element22   benzaiten

A Modern Approach to Data Sourcing & Optimization

3/3/2023

Background

In today's world, data is king and has become a major source of competitive differentiation for businesses across all industries. The COVID-19 pandemic has further accelerated the use and importance of data as the world's governments and businesses adapted.

Predictably, this growth in demand for high quality data has led to a rise in data spending. According to McKinsey, the average spend of a midsize financial institution for data sourcing ranges from $70-100M annually.

However, rapid growth in data volumes has led to many unforeseen challenges. How do you manage costs of sourcing data? How do you compare and analyze different data sources against business requirements? How do you identify, aggregate, and distribute data across the organization?

Effective data management is critical in order to both fully maximize the data you have and also to ensure that it does not turn into a liability. Problems always arise when the wrong data product is sourced or the costs of maintenance become overbearing.

These challenges, combined with a shortage of data professionals, has created demand for technology products that aim to simplify, organize, manage, and automate sources of data.

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I. Do I know what data I'm paying for?

The first fundamental step to unlocking your data is understanding the current state. This may seem like a simple task, but it's surprising how many firms have little idea what they're currently paying for or how much they're spending in aggregate.

You can manually look through your licenses, contracts, accounts payable or invoices, but organizing and rationalizing data products on an ongoing basis is a resource-intensive effort that requires input from nearly every business and technology function in the organization.

Even once the right stakeholders are engaged, the ongoing curation of data products requires experienced data stewards who understand the downstream effects of who and what systems utilize that data.

Organizing data products in a way that allows for easy comparison and having a centralized system in place to track data purchases are common client needs that we encounter.

Clients use our product, Benzaiten, as a tool to assess their current state.
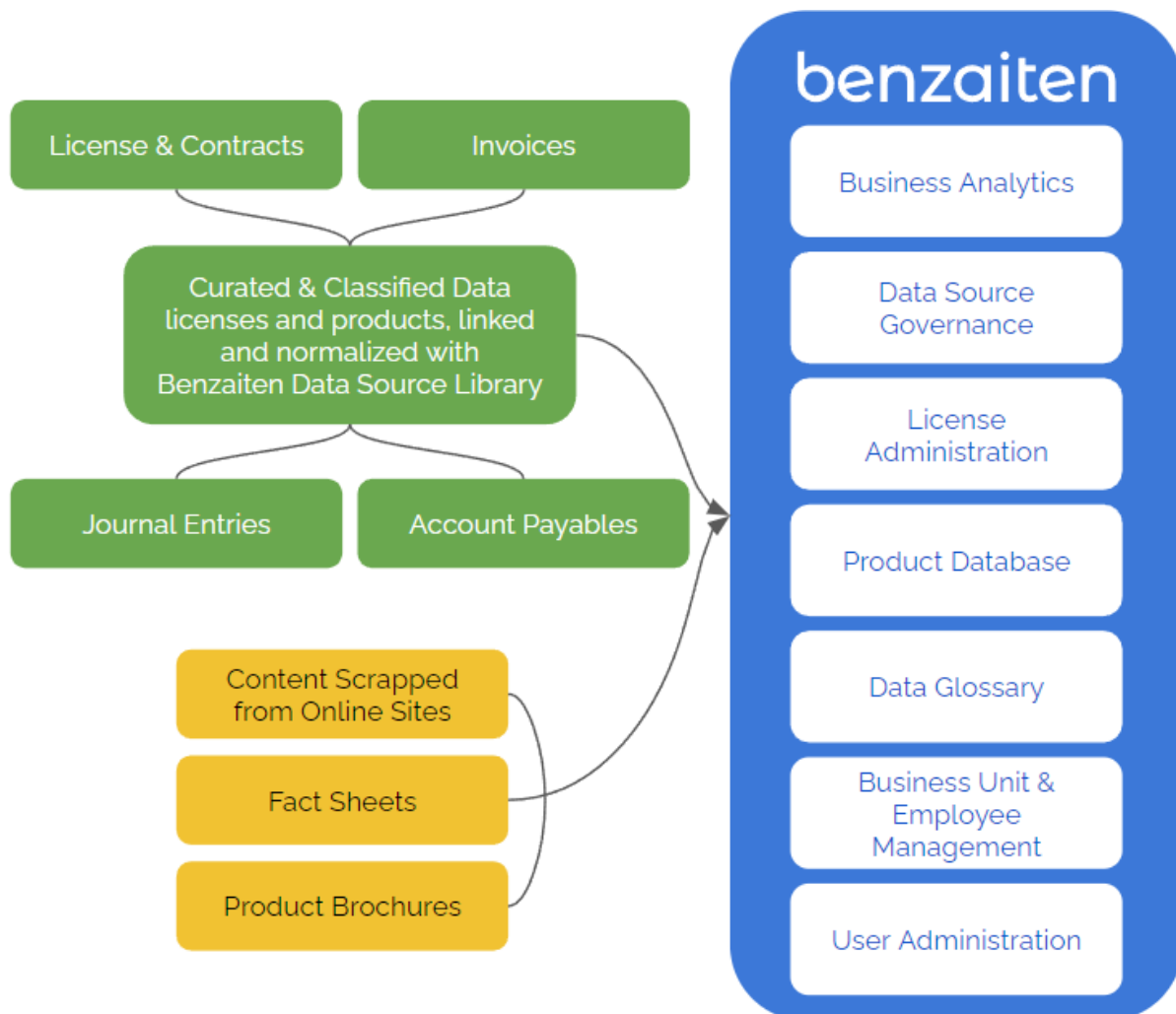
II.   How do we meet new business requirements?

