

DATA: CAN THERE BE TOO MUCH OF A GOOD THING?

The fact that Excel, the Microsoft spreadsheet, can now handle over a million rows might seem like a data scientist's or chief information officer's dream. Or is it? Today storage is cheaper than ever and data is plentiful, generating a barrage of numbers. So the questions swirling in the data management chambers are: Is all that data too much of a good thing? And how can companies and organizations find the golden nuggets buried in those reams of information?

Analysis paralysis—not knowing what action to take with the morass of data that now includes click-through rates, customer service, social media and mobile, to name a few types—can be a costly problem for businesses. Companies can dither and fritter away valuable resources and time as they try, but often fail, to efficiently and effectively deploy everything they are collecting. “I would say that 95% of companies I see are not agile with data,” observes Oliver Ratzesberger, senior vice president of software for Teradata Labs.

Overcoming this sluggishness and inflexibility—a byproduct of having so much data—poses a key challenge for companies in the immediate future. Organizations, after all, want to take a nimble approach to their data so they can solve their business problems; they don't want mammoth data projects, taking months and months to complete, to weigh down their efforts. After all, what good are the findings if they provide a real-time solution, but you don't get that information until several weeks or months after a crisis has blown over?

Learning to collect more timely and relevant data

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was one of the ideas behind Teradata Labs, a division of Teradata that works with companies to explore and examine how to employ both new and existing data to react to immediate business issues. “CIOs are struggling with this problem, so we've built data labs where anybody can bring together data and try something new and implement it, or at least know how to proceed in a day or two,” explains Ratzesberger.

The problem is not necessarily the data itself, but how businesses mine it and put it to use. “My perspective is that more data leads to better insights about customer behaviors and higher profitability,” says Manan Goel, senior director of Big Data Product Marketing at Teradata.

But deciding what data to use, store and throw away is often a hard judgment call. As Antoine Blondeau, CEO of Sentient, an artificial intelligence company, points out, “No one knows whether this is a relevant piece of data. And no matter how good the data scientist, there are limitations. He or she will not be able to master all the data at his or her disposal.”

SEPARATING THE SIGNAL FROM THE NOISE

Know what you have. Taking an inventory of data is the first step to prioritizing data for storage and analysis. As any Peter Drucker acolyte knows, you can't manage what you can't measure. In fact, even the act of doing some data spring cleaning can reveal diamonds in the rough, spawning more ideas for better management and new strategies for getting an edge on the competition. In the era of mobile, Internet and social media, corporate data on customers and on internal operations is proliferating faster than many companies can keep track of it. So they need to build a database for the data, and cherry-pick the most exciting new information streams.

Get your team focused. There are many types of data analytics and purposes for which you can use them. Understanding whether you're looking for reactive analysis—that is, tactical response to changing consumption patterns and market conditions—or proactive analysis—strategic planning or reporting to shareholders and other stakeholders—is an important first step. These two types of analysis generate the right questions to drive the agenda of the data team. Ask questions like: How can we filter this information into manageable sizes and clusters? How will we use it in the short versus the long term? Are we keeping more than we need?

Use key performance indicators (KPIs) as guideposts. That's how Oscar Padilla, vice president of strategy at Luminar, an analytics company focused on the Latino market, sifts through all the data that crosses his desk. Using KPIs, metrics that evaluate the success of an organization, helps ensure that the data your organization is using, or storing for future use, is relevant and important to your larger goals. Thinking of data in concert with the KPIs, Padillo says, helps put data into useful buckets: What am I trying to accomplish in the near and middle term? How will this data help the company change and innovate in ways that are consistent with the KPIs?

Find the right tool set for managing your data. Often this means automating, says Goel. For instance, at large financial services firms, compliance is a big issue. "In the past, they had manual compliance look over everything, but then it's really hard to find out where the issue is," explains Goel, who has worked with the sector on automating these procedures. Using the right tools with big data helps financial services

firms identify patterns in the data and pinpoint compliance issues much more effectively. "If you have the right applications, then it becomes really easy for executives to separate the signal from the noise and not get deluged by the data," Goel explains.

Does it help you understand your customers?

One litmus test for data retention and prioritizing that Lee Paries, vice president of Big Solutions for Teradata, advises for relevancy is: Will you need the data for future forecasting about your customers? This is particularly relevant for consumer-facing and B2B companies who want to look at customer churn, something that requires longitudinal data, as Paries explains. "You look and analyze four, five or six months in the future and then compare that with how many actually left, and that produces a churn score," he says. A churn score offers deeper insight into customers. The understanding it provides of strengths and weaknesses in the customer interface can translate directly into actionable recommendations for customer retention, a core need of any company and a key component of its overall strategy.

"It's about automating the process of asking the right questions."

— MANAN GOEL
Senior Director of
Big Data Product Marketing,
Teradata

Iterate and revisit your conclusions. Didn't see that big drop in oil prices or solar panels coming, creating new opportunities to redirect energy-related operating costs? Didn't realize the rent in your downtown facilities would rise so suddenly, making inventory and office space management a priority? Blindsided by the number of reviews of your product on social media? Surprised by your competitor's advertising blitz on Internet-streaming TV? Last year's data inventory and priority tasks may be obsolete. Run your review again. Maybe this year's data analysis wasn't very insightful—or maybe it was so insightful that now you can focus on a new problem. Either way, this fast-morphing field deserves regular attention to keep your analysis fresh and relevant.

CONCLUSION

The next frontier in data will be an arms race—not in terms of who can collect more, but rather in terms of who can dissect it and deploy it fastest to solve business problems. These data-generated solutions will give any company or organization an edge in the market. That’s why Goel believes that from a revenue perspective, companies need to invest in the right tools so they can analyze all this data to find the golden nuggets. These tools can do everything from managing email spam to helping financial service firms more accurately monitor compliance issues in today’s increasingly stringent regulatory environment. “It’s about automating the process of asking the right questions,” Goel says.

Chief information officers may want to hoard data, but their mandate now involves a careful and delicate balancing act. Ultimately, the barometer, Blondeau says, is: “Do we believe there is value in this data?” Admittedly, the answer can sometimes be elusive. The data that an organization should not only keep—but cherish—should elicit a positive response to this question: Does it contribute to the problems my company is trying to solve?

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