3 BUILDING BLOCKS OF A DATA GOVERNANCE BUSINESS CASE

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Everyone knows that the world of data is changing faster than anyone anticipated. In fact, statistics show that **90%** of the world's data was created in the past 2 years.

But as the volume and velocity of data continues to grow, so do the challenges of keeping it timely, accurate and trustworthy.

88% of companies report that inaccurate data had a direct impact on their bottom line.

The average company loses **12%** of its revenue because of inaccurate data.

The US economy loses **$3 trillion** per year thanks to bad data.

Companies waste **15%-45%** of their operating expense because of bad data.

42% of middle managers recognize they have made decisions using the wrong data.

10% of information workers' time is spent searching for the right data.

Sources: Experian Data Quality, IT Business Edge, IDC, Accenture

For many organizations, looming regulatory and legislative deadlines cause data headaches. And the cost of non-compliance is high, ranging from steep fines to tarnished reputations.

It's clear the organizational risk of not having controlled and trustworthy data is greater than ever before.

How do you keep up with the data deluge and improve the business **"trust"** in your data?

The answer is Data Governance.

This answer may seem obvious to you, but persuading others in your organization to **invest in data governance** can be challenging.

Q. So how do you convince the right people why data governance is critical to the success of your organization?

A. The answer is simple: create a business case

Now I know what you're thinking.
That sounds like work. And lots of it.
But don't worry. **We're here to help.**

Follow our how-to guide and you'll have the building blocks you need to create a solid data governance business case in no time.

Build your team before you get started

Creating a business case is a team sport. And you want to recruit the top players for your team. So before you dig into the details of creating the business case, you must identify the team that will support you.

Talk to your data governance sponsor, your finance department, and leaders from across the business. Ask them to assign a top player to your team. Secure their commitment and support. After all, collaboration across the organization is key to your success.

A successful data governance business case is made up of **three building blocks:**

RISK	VALUE	COST

Together, they help you make the case for starting – or restarting – a data governance initiative.

Let's look at each building block in detail.

BUILDING BLOCK #1

RISK

Clearly articulating the risks your organization faces by not doing data governance is a good place to start.

For some, the risks are obvious and well understood. Financial institutions, for example, face steep fines for noncompliance with regulatory deadlines. And in healthcare, poor data governance can lead to very dangerous outcomes, such as preforming the wrong operation on a patient.

For others, however, the risks are more discrete, like loss of competitive position, negative investor or public opinion, and stock price losses caused by incorrect financial reporting.

Allow no crisis to go unexploited

To start, identify risk factors that influence any or all of the following:

• Is time of the essence?

• Are there fines for non-compliance?

• Will it tarnish our public perception?

• Will it erode our competitive position in the market?

• Will it taint the opinion of investors or the stock market?

• Are there risk reporting and capitalization reporting requirements?

It's best to measure risks in aggregate, classifying them as high, medium, or low. And if you can identify a financial cost to your risk factors, such as the amount in fines you will incur for non-compliance, you should certainly do so.

BUILDING BLOCK #2

VALUE

Defining the tangible – and intangible – value of data governance is often difficult and hard to quantify. Begin by identifying the business outcomes or capabilities you want to achieve.

- Do you want to align business terminology or improve user access to authoritative data sources?

- Do you want to establish accountability for data maintenance or improve process for impact analysis?

- Do you want to improve data quality management or establish traceability and lineage for master data?

- Do you want to improve the usage of reference and master data or establish consistent usage of big data and analytics?

- Do you want to ensure that your most valuable data – your "crown jewels" - are protected and secure, but still accessible for the right people to use?

Once you've identified the outcomes or capabilities you want to achieve, you'll need to translate them into business value. For example:

- "Trusted data" improves business cycle times while reducing the cost of decision making and analytics
- Implementations of issue management and data helpdesk improve service levels
- Business glossary management, reference and master data management, data quality, data controls, and data discovery improve the efficiency of resources and processes while improving the "trust " of your data

Always record the assumption that you used to arrive at the business value metrics. Your metrics may be revised up or down when you review your assumptions.

