Example Use Case : internal KPIs

possible Data Product

standardized Data / API Layer

Dashboard

internal database

SaaS Solution

KPI Schema

Data Processing

running on demand
e.g. once a day

calculate
KPIs

ID

Product
ID

ID

→ Top level KPIs
→ aggregated Plan / 1st
→ details on value drivers

+2%

+2%

Management
→ Data-driven Decision
Support

DATA-DRIVEN BUSINESS MODEL

API first approch
→ standardise input + processing
→ become efficient in creation + adoption
  of new Products

Questions:
What KPIs are valuable?
what drives business outcome?

Process:
1) start with a first, easy questions
2) setup + standardise
3) develop → deploy → learn
4) iterate + adopt

IT & DATA STRATEGY
ADD DATA-DRIVEN SERVICES TO YOUR EXISTING BUSINESS MODEL

IT STRATEGY

» „API-first Strategy" = think about value added services

» Enrich existing business model by data-driven products and services

## REQUIREMENTS

» Idea of an IT & Data Strategy

» Digital/Data Literacy

» Intention to invest in Data Products

A COMPANY'S BUSINESS MODEL AND OPERATING MODEL

HOW TO SCALE A BUSINESS LIKE THE NEXT BIG THING?

» Get rid of the limiting factors
  e.g. working hours, human
  errors, manual processes

» Operating model comes with
  transaction costs

» Why? Expansion increase
  complexity of traditional
  operation model and managing is
  more challenging

» Operational constraints
  traditionally limit value
  created and captured benefit
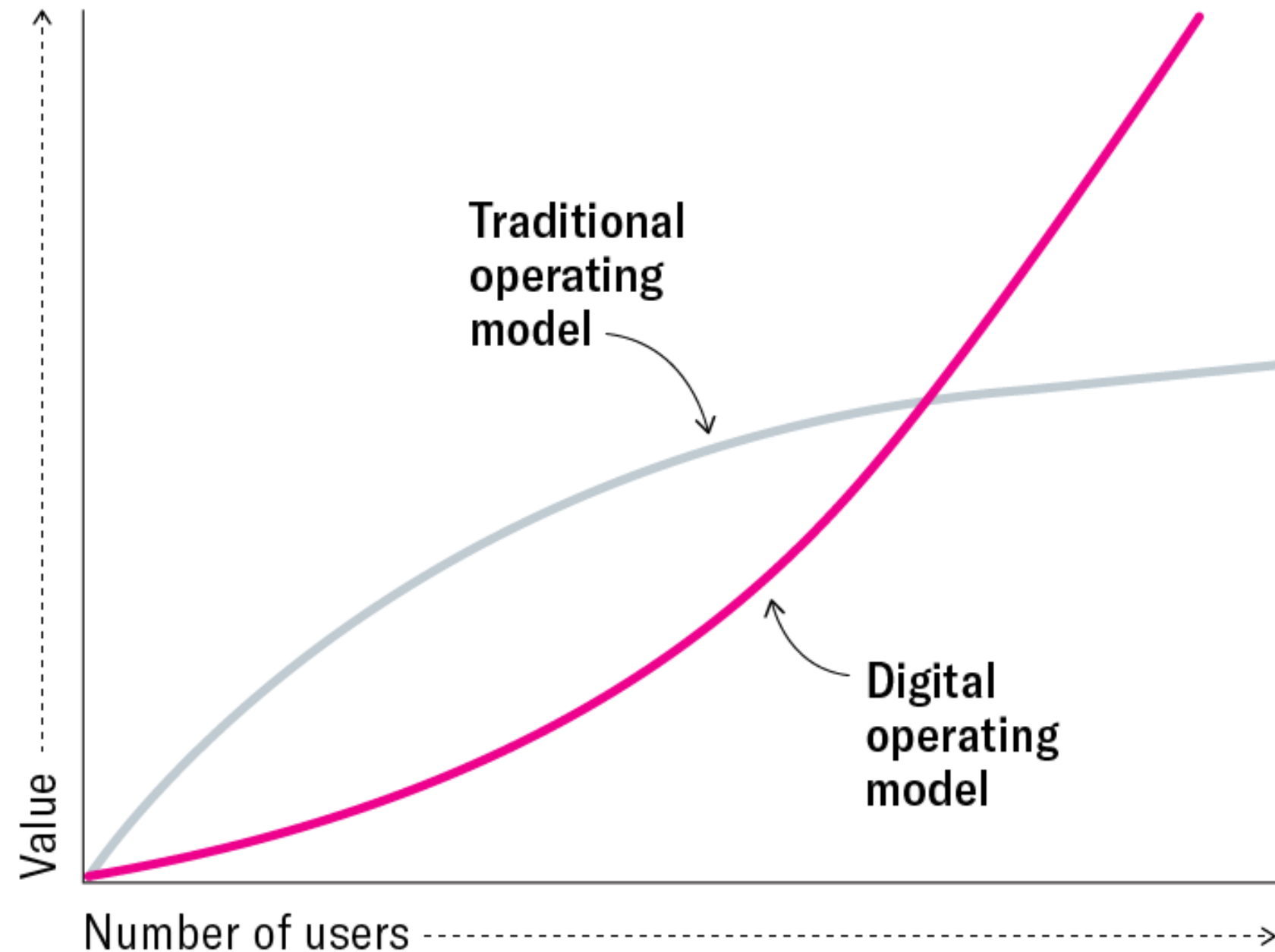
From: "Competing in the Age of AI," by Marco Iansiti and Karim R. Lakhani, January–February 2020

