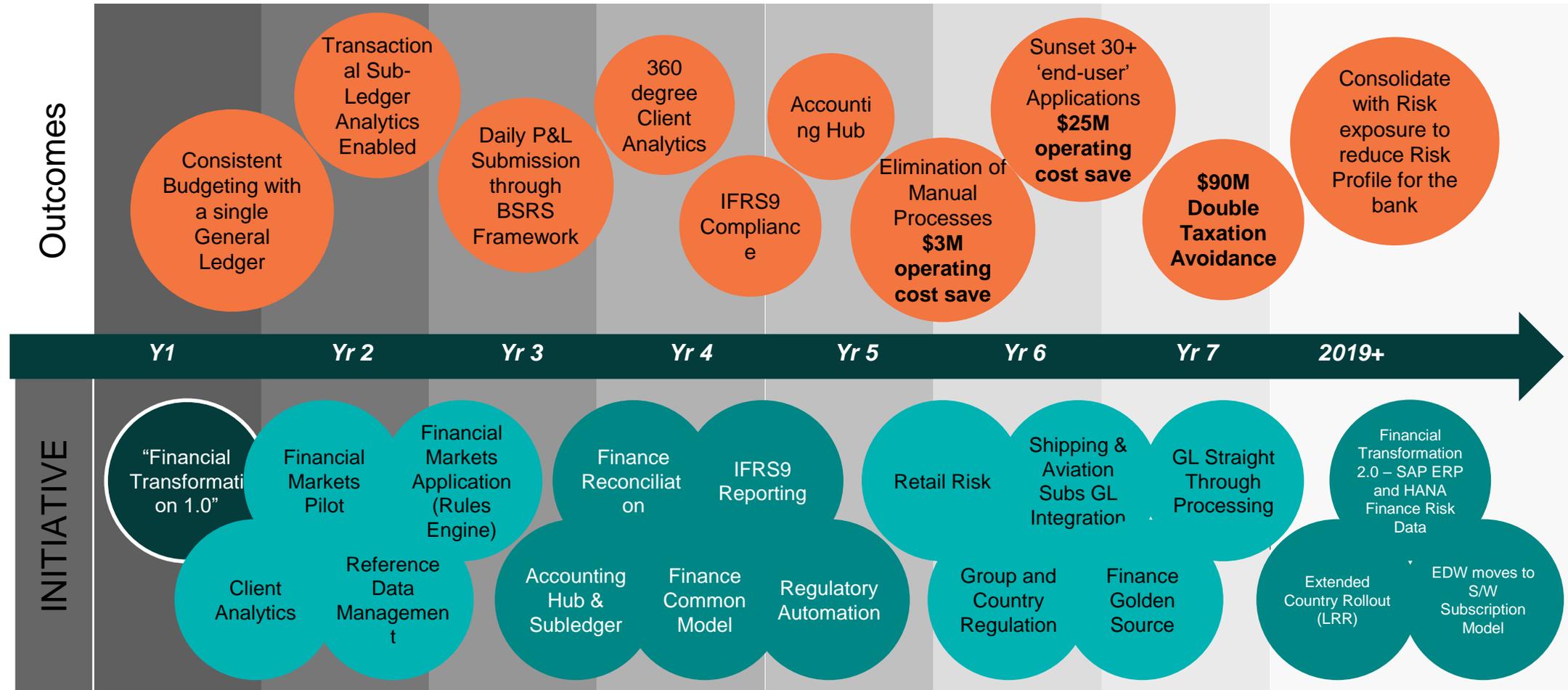
Sample Case Example Illustration

Outcomes

- Consistent Budgeting with a single General Ledger
- Transactional Sub-Ledger Analytics Enabled
- Daily P&L Submission through BSRS Framework
- 360 degree Client Analytics
- IFRS9 Compliance
- Accounting Hub
- Elimination of Manual Processes **$3M operating cost save**
- Sunset 30+ 'end-user' Applications **$25M operating cost save**
- **$90M Double Taxation Avoidance**
- Consolidate with Risk exposure to reduce Risk Profile for the bank

Y1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 | Yr 6 | Yr 7 | 2019+

INITIATIVE

- "Financial Transformation 1.0"
- Financial Markets Pilot
- Financial Markets Application (Rules Engine)
- Client Analytics
- Reference Data Management
- Finance Reconciliation
- IFRS9 Reporting
- Accounting Hub & Subledger
- Finance Common Model
- Regulatory Automation
- Retail Risk
- Shipping & Aviation Subs GL Integration
- GL Straight Through Processing
- Group and Country Regulation
- Finance Golden Source
- Financial Transformation 2.0 – SAP ERP and HANA Finance Risk Data
- Extended Country Rollout (LRR)
- EDW moves to S/W Subscription Model

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Tracking value drivers to tangible metrics

Business Domain	Value Lever	Value Driver	Value Metrics
Reporting	Performance Management	Revenue Improvement	% Lift X $ Base Revenue
	Risk Mitigation	Cost Reduction	% Attribution X $ Base Dpt Cost
	Operational Requirements	Value of Risk	% Risk Mitigated X $ Annual Value of Risk
	Compliance	Cost Savings Manual	$ FTE Effort Reporting Cycle X # Reporting Cycles PA
Customer Management	Acquisition	Penalty Avoided	$ Penalty Estimate PA
	Cross Sell	Improved CPA	% Revenue lift in Acquisition
	Retention	Targeting Effectiveness	% Revenue lift in X Cross Sell Revenue
	Marketing Ops	Accounts retained	% Accounts retained X Customer Value
		Campaign Improvement	% Attribution lift X Revenue
Channel Management	Pricing & Margin	Pricing Effectiveness	% Cost Reduction X Channel Cost PA
	Channel Management	Cost Control	# DW usage/Total DW Usage X Cost
	Value Destruction	Cost Reduction	# IT and Business FTE Associated with Processes

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Are you comparing apples over oranges?
Uncover, past, now, next and new against the benchmarks

Sample Case Example Illustration

VS

Past

Is the gross cost of ownership **transparent and realistic**?