The next step is to consider how you can express that value in economic terms that make sense for your business. Many organizations consider factors such as:

- Improvements in cycle times or service levels
- Cost savings resulting from resource and process efficiencies
- Value provided by data analytics consistency
- Value provided by data lineage, data security, data privacy, retention knowledge, and communication
- Improvements in customer engagement
- Reductions in operational risk
- Improvements in data protection
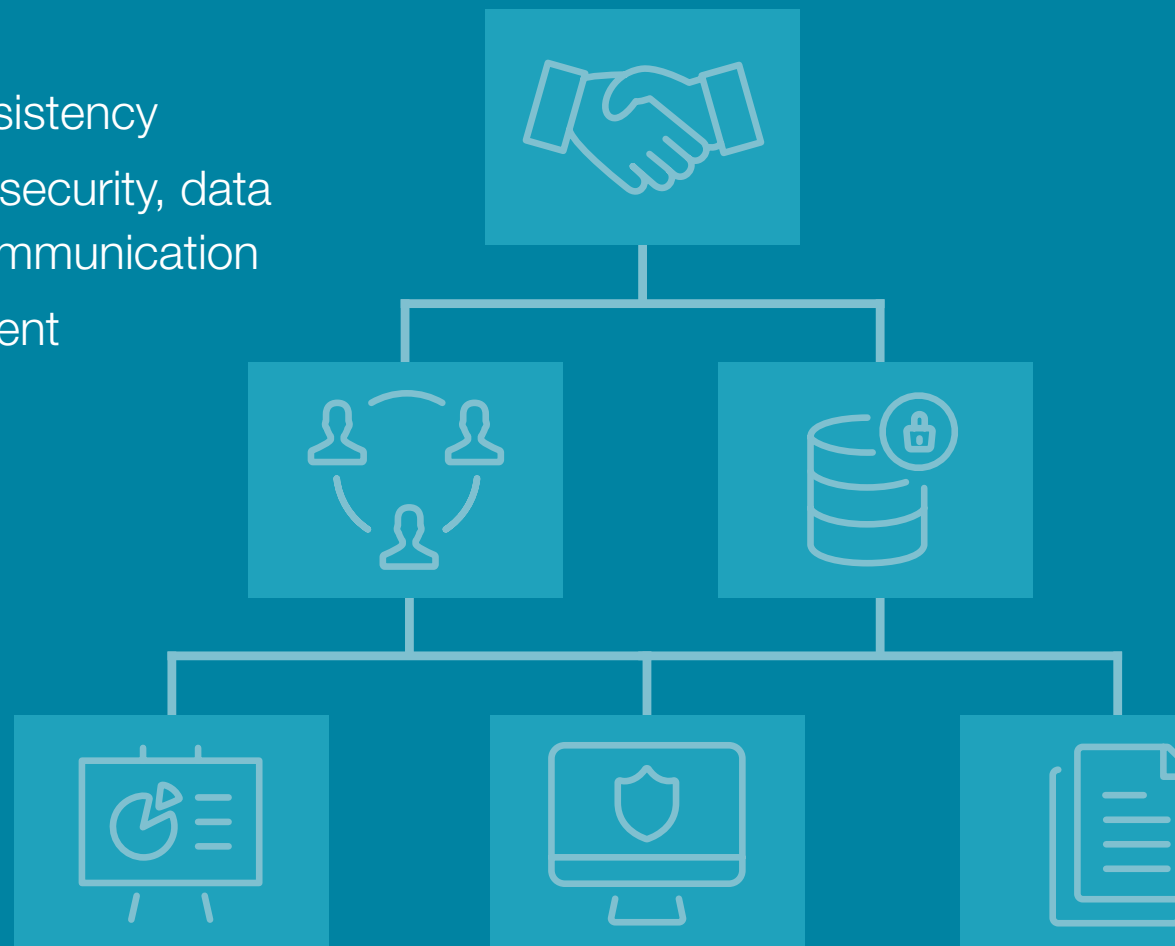
Bringing value to life

To define value, a large insurer decided that when it comes to cyber security, protecting all data wasn't realistic. For their business, securing the "crown jewels" – trade secrets, board reports, and IP data to name a few – was the most valuable place to start.

