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WHITE PAPER

# Gaining the Data Edge

*How ongoing data maintenance spurs growth*

**Companies today are bombarded with an exploding volume of data in corporate applications and through social media. Not surprisingly, data accuracy is at an all-time low.**



INTRODUCTION

# At a time when companies are scrutinizing the ROI of every expenditure, why invest in data quality?

Accurate and complete data yields a singular view of your customers and prospects. This wealth of intelligence enables you to strengthen customer relationships and improve the effectiveness of customer acquisition campaigns, ultimately fueling business growth.

According to The Gartner Group, poor data quality negatively impacts a company’s bottom line by an average of \$8.2 million annually in operational inefficiencies, lost sales and unrealized new opportunities.<sup>1</sup> In addition, a Forrester research study<sup>2</sup> reveals that only 12 percent of companies actually use customer intelligence to drive key business functions and corporate strategy. That means that 88 percent are putting up with the waste, inefficiencies and lost opportunities that dirty data creates.

Companies that commit to data quality use their knowledge of customers and prospects to maximize top-line and bottom-line results.

## Harnessing the exponential explosion of data

The sheer volume of data entering corporations faster and in more ways is overwhelming. The accelerating pace of data degradation exacerbates data-quality issues. According to the Sales & Marketing Institute International and D&B’s research, up to 96 percent of email addresses and contact data within customer files and CRMs are inaccurate. CRM degradation approaches two percent per month. This means any business activity that hinges on accurate data is compromised, causing waste and hindering results.

The following chart illustrates the challenge of maintaining data accuracy due to the dizzying rate of change:

BUSINESS CHANGE	INSTANCES PER 30-MINUTE PERIOD	*ANNUALIZED NUMBER OF CHANGES
Business addresses	120	499,200
Telephone numbers	75	312,000
Company names	15	62,400
New businesses formed	30	124,800
Businesses closed	10	41,600
CEOs leave their job	20	83,200

\* Calculation based on an 8 hour workday, 5 weekdays, 52 weeks.

## Data quality is a *business* issue, not an IT issue

Companies that find the most success from a data-driven strategy place responsibility for data quality with a C-level executive. A senior champion, along with a cross-functional group of department leaders and IT experts, creates an effective team to sell, educate and drive improvements in how data is collected and maintained across an organization. Nearly half the firms in Forrester’s research study enlist a C-level

executive to endorse an internal data-quality initiative. Department leaders ensure that data and process-change decisions support business delivery. IT plays a consultative role in recommending options to help the implementation team define and meet its data objectives. Broad representation offers those teams with the most to gain from a data-driven strategy—credit management, sales, marketing and business development—the opportunity to have a voice at the table.



**“Service reps and sales people on the front line were fearful about not being able to be customer-responsive... but that was quickly offset by the improved data quality and the overall elimination of time-consuming, non-value-added activity that incorrect data causes.”**

*Ritch Cushway, Global Customer Financial Services Manager, Dow Corning*

**BUSINESS IMPACT**

Consider the benefit to your bottom line if you:

- **Improve cash flow** by reducing DSO (Days Sales Outstanding) to 2-3 days
- **Shorten sales cycle time** from 120 days to 108 days
- **Increase customer retention** by 4-5 percent
- **Reduce time reps** spend on comp adjustments by 2-3 percent

## Data quality is a process, not a one-time event

Data-quality initiatives require a third-party referential data set—a single source of truth—to be able to intelligently consolidate the many disparate customer and prospect records that exist in multiple internal systems.

Many businesses use multiple names or “tradesyles,” and have both a P.O. box and physical address for a single location. Solutions that merely look for similarity between input records actually overlook many duplicate company records, and cause communications to be addressed to “prospects” who are already existing customers. A foolproof solution first corrects and

updates addresses for accuracy and recency and then matches to a database that includes all known aliases and other address combinations. The benefit is the elimination of all types of duplicates—even those that look nothing alike—by appending each record with a global-unique business identifier. This persistent key also links corporate-family hierarchies and makes it possible to append additional demographic, contact and predictive information.

### The Cost of Poor Data Quality

It is far more cost-efficient to prevent data issues than to resolve them. If a company has 500,000 records and 30 percent are inaccurate, then it would need to spend \$15 million to correct the issues versus \$150,000 to prevent them.

Prevention	Resolution	Correction
<b>\$1X</b> per record	<b>\$10X</b> per record	<b>\$100X</b> per record

In addition, companies should select a data cleansing provider that can offer both transactional (API-based) and batch processing. Application programming interface (API) solutions are ideal for companies that are seeking real-time data verification, de-duplication and enrichment, such as enhancing the quality of Web form leads. Batch cleansing is ideal for companies requiring periodic updates of their customer and prospect databases and campaign lists to protect against data churn and decay.