Large organizations often have many stakeholders involved in the decision making process when purchasing new data. With so many different perspectives, it can be difficult to arrive at consensus.

Typically there are four major stakeholder groups in the data buying process: *Sourcing*, *Business Users*, *Finance (Cost)*, and *Compliance (Control)*.

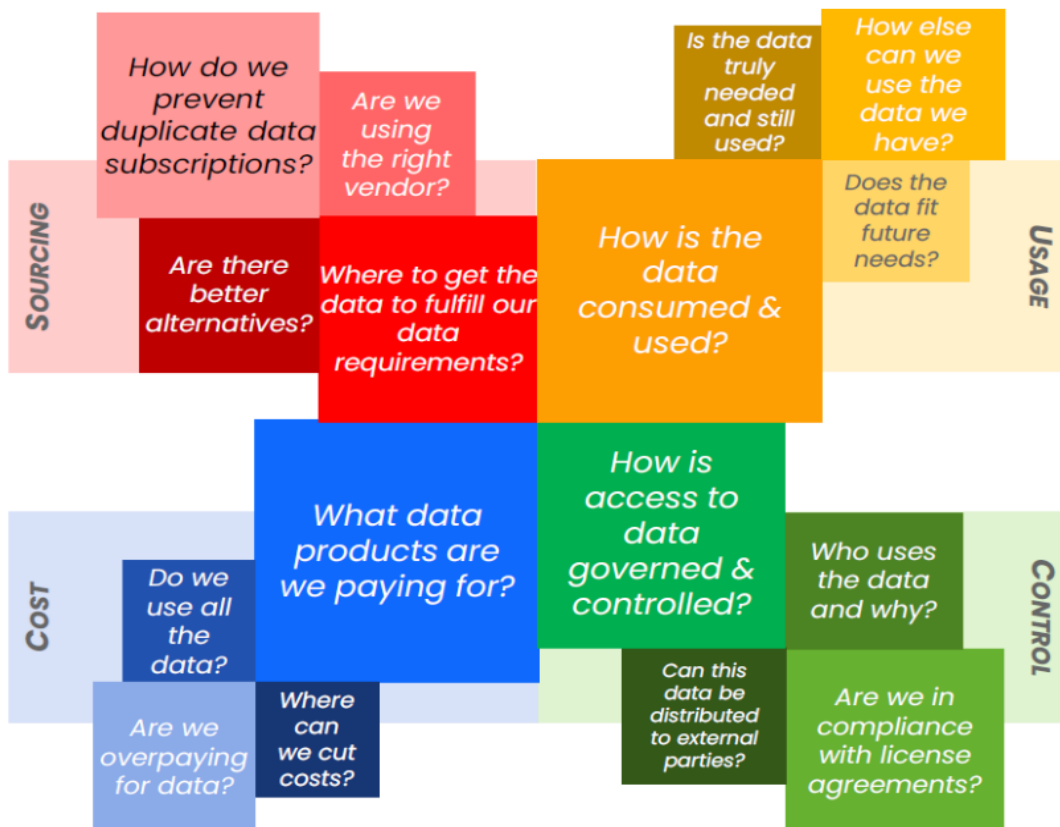Sourcing and Business Users require a centralized platform that provides visibility into available data sets, both from within the organization and from external vendors. This allows for easy comparison and selection of the most appropriate data products.

Finance requires accurate information on existing data costs and market prices for new data products. This helps ensure that expenditures are properly accounted for and that budgets are not exceeded.

Compliance requires a way to control the distribution of licenses and services in order to stay within contract limits and industry regulations.

Benzaiten enables organizations to source and distribute data, manage permissions, compare pricing, and ensure compliance.

