Your Complete Guide To Data Commercialisation
Introduction

Once simply a byproduct of operations, data is now a critical asset for every business. As a result, data commercialisation has emerged as a multi-billion-dollar industry, with companies constantly on the lookout for new ways to effectively use and monetise data.

So what is data commercialisation? At its core, data commercialisation is exactly what it sounds like - the process of taking data and using it for commercial purposes. This might involve simply using data internally to create better solutions for customers, improving business productivity and customer insight or it could be taking existing data and using it to create new revenue streams via products created internally or via a third party specialist.

With so many different options, it is no surprise to see more and more businesses deploying their own data commercialisation strategy. In 2019, Forrester found that 51 percent of global data and analytics decision makers reported monetising their data in some way. This was up from 32 percent in 2016.
And of course there must be a demand for data to match supply. With more companies now entering the market and more buyers gearing up to consume external data, the monetary value of data is continuing to soar. Most - but not all - companies know that their own data tells a very inward looking story and doesn’t provide comparison to the wider market. Therefore these companies are hungry for alternative data to provide that perspective.

Dave Palin is the GM, partnerships at smrtr, a data and analytics company that brings data supply and demand together in a systemised and transparent way. Their Identity Graph connects different forms of Personal Identity so that associated data sets can be aggregated for use across any number of ad tech systems. The company aims to make audience targeting and data consultancy available to businesses of all sizes and harness the power of data to drive positive change. In this whitepaper, Palin lays out the current state of play in the data commercialisation industry and explains how companies can succeed in the data economy.
Before you start thinking about commercialising your business data, it is important to first define ‘data’ and understand how you might have accrued it.

With businesses increasingly embracing digital transformation, they are collecting vast amounts of data through various touchpoints, whether that be social media, web analytics, digital campaigns or ads.

These are all examples of online data. Many businesses would have also collected large amounts of ‘offline data’, such as email addresses and other contact information, demographic data and purchase history. This offline data is extremely valuable to businesses, particularly when combined with online data.

All of this data is in and of itself valuable in some way. Understanding how customers engage with your business through social media can help you develop more relevant content, while understanding the breakdown of your customers can help you tailor your messaging accordingly.

However, the value of a single dataset increases exponentially when it is combined with another complementary dataset. For example, if a business is experiencing a problem with customer churn, it can combine data from CRM systems, analytics services - such as Google Analytics -, social media feedback and customer feedback provided to the company.
Through combining this data - and possibly overlaying it with external data - businesses can start building segments which highlight which specific customers are more likely to churn. Once these segments have been created, the business can then focus more of their attention on customers that are likely to churn and start reducing this churn rate. Machine learning and other data techniques can then be used to build optimised segments for higher predictability and performance in the future.

Perhaps the most important factor in the growing importance of offline data is the looming deprecation of third party cookies. Third party cookies - which were traditionally used to create a ‘digital twin’ of humans as they navigate the internet - will no longer be supported on Google Chrome from 2022. Other browsers such as Firefox and Apple have already moved to stop supporting cookies.

As well as making it harder for advertisers to ‘track’ web users, the discontinuation of third party cookies will also limit the amount of online data available. This in turn will see the value of offline data continue to soar. This offline data, particularly purchase transactions, can be used to create audience segments that help brands target the right customers at the right time.
The commercial value of data is clear. However, it is important to realise there are processes in place which must be undertaken before this value can be truly realised.

A recent study by Deloitte Access Economics asked 275 Australian and New Zealand companies with over 100 employees to share how they achieve data driven results as a business. Although 93 percent of businesses have invested in data analytics tools and 80 percent have employed dedicated data staff, there is still plenty of room for improvement.

The study highlighted a clear lack of understanding around what data actually is from a business perspective. Less than 50 percent of businesses surveyed actually understand and manage access to data across the organisation, while roughly one quarter of businesses never analyse data, or only analyse it on an ad hoc basis. Even by slightly improving their data maturity, these companies stand to earn an extra $1.5 million on average in revenue, according to the study.