**BUSINESS IMPACT**

Consider the benefit to your bottom line if you:

- **Improve cash flow** in customer and prospect databases by 10-20 percent



## Settle for nothing less than a 360-degree company view

A single-company view forms the foundation to support all activities and processes across an account lifecycle. For most companies, customer, prospect and supplier data reside in silos—obscuring a clear view of current reality and future potential, and thwarting operational efficiency. To achieve a single view, every source of data—from internal and external sources—must be validated. This includes cleaning, consolidating and enriching each record with key insight, including the identification of relationships among companies.

### ACT+C: The Standard for Data Quality

- A** **Accuracy**—the right information on the right identity
- C** **Completeness**—information reflects all relevant attributes of the entity
- T** **Timeliness**—the most up-to-date, current information available
- +**
- C** **Cross-border consistency**—no conflicting information across a global organization

Superior data quality yields a thorough understanding of customers and how best to serve them—a key factor to business success, particularly in today’s global economy. Consider the outcomes of leveraging customer intelligence:

- **Integrated account information maximizes revenue from existing customers and uncovers new prospect opportunities.** The complexities of multiple customer offices, branches, divisions, subsidiaries and contacts around the globe are eliminated when a global-unique identifier provides one unified view of a corporate family. Armed with a holistic picture of each account and its buying trends, informed companies can identify cross-sell and up-sell opportunities among related companies. And, with an accurate

footprint of ideal customers coupled with industry intelligence, companies can mine data to find prospects with a similar profile.

- **Thorough account intelligence provides a roadmap of how to best serve customers.** With any sizeable customer, true insight into the relationship is typically elusive. How many ways can American Telephone and Telegraph (or AT&T) be captured inside enterprise systems, and how many subsidiaries with unrelated names belong to the same corporate family? How big is the account in total? What are they buying? What is their risk profile?

A global-unique identifier ties together all company related activities and insights for efficient and effective account management. Gone are the days of the manual roll up.

- **Customer intelligence drives business strategy—and creates a competitive advantage.** Companies that value quality data as a corporate asset are able to leverage it to create a competitive advantage. Having a 360-degree understanding of your business portfolio provides fact-based direction on profitable new strategies. Not having it stacks the deck in favor of competition that does.

**“Data quality is something that we have struggled with for several years. Because data lived in disparate systems across the organization, we could not get a true picture of our customer... The way we housed and maintained enterprise information made it impossible to get one holistic view of what we were selling and how we were servicing customer accounts.”**

**Laura Avent**, *Manager of Customer Master Data Governance, Lexmark*



**BUSINESS IMPACT**

Consider the benefit to your bottom line if you:

- **Increase up-sell/cross-sell** opportunities by 2-3 percent — a conservative estimate

## In today's data-driven world, sales and marketing success and quality data are inextricably linked

Not only have on-demand access to information and marketing automation raised customers' expectations for relevant and timely information, but they have also redefined the way marketing and sales can work together to increase revenue and reduce costs. Data-driven marketers are able to maximize ROI on marketing spend by profiling customers and then targeting, nurturing and handing "buy-ready" leads to the right salesperson. They systematically shepherd the leads through the buy process and hand them off to sales at the point that makes the most of their valuable customer face-time.

***“Marketing is all about personalization. With the precision that you need to bring to marketing today, you can't get away with anything less than the purest and the best data. Quality data also links all of a customer's digital and physical multi-channel activities together.”***

**Sue Turnbull**, Worldwide Marketing Operations, Ricoh Production Print Solutions

Now armed with a 360-degree view of a customer across divisions, geographies and corporate-family-tree relationships, sales can have more relevant, targeted conversations

with prospects and customers—conversations that win new business and strengthen existing relationships. Customer intelligence is indispensable to marketing and sales' success in this data-rich marketplace.

## Regular data maintenance is a leap of faith that brings measurable results

It is virtually impossible to overestimate the value of quality data. To understand and serve customers optimally, a company must depend on accurate, recent and complete information and make it accessible across internal applications. Overcoming the inherent challenges to a data-driven strategy—legacy system silos, the exploding volume and types of information sources, and the need to harness rapidly-developing technologies that support custom information delivery—is achievable with organizational focus and commitment and a trusted data partner.

One CIO explained managing customer data quality this way: “When I eat I don't measure the ROI of food. I simply need to eat or I will starve. The same goes for managing customer data quality—we simply need it. If we don't manage our customer information well, we are starving our company of potential dollars. For some things I don't need an ROI calculation. The benefits are obvious.”<sup>3</sup>

**BUSINESS IMPACT**

Consider the benefit to your bottom line if you:

- **Improve deliverability/connectivity** by 1-2 percent
- **Increase response rate** by 1-2 percent
- **Lift win rate** by 4-5 percent

<sup>1</sup> Gartner Group

<sup>2</sup> Assessing Your Customer Intelligence Quotient, Forrester, <http://www.forrester.com/Assessing+Your+Customer+Intelligence+Quotient/fulltext/-/E-RE553622?docid=53622>

<sup>3</sup> Ziff Davis Media Custom Publishing, Data Management Dynamics: THE ROI from Data Quality



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