

Building a Business Case for Data Governance

Ten Critical Steps

A White Paper

WebFOCUS iWay Software

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Introduction

The information management industry has begun to realize the importance of governing data across data domains, as well as the enterprise. In fact, data governance may be the most talked about, yet elusive prize, in the data management space. It is highly coveted by people who work with data because practitioners know the mission-critical role governance plays in achieving desired data outcomes. At the same time, data governance is challenging for many organizations, primarily because of their inability to demonstrate to business leadership the perceived value it brings. Organizations that overcome this obstacle are much better positioned to successfully start and sustain a data governance program.

Building a compelling business case is central to implementing and sustaining a data governance initiative. Essentially, the capacity of a data governance discipline is proportional to the strength of the business case. With this in mind, constructing a case for data governance remains one of the most challenging things for an organization to successfully accomplish. There are several reasons behind this, most notably the fact that it requires an entirely different approach than traditional, project, and technology-based business cases.

In this white paper, readers will learn how to leverage a blend of processes, technology, and industry best practices to successfully make and sell a business case for data governance. Ten critical steps will be outlined, from strategy development through presentation. This paper will also highlight Information Builders' intelligence, integration, and integrity solutions, and how they can aid in effective data governance.

Creating a Business Case for Data Governance: Ten Critical Steps

There are ten basic, yet extremely important steps to building a business case for data governance. Within each step are a number of best practices that ultimately define the level of program success, failure, or mediocrity. These ten steps involve strategy, value identification, industry sources, data assessments, technology, concept definition, funding, success/risk factors, documentation, and presentation.



1 Develop a Strategy

Creating a business case for data governance is as much about developing a strategy as it is about defining economic justification. The approach an organization takes often determines the fate of the entire exercise. In particular, a case for governance will hinge on the ability to alter age-old perceptions, expose the holistic impact of data governance, and persuade business leaders to change outcomes through business process improvement. The phrase, “It’s not what you do, but how you do it,” certainly applies to data governance and specifically to building the business case for it.

As an organization begins the data governance journey, it is important to take into consideration the following best practices for data governance:

- **Acknowledge the differences** – Stakeholders must recognize the differences between making a business case for data governance, and making one for a traditional technology project. Many of these differences revolve around the non-conventional topics of business process, change management, business benefit, and holistic impact. Understanding the differences will help shape the organization’s approach, and better position it from becoming another statistic
- **Define the discipline, program, and purpose** – Take the time to characterize what data governance is and what it means to the organization. A simple definition of the topic and its purpose will go a long way toward getting everyone on the same page. This is especially important given that data governance has different meanings to different people. Fine-tuning the characterization of this term and its intent will help align the masses and advance the dialogue with business leadership. It is also a healthy exercise to clarify and document the purpose of the data governance initiative

- **Program name** – What you call something can determine how people perceive and respond to it – and whether they support it. The term data governance makes perfect sense to many in the information management space, but may not resonate with business leaders and executives. For some, the word “data” represents a tactical responsibility of IT, while governance signifies bureaucracy. Collectively, the term data governance does not always capture the attention and interest of executives. Consider alternate terms that better reflect the overall objective and are more likely to gain acceptance, such as information asset management or enterprise information management
- **Expectations** – Identify short- and long-term expectations for the data governance program at both a business and technical level. People involved in day-to-day information management activities have very different expectations than business leadership. Examine realistic expectations that will satisfy both decision-makers and stakeholders
- **Top-down or bottom-up** – Establish whether the proposed program will be a top-down or bottom-up initiative. Top-down is a corporate-endorsed structure that can effectively scale across multiple projects and the enterprise, one project at a time. Bottom-up programs are typically project-based, and struggle to get the funding and visibility they need to grow beyond a single initiative
- **Value proposition** – Determine whether the value proposition for the program will be based on a single project, the organization as a whole, or somewhere in between. While a specific project is important, a business case for data governance is more compelling when it addresses the impact across an entire data domain and enterprise
- **Interview the business** – Determine whether the creation of the business case should involve one-on-one interviews with various lines of business. This is where much of the business value can be found, yet organizations have a tendency to ignore this path
- **People to influence** – Draft a list of individuals and groups that will need to be convinced in order to secure funding and support for the data governance program. Know who to persuade and why. The roster of people should include business leadership and associates. Never assume that people, even those involved in daily data activities, understand the benefits
- **Third party** – Decide whether the organization will use a third party to build the business case. A third party can add value in a number of ways:
 - Provide industry experience and expertise
 - Gain visibility into the broader organization
 - Overcome the common stigma of being too close to the situation
 - Deliver the message to business leadership from an objective, non-partisan source
- **Success criteria** – Establish the initial success criteria for the program. The organization should know whether or not the program has been successful – you can’t manage what you can’t track
- **High-level project plan** – Establish an initial project plan with timelines to help identify and track activities and milestones

2 Identify Value

One of the biggest fallacies about making a business case is that the chief financial officer (CFO) or other key decision-makers will only weigh the program's ROI in tangible, economic terms. CFOs and others are surprisingly open to understanding the entire value a program can bring to an organization. This is not to say that tangible benefit is not important, because it is. However, a business case for data governance should take into consideration a number of both tangible and realistic, yet hard to measure benefits.

