

White paper



Customer Information Management

Data Management and Information

The ROI of data quality

Realize lower costs, increase revenue and higher profits.



Reality in data

Data is an invaluable strategic asset. Good data is a tool for analysis. It's an engine for growth. It's what separates top-performing companies from laggards. So, why is it so hard to maintain?

Data is complex, dynamic and messy. The content is endlessly varied. It originates from countless sources, in hundreds of languages. It can be highly organized or totally unstructured. It degrades rapidly if it's not updated regularly. If it isn't handled with care, it can cause real problems.



Make your data work harder.

This white paper takes a fresh look at the value of data improvement, including the challenges, costs and rewards. Gain insights from industry experts on how to move the needle on data quality and business income.

Data quality, defined

Because data has many uses, it passes through many hands. What's important to one user may be highly problematic to another. So, when data gets moved around, it gets modified so that it will be "fit for use." According to industry expert David Loshin, the characteristics of high quality data are:

- **Completeness.** No data is missing.
- **Conformity.** Data is stored in a standard format.
- **Consistency.** There's no conflicting information.
- **Uniqueness.** There's no duplicates or redundancies.
- **Integrity.** Data is proven to be valid, from known sources.
- **Accuracy.** Data is correct and up to date.
- **Timeliness.** Data is available when it's needed.

Data that is fit for use meets acceptable levels across all of these dimensions, for all relevant business processes, across the entire organization. In other words, only you can define what data quality means for your business. That said, it's critical to keep standards high.

Inaction is not an option.

The consequences of less-than-optimal data quality can be far-reaching and severe. A single mistake can cascade throughout your organization, causing confusion and frustration. Bad data can hinder performance, delay important reports and damage valuable customer relationships. It can derail vital initiatives and put your entire organization at risk.

- 74 percent of companies have experienced problems with their customer engagement and loyalty programs due to inaccurate information.



- 77 percent of companies believe they lose revenue (12 percent, on average) because of inaccurate and incomplete contact data.

- 81 percent of companies have difficulty generating meaningful Business Intelligence. Data inaccuracies are largely to blame.
- 83 percent of all large data migration projects suffer delays, cost overruns or fail outright. The cause? Lack of understanding of the source data prior to migration.
- 84 percent of companies report obstacles to effective cross-channel marketing caused by inaccurate or incomplete customer data.

Experts estimate that inaccurate data costs U.S. businesses \$700 billion each year. The average annual financial impact on individual companies is a whopping \$13.3 million. These figures don't even account for hidden costs such as reputation damage, loss of confidence or inability to plan.

Understand the root causes of poor data quality.

Learn why data problems happen.

Left unattended, data quality degrades by about two percent per month as people move, change jobs, get married or pass away. That's not the only reason data quality is hard to maintain:

- Today's connected consumers are constantly searching, shopping and interacting online. They generate useful new data at every touchpoint. Businesses are struggling to capture, analyze and capitalize on this digital avalanche in real time. Is it any wonder that errors creep into the system?
- Our digital infrastructure is seriously challenged to keep up with explosive data growth. System errors, database consolidations and system upgrades can quickly embed and spread incorrect information.
- Plain old human error still persists. Automated validation systems can't fix everything. Occasionally, data is intentionally compromised.

Size up the problem.

Inaccurate, incomplete or improperly formatted data is a widespread plague in the business world. As the volume of data grows, the problems expand exponentially.

- Up to 25 percent of the data in the average company's mission-critical systems is inaccurate.
- 33 percent of Fortune 100 companies will have a crisis caused by inability to manage and trust their data within the next two years.



- 44 percent of companies identify missing information as one of their biggest problems.

- 64 percent of companies say their data is "unreliable" and 34 percent have "questionable" data.
- 91 percent of organizations have had problems with their contact data.

Find a way around the obstacles.

Most corporate systems and structures weren't created with data quality in mind. So, you'll encounter barriers to data quality just about anywhere you look. They include:

- **Lack of visibility.** Poor data quality can be remarkably easy to ignore. The aggregate costs may be substantial, but they don't show up on the balance sheet, so they're written off as an expense of doing business.
- **Organizational silos.** Individual lines of business collect, store and apply data in different ways, with varying levels of success.
- **Legacy systems.** Existing systems are relatively slow and often incompatible.
- **Ownership issues.** Few organizations have appointed a Chief Data Officer, and most companies have no plan for managing data quality.
- **No management support.** Trying to raise enterprise data quality without the support of senior-level executives is like trying to change the course of an ocean liner with a paddle. In other words, the solution just isn't sufficient to the task at hand.
- **Cost concerns.** If the cost benefits of improved data quality are not clearly delineated, it can be difficult to obtain buy-in.

Increase your data ROI.

Understand the potential benefits.

Despite all of the inherent challenges, the upside of improved data quality is enormous. Even small improvements can yield substantial payoffs. Accurate data is absolutely essential for good Business Intelligence. Companies with trustworthy data can mine it for insights and turn that knowledge into profits. They're more confident because they're not relying on guesswork. They're more agile and innovative than their competitors. And when they do make a mistake, they can spot it quickly and make corrections before any damage occurs. They enjoy:

- Increased revenue from identifying and winning valuable new customers.
- Higher profits from improved customer satisfaction and retention.
- Better strategic planning.
- Lower costs and greater business efficiency.
- Savings from removal of redundant customer, product and materials data.
- Advantages due to better regulatory compliance, fraud prevention and loss control.

Invest early.

Experts estimate that it takes \$1 to verify a record when it is entered, \$10 to cleanse and de-dupe it and \$100 if no steps are taken. So, it's imperative to be proactive.

Data quality delivers significant value to your bottom line, so data hygiene shouldn't be an afterthought or a one-time effort. Results of a recent study indicate that if the average Fortune 1000 company improved data quality by just 10 percent, it would increase revenue by \$2.01 billion dollars.

Organizations with high quality data grow 35 percent faster. And that's just the beginning. Data-driven companies consistently outperform their competitors by as much as six percent. They enjoy a market value that is 12 percent above average, and are as much as 26 percent more profitable than their industry peers.

Marketing efforts are more effective, too. Companies that with good data hygiene practices generate seven times more inquiries and four times more leads.

Make the case.

To get the corporate support you need, start by proving the value of data quality. You don't need to tackle all the problems at once. Choose an initial project that will generate compelling results, using these helpful criteria:

- **Minimal investment.** Look for a data quality solution that doesn't require major investments in people, process and technology. Integration with legacy systems speeds implementation and keeps costs low.
- **Measureable results.** Choose an initial project that can yield clear, quantifiable results.
- **Clear opportunity for expansion.** Select a program that sets the stage for enterprise-wide growth in data quality.
- **Powerful business impact.** Target improvements with high potential for substantial return on investment. You'll capture management's attention and stimulate demand for ongoing data quality efforts.

We can help.

Getting started may be easier than you think, especially when you work with a technology company that provides a single source for scalable, modular data quality solutions.

With expertise in data quality, address validation and location intelligence, Pitney Bowes can show you ways to increase your data ROI. Call today at 800 327 8627 or visit pitneybowes.com

United States

800 327 8627
pbsoftware.sales@pb.com

Europe/United Kingdom

0800 840 0001
pbsoftware.emea@pb.com

Canada

800 268 3282
pbsoftware.canada.sales@pb.com

Australia/Asia Pacific

+61 2 9475 3500
pb.apac@pb.com

For more information,
visit us online: pitneybowes.com