GROWING TOGETHER IN THE AMERICAS

DIGITAL TRANSFORMATION CHALLENGE FOR INTERNATIONALIZATION

BID
Banco Interamericano
de Desarrollo

Agenda

1. Important announcements

2. Data strategy

3. Where to find the data you need?

4. Four templates

5. Tool: Data Value Generator

6. Q&A

Individual Challenge

Digital world and data

Deadline:
Aug 15, 2022

Download at
ConnectAmericas Academy

Criterios de ascenso:

Elements	Peso
Class attendance (live)	15%
Submitting questions/contributions in the Q&A Forum	25%
Course Evaluation Form	10%
Individual Challenge Assessment	**30%**
Group Challenge Assessment	20%
Extra points	*

*Each additional tool submitted will be graded out of 20 points.

User experience

Business Model

Agile and new ways of working

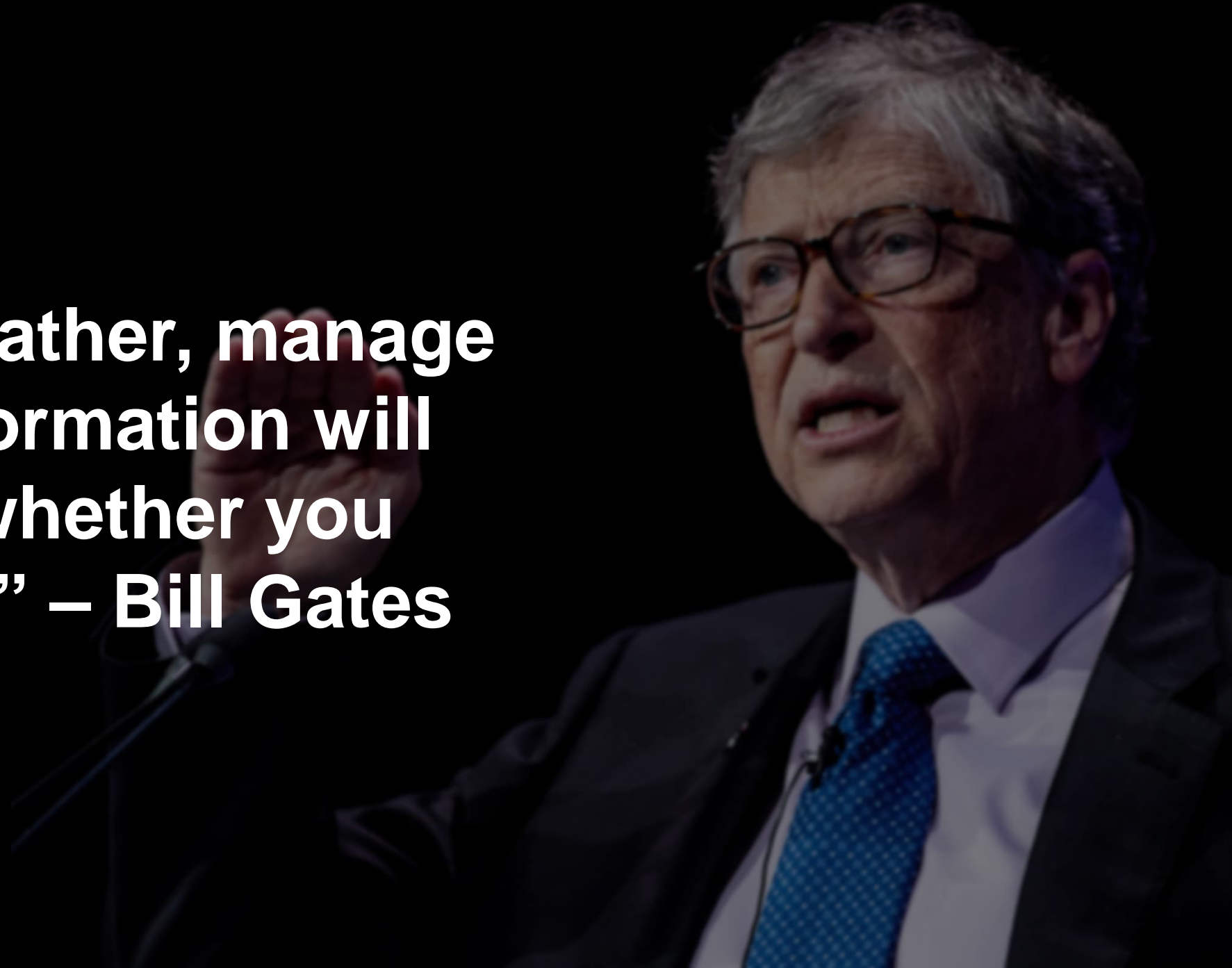Digital world and data

Leadership and purpose

Finance

Agenda

1. Important announcements

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"How you gather, manage and use information will determine whether you win or lose." – Bill Gates