The value of a data governance program is derived from five principal areas: program, data operations, project, business operations, and organization strategy and planning. Collectively, these benefits tell a story that point to holistic value for the discipline.

1 | Program benefits – Creating and implementing a governance program can produce several benefits. These advantages are innate, self-evident, and provide the framework for managing information assets.

- Data strategy, direction, policy
- Data ownership
- Business alignment
- Scope
- Prioritization
- Authority and accountability
- Issue resolution
- Roles and responsibilities
- Standards
- Data definitions

There are also unique and often overlooked benefits when implementing a data governance program:

- **Transparency** – By creating an organized network of data custodians, data governance provides unprecedented visibility into data and business operations. This transparency uncovers opportunities, challenges, and risk that cannot be determined in a business-as-usual environment
- **Power to audit and question** – The data governance infrastructure enables the organization to audit and question data activities across the organization
- **Weights and balances** – Too often, the data operations of an organization are held hostage to well-meaning, but less-than-effective individuals. A formal program can mitigate these situations
- **Center of Excellence (CoE)** - Data governance provides the framework for cultivating a CoE for various disciplines such as data quality, stewardship, reports, and more
- **Agility to respond** – Data governance builds dexterity into an organization by giving it a go-to mechanism for data-related challenges. In addition, it provides the means to develop solutions that actually fix underlying problems

2 | Data operations benefits – There are numerous benefits associated with improving data operations within an entity. Most are tied to increasing efficiencies, reducing costs, and improving service levels. The domains commonly covered include:

- Data integration
- Data modeling
- Data standards
- Data stewardship
- Data quality
- Metadata management
- Security and privacy
- Workflow management

While the exact opportunity will differ from one organization to the next, there is a case to be made for the following benefits within the realm of data operations:

- Decrease software costs
- Increase timeliness of data
- Enhance interoperability between lines of business and work groups
- Minimize redundancy and rework
- Mitigate the risk of a security breach
- Improve data quality outcomes
- Reduce development costs
- Improve report accuracy
- Reduce the costs of maintaining systems

Historically, many data governance programs have hung their entire business case on these benefits. While important, they do not represent the sum of the parts.

3 | Project value – Most traditional technology projects, such as data warehouses and marts, business intelligence (BI), master data management (MDM), and CRM, have a business case and an ROI. Historically, many of these same projects fail to achieve expectations – or fail completely. According to some in the industry, the failure rate consistently hovers in the 50 percent range. The reason for these failures is normally attributed to the absence of a data governance and quality strategy.

Data-intensive projects require governance to optimize the ROI. In many cases, it can account for 25 percent or more of the entire return on investment. In essence, governance becomes the insurance policy for data-intensive projects. Organizations should examine their project business cases and determine the value governance will bring to their success and ROI.

Every organization has at least one experience with a failed project, and in many cases, it has to do with the lack of data governance around it. These projects are typically well known to the organization, even if they do not want to talk about it. As part of the business case, introduce past projects that have underperformed, and point out the role data governance – or lack thereof – had in the project.

4 | Business operations – Data outcomes affect business operations in unimaginable ways, and many organizations have no idea what the impact is or where to look for it. Identifying business benefit requires an investigation into how business units actually consume data to drive performance. This means sitting down and interviewing areas of the business that are experiencing the biggest challenges and present the greatest opportunities. Lines of business that have a sizable role in leveraging data to drive business performance include:

- Asset management
- Sales and marketing
- Business analytics and research
- Social and human services
- Customer service
- Supply chain
- Mail and transport
- Tax and fee collections
- Order to cash
- Telesales
- Risk and compliance

In many cases, discussions with business units will expose tangible ways to measure business performance improvement through better and timelier data. For example, marketing and customer service can identify how improvements in data accuracy drive better campaigns, new sales, cross-selling, and up-selling. Another example is how interoperability between public agencies can improve and protect the welfare of citizens. Yet another is how better data can improve the entire order-to-cash process, which improves cash flow, boosts customer retention, and drives operational costs down. Finally, improving product information can accelerate sales and reduce the overall cost of production.