To secure the most critical 2% of data, they engaged the business via the Data Governance Council to find the data, and then protected it according to the appropriate policy.

The result? Through data governance and security measures, they reduced operating risk and provided legal cover for the board.
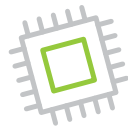
BUILDING BLOCK #3

COST

Cost is a key component of your business case. And there are a number of aspects to cost that you'll want to consider.

People: what resources are required to support a data governance initiative? What is the level of effort and loaded cost per role?

Process: how much time will the process take? How does that compare to the process today?

Technology: what are the initial start-up costs? Recurring costs? Internal labor costs?

People

Estimating costs for people requires answering the following questions:

- What type of resource is required?

- How many resources are required?

- What is the effort per incident (average)?

- How many incidents occur per month?

- What is the loaded cost of each role?

- What is the cost per incident?

- How will improvements and new technology impact the resource costs?

Process

When you estimate cost for process, you'll need to identify the time and resources it takes to complete processes such as:

- Searching for the right data
- Understanding the correct source and usage of the data
- Defining business terminology for consistent usage in analytics
- Generating new reports and enhancing existing ones
- Managing data migration processes
- Data quality issue management

Here is a simple formula that will help you estimate the cost of a specific process:

**average loaded cost** X **number of hours** X **number of knowledge workers**

Technology

The last component of cost – technology - is relatively straightforward. You should first **determine if a cloud offering** is less costly. If it is, include costs for the annual subscription. If not, then be sure to include:

- License purchase cost
- Annual maintenance cost
- Initial hardware costs
- Consultancy start-up costs
- Internal labor costs for start-up (6 months)
- Other start-up expense costs
- Hardware cost/year
- Other recurring costs
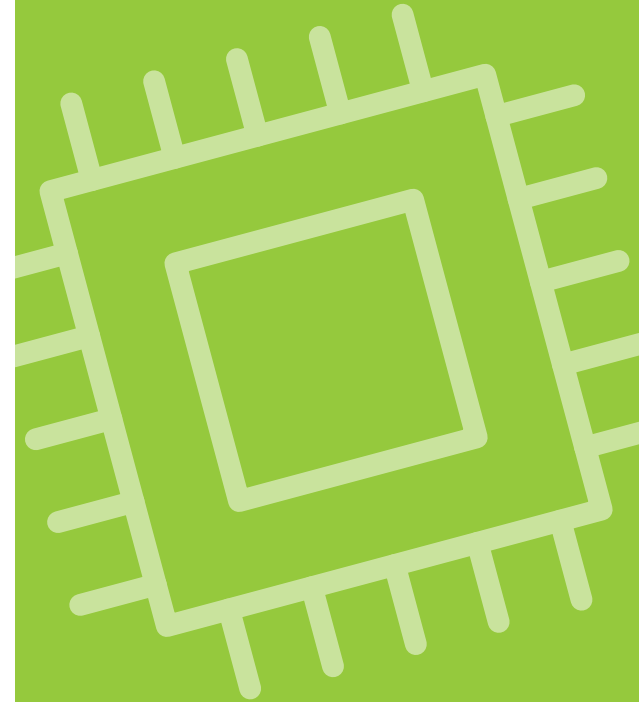
A few final thoughts on cost

1 **Present your costs as a comparison: current vs. future**

That way, the business understands the value they'll receive, over time, for their investment in data governance. The difference between current vs. future is a form of value.

2 **Remember to engage with finance – they're part of your team**

Bring them into the process early, and engage with them often. You'll want them to review your cost model assumptions and validate the cost model itself – before you present the business case.

3 **Estimate conservatively**

You want data governance to be affordable, but realistic as well.

So now you have the **building blocks** to develop your own **data governance business case.**

To recap:

Risk:	Value:	Cost:
show the business implications if you don't do data governance	highlight what the business gains, in economic terms	present the current and future costs for people, process, and technology

Need help building your data governance business case? Collibra can help.

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