RETHINKING DATA IN THE DIGITAL ERA

The Weather Company
An IBM Business

FROM

Data is expensive to generate in firm

Challenge of data is storing and managing it

Firms make use only of structured data

Data is managed in operational silos

Data is a tool for optimizing processes

TO

Data is continuosly generated everywhere

Challenge of data is turning it into valuable information

Unstructured data is increasingly usable and valuable

Value of data is in connecting it across silos

Data is a key intangible asset for value creation

A data strategy follows the business objectives and describes how technology and data (analytics) support and accelerate those

What is a data strategy?

- A <u>comprehensive</u> vision that outlines how data, information and technology are used to meet business goals

- An <u>actionable</u> foundation for an organization to utilize its data-related capabilities

- A <u>holistic</u> view of how data is used and considered/communicated across an organization, that sits between business and IT

IT
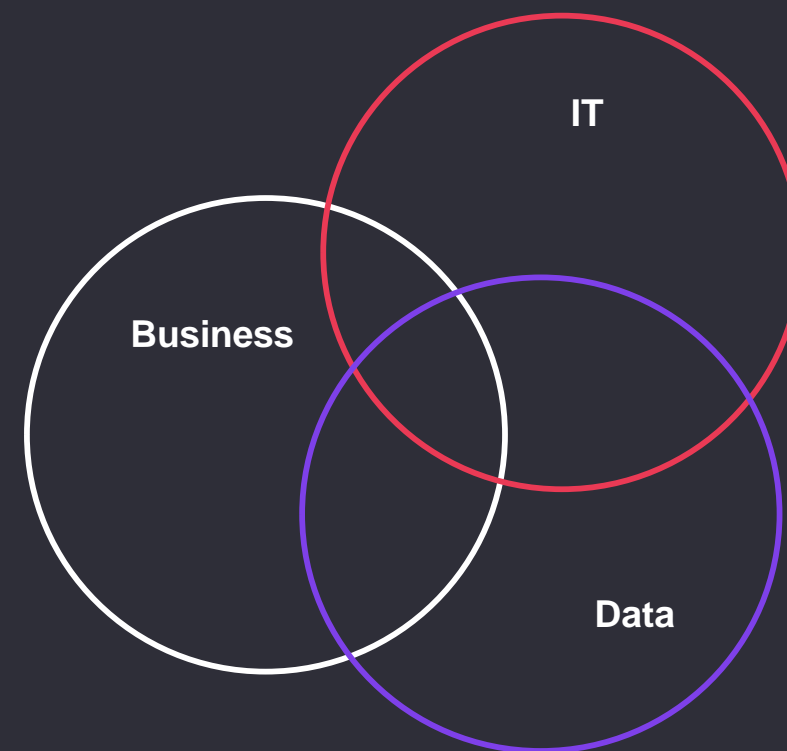
Business

Data

"Leverage data to align business and IT and build a bridge between those two worlds."

DATA STRATEGY – GUIDING PRINCIPLES

Gather diverse data types:

Data type	Examples	Utility
Business process data	• Inventory and supply chain • Sales • Billing • Human resources	Manage and optimise business operations, reduce risk
Product or service data	• Maps data (for Google) • Business data (for Bloomberg) • Weather data (for TWC)	Deliver the core value proposition of the business's product or service
Customer data	• Purchases • Behaviours and interactions • Comments and reviews • Demographics • Survey responses	Provide a complete picture od the customer and allow for more relevant and valuable interactions

DATA STRATEGY – GUIDING PRINCIPLES

Use data as a predictive layer in decision making

Plan how your organization will utilize its data to make better-informed decisions.

Operations data -> statistical modeling to plan for and optimize the use of your resources.
Customer data -> predict which changes in your services or communications may yield improved results.

Apply data to new product innovation

Innovation teams ask good questions that uncover ways in which your data can be used to generate greater value for your business.

DATA STRATEGY – GUIDING PRINCIPLES

Watch what customers do, not what they say
Behavioural data is anything that directly measures actions of your customers. It can include things like transactions, online searches (a powerful measure of your customers' intentions), clickstream data (which pages they visited, where they clicked, and what they left in their shopping carts), and direct measures of engagement data (which articles in your newsletter they clicked to read).