There are countless examples of how data drives business performance. However, it does require organizations to sit down and interview business representatives to understand how data is consumed, and what its impact is.

5 | Organization strategy and planning – For most organizations, data governance is absent when discussions take place around key enterprise initiatives such as mergers and acquisitions, project planning and budgeting, security and privacy, business partner integration, and more. Because data governance does not have a seat at the table when such decisions are made, it has a long-lasting impact on the costs organizations absorb.

Take for instance mergers and acquisitions, where 25 percent or more of the cost of the venture can be attributed to data integration.¹ The absence of data governance in this process creates lingering downstream problems and unnecessary business costs. Data governance can help organizations reduce future costs by optimizing decision-making during mergers and acquisitions.

Another area relates to security and privacy, where the average cost of a company's response to a data breach now exceeds \$7 million.² Costs can be avoided or minimized through data governance. Having an orchestrated collection of data custodians across an organization brings visibility to potential lapses in security and introduces a process to mitigate them.

Finally, data governance needs a voice during project planning and budgeting. Too many organizations plan first, budget second, and think about governance last. Once the need for data governance is realized, it is too late. To optimize project and business performance, organizations need to reverse this trend and incorporate data governance into the planning and budgeting process.

The value of data governance can be identified by incorporating components of each of these five areas of benefit, then relating them to specific opportunities and examples within an individual organization.

3 | Leverage Industry Sources

A business case should be fortified with objective, published input from industry analysts and practitioners. Excerpts from studies, surveys, books, articles, blogs, and interviews by industry specialists can be very powerful. Collectively, these citations bring credence to a business case.

^{1,2} Orr, James. "Data Governance For The Executive", Senna Publishing, LLC., October 2011.

They also mitigate the perception that stakeholders are too close to the situation to be fully believable and effective in stating their case.

4 Perform a Data Assessment

Another very effective method involves profiling and analyzing a subset of the organization's data. With state-of-the-art profiling tools, a company can quickly measure the severity of their data problems, and leverage the results in support of the business case. Introducing tangible data metrics into the business case argument can be very convincing.

5 Identify Technology Requirements

Technology is an instrumental component in data governance policies and practices. For the purpose of the business case, it is important to identify the technologies that may be required, as well as the expected investment. This does not imply that a technology evaluation is in order, only that technology needs are identified up front for planning and budgeting purposes. This exercise is also useful for helping stakeholders understand what is possible. Some of the most fundamental technologies associated with data governance include:

- **Data integration** for accessing and moving data between heterogeneous systems
- **Data modeling** for architects and developers
- **Data quality** for automating quality processes
- **Data profiling** for stewards and analysts to measure, monitor, and report on data outcomes
- **Exception handling workflows** for facilitating data irregularities that falls outside of thresholds
- **Unification and master data management** to unify and synchronize data into a single view of the business
- **Presentation tools** that allow data consumers to access and present data

6 Build a Concept Definition

If the value proposition passes the eye of business leadership, the first question will be, "How do you intend to implement this program?" In preparation for this question, stakeholders need to develop a high-level concept definition that outlines how to implement a data governance program. At minimum, the following topics should be covered:

- **Organizational structure** – roles, responsibilities, authority, and accountability
- **Business alignment** – the interoperability of people, business units, and committees
- **Authority and accountability** – span of control for the discipline, data ownership
- **Resource requirements** – new positions, new hires, realignment of existing resources
- **Rollout plan** – high-level roadmap including timelines and milestones

A well thought-out concept goes a long way toward answering the important questions posed by business leaders, and solidifying their confidence in stakeholders.

7 Establish Funding Requirements

Financial support is essential to the success of data governance, and is much easier to secure if stakeholders have done a good job of defining program value. The investment required will vary from one organization to the next, but commonly involves any one or more of the following expenditures:

- Program leadership position
- Technology tools
- Education and training
- Third-party assistance

There may be additional resource requirements. However, most come from reorganizing existing people and groups to carry out data governance activities at no extra cost to the organization.

8 Determine Requirements for Success/Areas of Risk

It is important to identify and share requirements for success, and the primary risk factors for achieving it. Success criteria can be based on any one or a combination of the following:

- Business outcomes
- Project-based outcomes
- Management by Objectives (MBOs)
- Data outcomes

Program risk also needs to be noted as a potential inhibitor to success. Common risk includes inadequate:

- Funding
- Technology
- Span of control
- Business alignment (business, IT, and executives)
- Authority
- Legitimacy

Make sure decision-makers understand what it is going to take to be successful, and where the land mines reside.