TYPICAL CHALLENGES WITH BUYING DATA TODAY

SOURCING

How do we prevent duplicate data subscriptions?

Are we using the right vendor?

Are there better alternatives?

Where to get the data to fulfill our data requirements?

Is the data truly needed and still used?

How else can we use the data we have?

Does the data fit future needs?

How is the data consumed & used?

USAGE

COST

Do we use all the data?

What data products are we paying for?

Are we overpaying for data?

Where can we cut costs?

How is access to data governed & controlled?

Who uses the data and why?

CONTROL

Can this data be distributed to external parties?

Are we in compliance with license agreements?

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III.   How can we derive useful analytics to drive decisions?

With a holistic view of the entire firm's data sourcing, and a strategy to control consumption, you can begin to look for other ways to add value or reduce costs on an ongoing basis.

A. Cost Rationalization

Having a complete data source catalog allows your organization to reduce duplicate costs that occur when similar or duplicate products are bought by different business units under different contracts.

Benzaiten utilizes its own proprietary similarity algorithm to analyze how similar two or more products are.

Finance can gain confidence that they are only paying for what the business requires.

Benzaiten has intuitive analytics to see where areas of overspend are occurring.

Compliance can compare the actual number of active users of a data product to the number of users they are allocated in contract. Understanding usage details such as user logs and data feeds can unlock insights into costs.

Benzaiten has robust user management functionality, and allows for licenses to be allocated across multiple business units and cost centers. Additionally, integration with HR systems ensures that all applicable information on personnel access is up to date.

Business users can ensure alignment between business requirements and the existing data catalog or they can compare their requirements to the universe of available data sets in the marketplace.

Benzaiten's product catalog and universal data glossary allow for easy comparison between products and vendors to ensure you're getting the right data for your business needs on a continual basis.

Sourcing and Finance can more accurately predict new data acquisition costs during business planning, as well as gain insight into typical market rates for new and existing subscriptions.

Benzaiten's comprehensive library of vendor data products allows for direct comparison between products or for negotiating renewals for existing products.

B. Utilization Analysis

A centralized data source catalog enables a company to monitor and examine their data utilization. For example, we have found that there is an 80/20 ratio in the frequency of use for available data products, with 80% of utilization being for only 20% of the products. Knowing this can help Finance target specific products or product areas.

Benzaiten provides insight into the attributes of products consumed most often, allowing Sourcing to recommend potentially better alternative products to the business.

C. Market Trends

According to IDC, the amount of worldwide data generated in the last two years has been greater than in the whole history of humanity. The global datasphere is expected to hit 175 zettabytes by 2025, with an annual growth rate of 61%.

It's paramount for an enterprise to stay updated on products new to the market.

Clients choose Benzaiten because of its client network, offering up-to-date lists on the latest products and competitor analysis.

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Conclusion

Benzaiten was born out of necessity. We at Element22 frequently encounter clients with three related market data use cases:
- Inventory Management,
- Market Data Cataloging, and
- Implementing a Data Glossary.

Element22 built Benzaiten to help clients tackle these major uses cases through the following components:

1) *Business Analytics*
   Continuously receive actionable insights to optimize usage and costs.
2) *Data Source Governance*
   Track user eligibility to ensure compliance, powered by a rules engine that contains detailed permissions.
3) *License Administration*
   Monitor cost, terms and conditions, usage restrictions, and product details by domain, sub-domain, geography, and feature.

4) *Product Database*
   Obtain a unified view of all vendors and data products on the market.
5) *Data Glossary*
   Cross-reference attributes across a comprehensive glossary, enabling discovery, classification, enhancement, enrichment, and granular comparison of data products.
6) *Business Unit & Employee Management*
   Assign costs to specific business units, allowing businesses to more effectively share licenses.
7) *User Administration*
   Add, remove, assign roles, and waitlist users for each license and service.

We understand that each organization's use cases are unique and continuously evolving. To get the most out of your data and maximize cost-efficiency, please reach out to us at info@element-22.com and let us show you how Benzaiten can help you optimize your data usage and expand your firm's data sourcing capabilities.

References
➢ *Reducing data costs without jeopardizing growth*, McKinsey Technology
➢ *Data brain drain may prompt move to managed services for market data management,* Max Bowie
➢ *Data Age 2025*, IDC Whitepaper

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ELEMENT22 is the leading management consulting and solutions provider committed to modernizing data, data management, and analytics within financial services. We combine unique perspectives and practical advice with agile, value-oriented execution.

Benzaiten is a product of ELEMENT22. The product is built by industry practitioners with technology, data operations, data sourcing, and content management expertise.

Visit www.element-22.com to learn more about our team or www.mybenzaiten.com to request a demo.