Surveys

Behavioural data

NETFLIX

Combine data across silos
One of the most important aspects of data strategy is to look for ways to combine your previously separate sets of data and see how they relate to each other.
As your business environment becomes increasingly complex, your ability to find, combine, and learn from diverse sources of data will become more important than ever.

WHERE TO FIND THE DATA
YOU NEED?

Customer Value Data Exchange

Invite customers to contribute data as part of interacting with your business or in direct exchange for value you offer them.

What makes consumers willing to share their information with businesses? the type of value or rewards offered, the presence of a trusted relationship with the business, the type of data being requested, and the industry of the business.

WHERE TO FIND THE DATA YOU NEED?

Lead User Participation

Lead users are your most active, avid, or involved customers. Their greater needs lead them to have greater interest in interacting with your products or business, and they can often be a unique and powerful source of data.

By engaging lead users, brands can solicit input and feedback from much more selective and important communities.

WHERE TO FIND THE DATA YOU NEED?

Supply Chain Partners

Business partners can be crucial sources of additional data for building your data asset. Companies producing consumer packaged goods now work closely with large retailers and with retail data services. Power, leverage, and levels of trust can greatly influence who shares data with whom in many industries

Purchase or Exchange Agreements

Anonymized data lets a company learn things like the conversion rate of offers (the portion of customers accepting the offer sent). The company's data shows which customers got the offer, the retailer's data shows who made a purchase, and the third-party service measures the conversion rate without revealing customer identities (which could be a violation of privacy terms).

WHERE TO FIND THE DATA YOU NEED?

Public Data Sets

Another important source of new data is publicly accessible data sets. Some of these are in online public forums. Many social media platforms, like Twitter, are easily searchable for real-time data. In addition, governments are increasingly providing public access to large data sets in machine-readable format. In addition, more and more city governments are opening up APIs to let innovative businesses make use of government data and to spur new business opportunities.
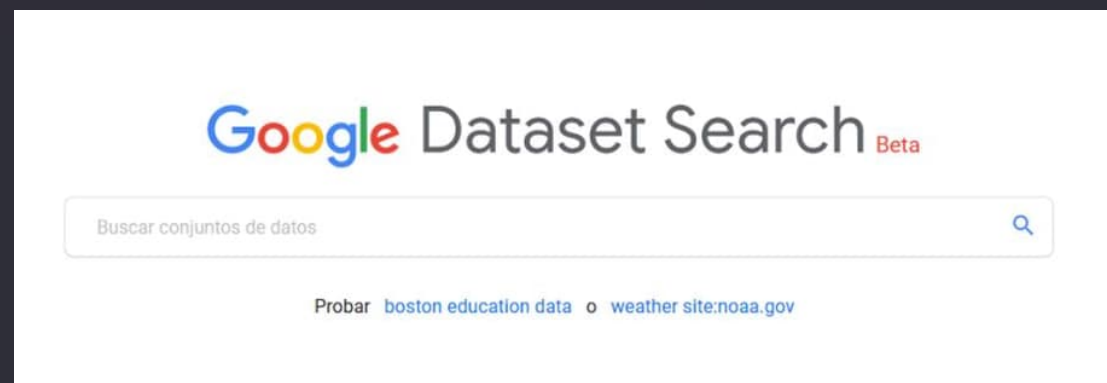
TURNING CUSTOMER DATA INTO BUSINESS VALUE: 4 TEMPLATES

Insights: Revealing the Invisible

By revealing previously invisible relationships, patterns, and influences, customer data can provide immense value to businesses.

Data can provide insights into customer psychology
- How are my brands or products perceived in the marketplace?
- What motivates and influences customer decisions?
- Can I predict and measure customer word of mouth?

Data can reveal patterns in customer behavior
- How are buying habits shifting?
- How are customers using my product?
- Where is fraud or abuse taking place?

Data can also be used to measure the impact of specific actions on customers' psychology and behavior
- What is the result of my change in messaging, marketing spending, product mix, or distribution channels?

TURNING CUSTOMER DATA INTO BUSINESS VALUE: 4 TEMPLATES

Targeting: Narrowing the Field

In the past, customers were often divided into a few broad segments for targeting based on factors like age, zip code, and product use. Today, advanced segmentation schemes can be based on much more diverse customer data and can produce dozens or even hundreds of micro-categories.

How a customer is targeted can change in real time as well, as they are assigned to one segment or another based on behavioral data such as which e-mails they clicked on, rewards they redeemed, or content they shared.