Another challenge associated with data commercialisation is the idea of ‘cleaning’ data. Clean data is far more valuable to a business, as it will save money and resources required to collect insights from data. Research from Validity suggests that around 20 percent of organisational data is dirty or invalid, while one in three business leaders do not believe they are using reliable and clean data for their business decisions. This means organisations should weigh up cleaning their data, before they consider using it either internally or externally.
This can occur in a number of different ways. By identifying where most of the data ‘pollution’ is occurring, a business can start ensuring that future data will be collected in an organised way. There is also the option to use external vendors for a data audit service or use certain software to cleanse data.

The Deloitte Access Economics research also shows that some businesses are hesitant to embrace data commercialisation due to workplace culture and politics. This is often a result of the perceived commercial, technical, ethical and regulatory risks that come with data.

For example, a company CMO might be aware of the potential value lying in the company’s data. However, the CFO could be concerned about the potential costs of monetising this data, while the CTO might be worried about the technological heavy-lifting required.

The reality is that most companies with valuable data do not actually have the IP or resources available to monetise this data, nor do they have the right staff on hand to create a data governance framework. These companies often provide services in banking, insurance or retail, meaning they lack the expertise required to sell data or sell it for its true value. Much like antiques dealers use their skills to extract the highest value of an item, data valuers are able to uncover any ‘hidden gems’ that might be lying in your operational data.

Selling data as a business is not simple. There are minimum requirements in terms of IT, legal, sales and management, meaning many companies may look to outsource their data commercialisation services to an expert.

Working with a data commercialisation partner can be beneficial, as they have experience navigating these complexities around data. This might happen in a number of different ways. For example, if a company has collected a large amount of valuable customer first party data through day-to-day operation, it can combine this data with external data through using a data and analytics partner. This will still allow the business to harness the power of data and insights without some of the same costs.

Businesses can also partner with each other to ‘pool’ their data in a way that is mutually beneficial for both companies. For example, when two companies merge, one of the great advantages is the potential to combine both business’s data. A high-profile example of this recently was Google’s acquisition of wearable technology company FitBit. This will likely help both companies generate insights that result in better products and services for customers.
Shifting attitudes and regulation

As well as the financial and technological cost associated with data commercialisation, there may also be perceived reputational costs at stake. High-profile data breaches in recent years - such as LinkedIn, Marriott Hotels and Canva - have many businesses on high-alert about how they handle customer data.

These concerns have been complemented by a rapidly changing regulatory landscape in recent years. It kicked off in 2018 with the introduction of the European Union’s General Data Protection Regulation, followed by California Consumer Privacy Act and most recently, the Australian government’s review of the Privacy Act.

This evolving regulatory landscape has meant many businesses are now confused about what they can and can’t do with their data.

Current regulations do not necessarily hinder a business’s ability to commercialise data, rather, they simply create guidelines around how this data must be handled, particularly around adopting transparent information handling practices and demonstrating a privacy by design approach.
There are also complications relating to the ethical collection and commercialisation of data. Although there are legal consequences for businesses that mishandle consumer data, businesses also have a responsibility to their customers to do the right thing when handling this information.

While monetising company data may serve as a genuine way to create a new revenue stream for a business, the organisation should always assess whether it is ethical to release this data. An example of the unethical use of data could be targeting vulnerable sections of society based on analytics. In 2017 the British gambling industry came under fire for using third party data providers to target people on low incomes and those who have stopped gambling.

Given these complexities, businesses should be looking to work with specialists that can help them navigate the various regulatory and ethical challenges associated with data commercialisation. Having an expert on hand to outline what you can and can’t do with your data is critical to fast and effective commercialisation.

