Data Debt

Data Debt is sacrificing data management for short term gains. Data is arguably the most valuable asset in a modern organization, and data management remains a big challenge among many enterprises. While proper data management in companies like Google demonstrates how to monetize well-managed data, Data Debt will cost you market and revenue opportunities.

Data Debt can take on many forms to manifest. Perhaps two different departments are producing conflicting reports. Or maybe it takes three months to make a change to an existing report. Could it be that your Finance team is not being able to access the necessary HR data for calculating a performance metric? Do you have multiple teams performing virtually identical data extraction tasks from various source systems for spreadsheet reporting?

Data Debt could ultimately destroy the measurement and growth of your company, if unchecked. Data Debt exists in all organizations, but it is particularly problematic for larger and more mature ones. This is mainly due to continuous borrowing over the years of growth without paying down any Data Debt. Just like carrying a credit card balance for a few years, unpaid Data Debt can quickly grow into a liability no business can afford.

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Data Debt can be eliminated in three simple steps.

First, a company must recognize their debt is real and dangerous. To deal with it, disruptive organizational changes and technical innovations will be required. A champion must be chosen to discover the debt and govern change.

Second, stop borrowing. Activities such as introducing new data sources and technologies will inevitably increase your indebtedness. Defer initiatives such as Big Data and Predictive Analytics until a baseline business data model is established.

Last, pay down the debt: build an automated, comprehensive data platform, and use it to service one business line (e.g., Finance). Once complete, repeat the process for the next business line (e.g., Marketing), and expand.

Following these steps, your organization will be well on its way to a debt-free future.

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