Clusters of Customers using K-Means Clustering
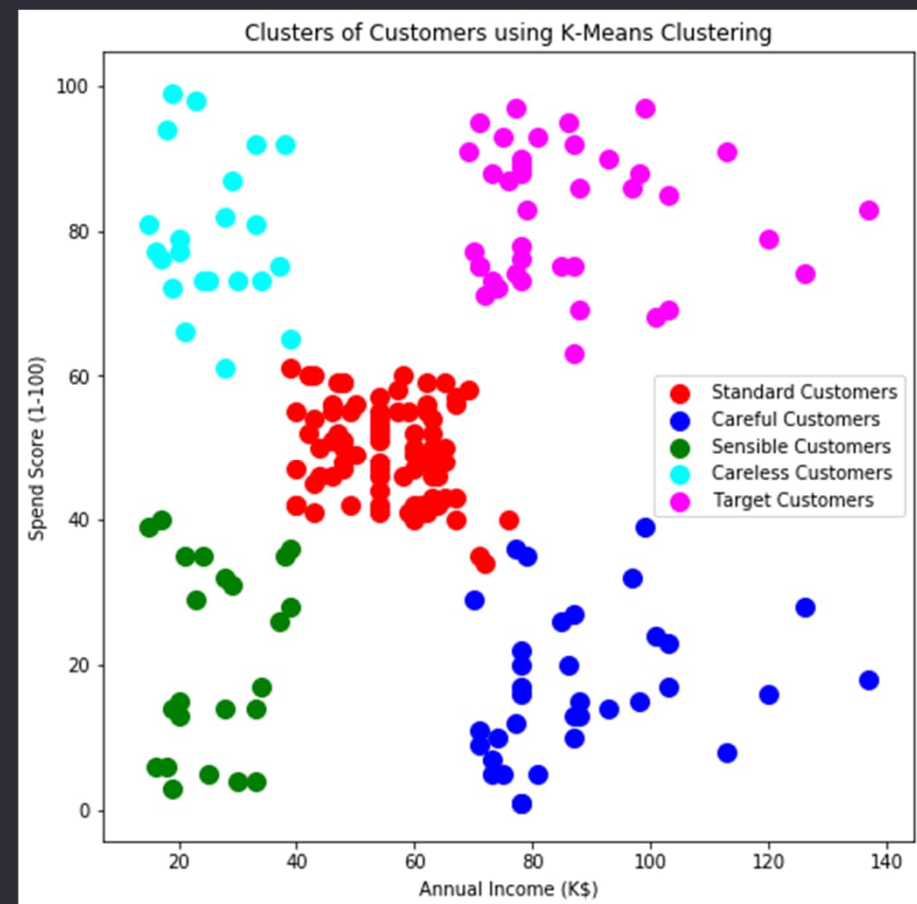
TURNING CUSTOMER DATA INTO BUSINESS VALUE: 4 TEMPLATES

Personalization: Tailoring to Fit

Once businesses are targeting micro-segments of customers, the next opportunity is to treat them each differently, in ways that are most relevant and valuable to them.

By tailoring their messaging, offers, pricing, services, and products to fit the needs of each customer, businesses can increase the value they deliver.

TURNING CUSTOMER DATA INTO BUSINESS VALUE: 4 TEMPLATES

Context: Providing a Reference Frame

By providing a frame of reference—and illustrating how one customer's actions or outcomes stack up against those of a broader population—context can create new value for businesses and customers alike.

Putting data in context is at the heart of the "quantified self " movement—evidenced by customers' rising interest in measuring their diet, exercise, heart rates, sleep patterns, and other biological markers.

Tool: Data Value Generator

1

Area of impact and KPIs

2

Value template selection

Insight   Personalisation

Targeting   Context

3

Concept generation

4

Data audit

Current data   Needs gaps   New sources

5

Execution plan

Technical solution   Business processes   Proof of concept

Tool: Data Value Generator

1

Area of impact and KPIs

Define the area of your business you are seeking to impact or improve through a new data initiative. You might define it as a specific business unit (e.g., product line), a division (e.g., market-ing), or a new venture.

For example: You might decide that you are looking to apply data to improve customer service at a resort, to develop better product recommendations, to improve outbound communications to existing customers, to improve the customer call center, or to develop a new app to drive customer engagement.

Once you have defined the area of impact, you should identify your primary business objectives in that area. What goals are you hoping to support? In addition to broad goals, what are your established key performance indicators (KPIs) that are being used to measure performance? Because this is a data-driven project, you will want to think about highly measurable outcomes, those where you may be able to clearly measure impact.
It is alright if you identify multiple objectives and KPIs at this step; you may end up seeking to influence one or more as you generate your strategic ideas.