Review what the cost structure of the platform and will is support potential future needs of the organisation.

Now

Has the platform **increased in cost over time** and **inorganic costs** subversively increased the costs of the platform?

Review whether cost has increased in line with business needs.

Next

Are **peripheral costs** spiralling to govern the platform?

Review the unchecked needs leading to higher operating expenses and whether it cost effective to maintain or develop.

New

Is the platform returning against the original business case and what could be future use case scenarios?

Review further avenues could be leveraged to increase returns.
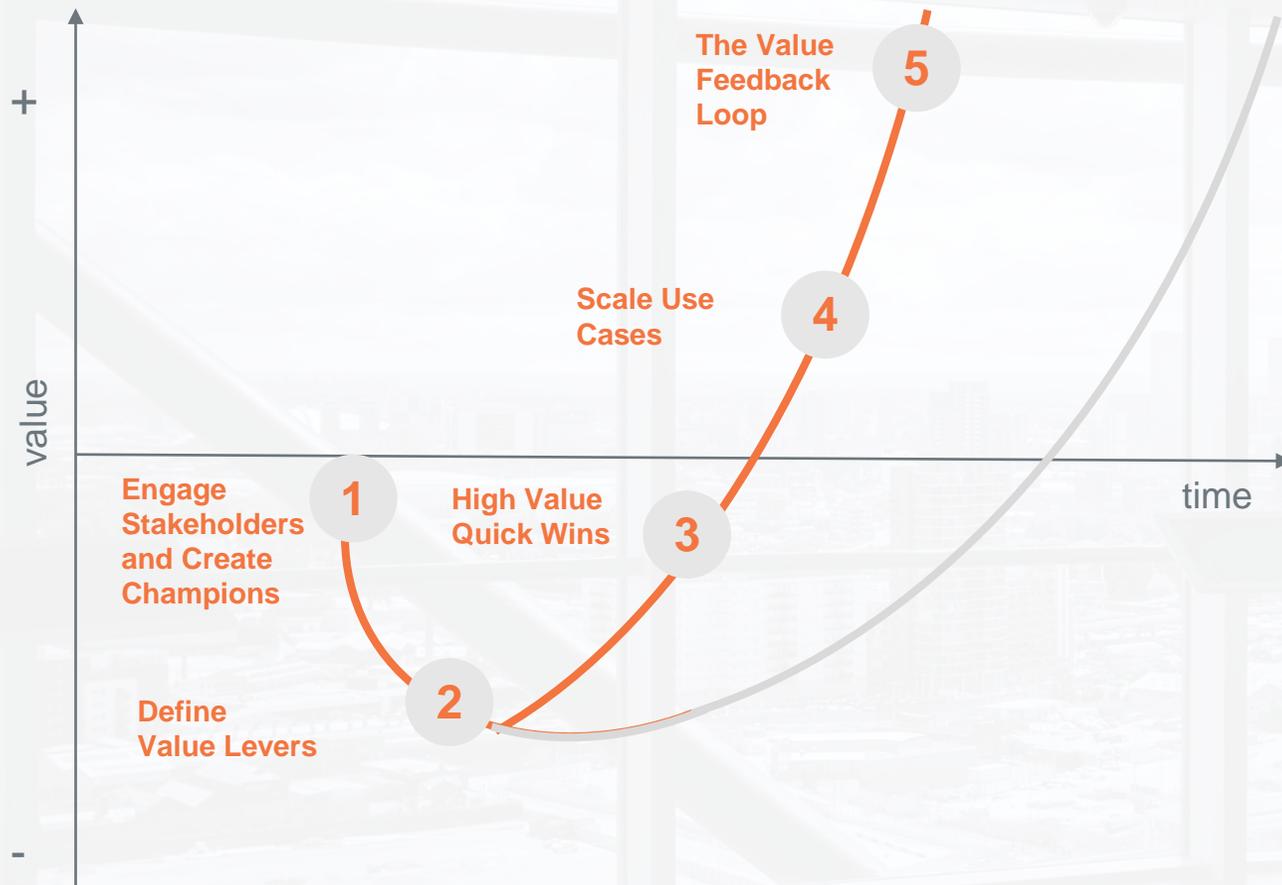
Benchmark

Would it be cheaper to do it differently or do nothing?

Alternative platforms exist, assess if they achieve the same outcome at a lower price and the breakeven point in investing to migrate and depreciate.

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Flattening the J curve
Put Value in the Centre of Your Investment

The Value Feedback Loop — 5

Scale Use Cases — 4

value

Engage Stakeholders and Create Champions — 1

High Value Quick Wins — 3

Define Value Levers — 2

time

+

-

How we **can help**

Aligned understanding of value

Holistic view of how data is used

Justify future investments

Support strategic decisions

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Thank you.

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