9 Document

The business case should be encapsulated into a document that can be distributed and referenced at any point in the process. The document should be concise, factual, practical, and educational. At minimum, it should include:

- Executive summary
 - Purpose of the program
 - Data governance definition and concepts
 - Data governance in the industry
 - Overview of the challenge (data environment, technology, business process, etc.)
 - Current state of data governance initiative

- Value proposition
 - Five areas of value
 - Industry citations
 - Results from the data assessment
 - Examples of past projects gone wrong
- Technology requirements
- Funding requirements
- Success criteria/areas of risk
- Investment summary (value/cost)
- Roadmap recommendations
 - Concept definition

10 Present

A business case needs to be formally presented to senior business leadership. It also must be shared with all program participants. It is mission-critical to ensure that everyone involved understands the purpose and benefit of the program.

The presentation needs to highlight key points within the business case document, and include examples and analogies that the audience can relate to. All of which should take no more than 30 minutes, with 15 minutes for questions.

It is also critical to follow best practices for assembling and delivering the presentation, to ensure the flow and content are well received. After all, presentation is everything. There are several best practices for delivering an effective presentation and convincing an audience:

- Keep slides simple and to the point
- No more than six bullets per slide
- Spend three minutes per slide, on average, excluding transition slides
- Refrain from using hokey and gimmicky content
- Do not use overwhelming colors, fancy charts, graphics, or technical diagrams unless you are trying to convey the complexity of the challenge. Business people don't want to look at technical data flows and schemas
- Be prepared to explain why the content of each slide is important
- Make slides available after the presentation, not before or during
- Talk to your audience, do not read your slides. Remember, you are the expert

Data Governance Expertise and Consulting

Information Builders combines almost four decades of information management expertise with proven technology, business acumen, and industry best practices to help organizations build an effective business case for data governance.

We employ senior industry consultants and innovative technologies to help organizations develop and prove the case for governance. Our consultants assist with strategy development, best practices, identifying value, and gaining visibility into the broader organization. We leverage our technologies to profile data in a way that tangibly measures the condition of the data in support of the business case. We also help identify short- and long-term technology requirements in support of the business case and ongoing data governance.

Information Builders also offers data profiling services at no charge to help organizations build the business case for data governance and quality. Information management consultants using Information Builders' data profiling technology perform these services.

Market-Leading Information Management Solutions

At Information Builders we focus our attention on an information management strategy that accentuates integrity, integration, and intelligence.

Our agnostic portfolio of technology and business process solutions help organizations to better govern and oversee their complex, fragmented, dynamic, and security-sensitive data environments.

Integrity

iWay Software's comprehensive enterprise information management (EIM) solutions help organizations to ensure the completeness, accuracy, and consistency of vital data across all systems and sources.

- Real-time **data quality management** capabilities, including profiling, matching, and merging, cleansing, and enrichment, help to proactively prevent bad data from corrupting stores of information
- **Master data management** technology consolidates millions of records and makes unified and validated master data instantly available to a wide range of systems
- An integrated, end-to-end **data governance** environment empowers data stewards and other stakeholders to oversee and manage data – in real time – as it is created, collected, and used

Integration

Market-leading integration tools from iWay Software allow organizations to access, unify, move, and manipulate information.

- A powerful **integration infrastructure** can be used standalone or to complement any existing infrastructure using IBM WebSphere, Microsoft .NET, SAP NetWeaver, and Oracle Fusion
- Comprehensive **data integration** solutions unify even the most diverse and disparate information environments
- A **universal adapter suite**, complete with more than 300 pre-packaged integration components, provides direct, native access to any data in any source

Intelligence

The WebFOCUS business intelligence (BI) platform delivers unparalleled usability, scalability, and low cost of ownership to make information and analytics readily available and easily consumable to an unlimited number of internal and external users.

- **Powerful BI** makes reports, queries, and dashboards available to power users, business users, and even mobile users
- **Advanced analytics**, such as predictive analytics, visualization, geographic location intelligence, and enterprise search enable deep forecasting and manipulation of data
- **Comprehensive performance management** helps to define, communicate, and measure goals related to their data governance strategy

Conclusion

Making and selling a business case for data governance requires a multi-pronged approach involving business process, technology, and industry best practices. Companies that carefully build and present their case can successfully win support – and funding – from business leadership.

Information Builders provides a comprehensive suite of solutions and services that can help organizations achieve their data governance goals by building a strong and compelling business case, and implementing and automating their strategies going forward.

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