Tool: Data Value Generator

2

Value template selection

Insight   Personalisation

Targeting   Context

Identify one template for value creation that may be most relevant to your objectives:

- **Insight:** Understanding customers' psychology, their behaviors, and the impact of business actions
- **Targeting:** Narrowing your audience, knowing who to reach, and using advanced segmentation
- **Personalization:** Treating different customers differently to increase relevance and results
- **Context:** Relating one customer's data to the data of a larger population

Which template is most relevant to your business domain? To the KPIs you are focusing on? Which may affect those goals more indirectly? (For example, insights into customer brand perceptions could help influence a goal of market penetration if you can identify the right opportunity to reposition your product.)

You may already have one template or another more developed (e.g., you are strong on segmentation but weak on consumer insights). The question is, **What area of value creation is the next focus for your data strategy?**

Tool: Data Value Generator

3

Concept generation

Now that you have selected a value template, you will want to use it to ideate specific ways that data could deliver more value to your customers and your business. Think of how you can put the data to work in your business.

For example,

- **Context strategy,** how can you best use contextual information to influence desired behaviors? Data has shown that Voters are more likely to be persuaded to make it to the polls when reminded of their own past voting history and that of their neighbors. A power company has developed a data-driven service to influence home power consumption. The company, shows consumers data on how their own energy usage compares with that of their neighbors. The result: consumers are much more likely to reduce their energy consumption.

- **Personalization strategy**, what are the specific moments of customer interaction that you are trying to personalize? For example, hotel and casino company Caesar's Entertainment can determine when a repeat visitor is having a bad night on the gambling floor and will send service staff to offer an unexpected gift—a steak dinner, tickets to a show—so the customer won't leave feeling they had "bad luck" at Caesar's and should try another casino.

Tool: Data Value Generator

4

Data audit

Current data   Needs gaps   New sources

Now that you have a strategy in mind, you need to assemble the data that it will require. That starts with surveying what data you already have that could be used to enable or power your strategy. Next you should identify what data you still need. For the purpose of the strategy you have sketched out, what data is still lacking? What will it take to provide the full view of the customer needed by your new initiative?

You may need to increase your data in terms of:

- more records or rows (e.g., expanding from a limited sample of your customers to a much broader list),
- more types of data (e.g., adding preference data and transaction data to your customer contact data), or
- more historical data (e.g., going back many months in time in order to develop an effective analytics tool that can model and predict future outcomes).

Lastly, now that you've identified the gaps, you need to determine ways to fill them. This is where you can apply the options discussed earlier: **customer value exchange, lead users, supply chain partners, public data sets, and purchase or exchange agreements.**

Tool: Data Value Generator

5

Execution plan

Technical solution   Proof of concept

Business processes

Data-driven strategies should be in line with everything your business is doing and help people to do their jobs better.

Plan for the execution of the key pieces of your data plan.

What technical issues need to be worked out? This may include data warehousing, latency, or how quickly the data needs to be updated.

What business processes will need to change? Most data initiatives assume employees of your firm will make different decisions and take different actions based on your data. You will need to identify those changes in advance of rolling out any technical solution.

How can you test out your strategy and build internal support? One of the best ways is to integrate the new data strategy into an existing initiative at your company. Jo Boswell, the program lead for Know Me at British Airways, knew that it would be difficult to enlist in-flight service staff if her initiative was seen as one more competing priority in their work. Instead, she integrated Know Me with their existing customer service program, showing how its data would help staff to deliver on the same four "customer service hallmarks" that anchored all their training.
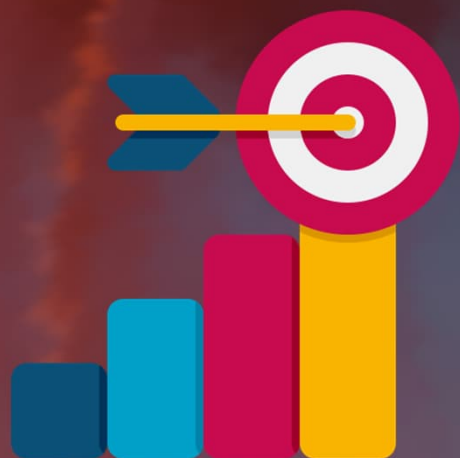
Q & A

Thanks!
See you next Tuesday

Please click on the link below and give us your feedback on today's lesson:

https://forms.office.com/r/bbymgXL2m9

Your opinion is very important to us.