Above all, the priority when commercialising data of any sort should be protecting the personal information of customers. To do this, a solid governance framework around data sharing is a must to ensure these risks are appropriately managed.
At smrtr, we understand that data commercialisation can be daunting, particularly for a business that has not previously attempted to monetise its data. That’s why we help our partners navigate the challenges of data commercialisation with our tried and tested methodology.

While we work with a range of different partners - each with varying amounts of data at their disposal and each with different levels of data commercialisation maturity - one of the main ways in which we help our clients is through creating new revenue streams using data. These businesses have often collected large amounts of data as a byproduct of their core activity, whether it be transactional, CRM or survey data.

Such companies realise their data is a valuable asset and are excited to develop new revenue streams - potentially even from an entirely different industry - however, they are unsure of how to navigate the various commercial, technological, ethical and regulatory challenges. The smrtr framework helps our partners overcome these challenges and develop these new revenue streams using data.

So how do we help our partners unlock the value of their data? Our ‘secret sauce’ is all about combining various datasets to deliver new and powerful insights from existing data and using our Identity Graph to match them together into a single universe. We have data built around the purchase behaviour and characteristics of 9.5 million households in Australia and 16 million people. This vast database not only allows us to help our customers create a better view of their customers, it also allows us to make sure this happens in a compliant and ethical way.
Before we start building these insights, we help our partners overcome one of the main challenges associated with data commercialisation. Our proprietary data commercialisation framework values data by pointing out which specific aspects are of value. Additionally, we also offer a data audit service, which allows our partners to not only prepare data for commercialisation, but also identify possible internal uses for the business.

Much of what we do as a business revolves around first party data. As a result of the changing regulatory and ethical landscape around data collection, this first party data (data that is collected directly by a company) is an increasingly important resource for businesses. This data, whether it be email addresses or purchase history, serves a purpose for a business on its own, particularly when it comes to internal operations.

However, once we take this first party data and combine it with our commercially available data, we can start to build new insights about our partner’s customers that might have otherwise gone unnoticed. It is also important to note that this is all done in a way that is both compliant with data protection regulations and ethical.

Our data is aggregated and anonymised, meaning that when we ‘match’ various pieces of information, we are never making our partner’s personally identifiable data available or visible. Anonymising our data in this manner does not make it any less effective. We never actually share our partner’s detailed first party data with an external vendor. Rather we are able to extract insights and aggregated micro-segments that are privacy compliant using anonymisation.

We are still able to match these datasets with the first party - and ethically collected - data from our partners to create insights that are useful to your business and compliant with existing regulations.

Once this data is aggregated and turned into insights, the possibilities are endless. For example, our automotive audience segments are built upon the purchase data on approximately half the car purchases in Australia in the last five years and the characteristics of their buyers. This is then matched with household information to create unique buyer segments.

With this combined data universe, our automotive audience segments have been shown to help our partners target the right buyers. On average, the segments achieve 3.5x improved targeting effectiveness and up to 18x for some specific vehicles.
Making the right decision about your data

Insights are not limited to the automotive sector. Our insurance anniversary product predicts which month of the year a consumer’s insurance policy renews and we have extensive data on property ownership and investment. We have developed a model that identifies high net worth individuals 28x more accurately than random targeting while our Baby Boomer attitudinal segments accurately target the 50+ demographic. An ever growing array of data sets are being added to our data universe, with a special focus on ensuring diversity.

Given the breadth of our available data, we are able to create powerful insights from a number of sectors. The beauty of data commercialisation is that these insights might not always be immediately obvious. For example, one data set indicating which people are likely to be in the market to refinance their mortgage can also be useful to understand who is in the market for a new car or furniture.

The global market for data monetisation is tipped to reach $317 billion by 2023, up from $45 billion in 2016 (Allied). However, the process of actually monetising your data is not so simple. At smrtr, we are also well placed to navigate the various regulatory and ethical considerations that come with data commercialisation.

To find out how you can get a slice of this burgeoning market and start commercialising your data, contact us today to find out more or visit https://smrtr.com.au/.