HBR

WHAT IS A VALUE ADDED SERVICE IN A DIGITISED WORLD?
OVERCOMING CHERISHED TRADITIONS OF CLASSIC BUSINESS MODELS

» Digital Products and Services

   » e.g. <u>Data Products</u>, which can be a digitised asset for internal and external customer

INTERNAL

» Increase <u>efficiency</u> of processes by <u>breaking down data silos</u>

   » e.g. don't spend x days on repetitive key strokes

» Quickly available decision-making basis for regular or ad hoc questions

EXTERNAL

» offer <u>useful</u> services to answer common questions of your clients
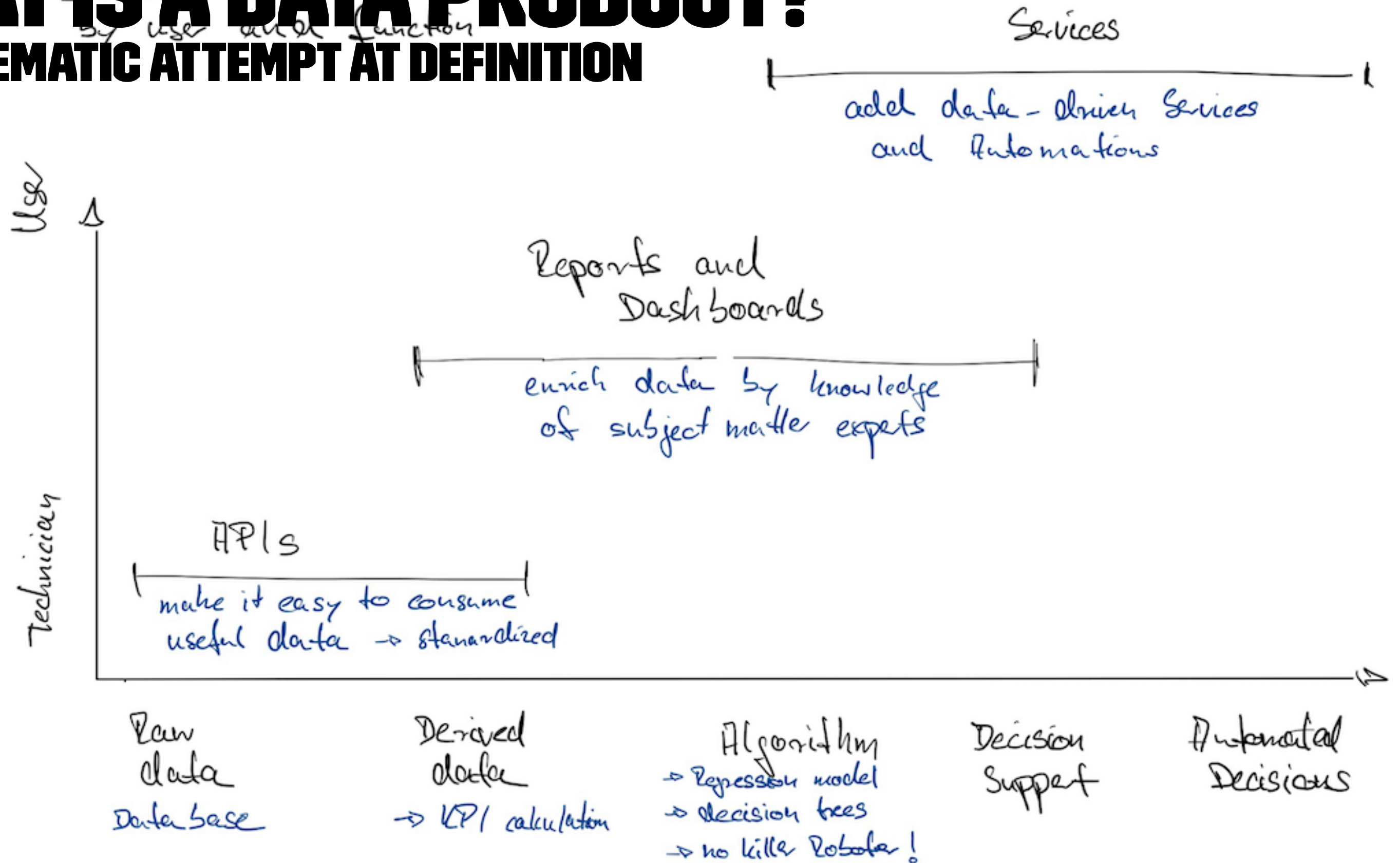
   » paid or not

   » increase loyalty

   » extend business model req. „automated" operation model

WHAT IS A DATA PRODUCT?
A SYSTEMATIC ATTEMPT AT DEFINITION

Services

add data - driven Services
and Automations

Use

Reports and
Dashboards

enrich data by knowledge
of subject matter experts

Technician

APIs

make it easy to consume
useful data → standardized

Raw
data

Data base

Derived
data

→ KPI calculation

Algorithm

→ Regression model
→ decision trees
→ no killer Robots!

Decision
Support

Automated
Decisions

EXAMPLE 1: INTERNAL KPI REPORT
WHAT INFORMATION DOES YOUR MANAGER AND CONSULTANTS NEED?
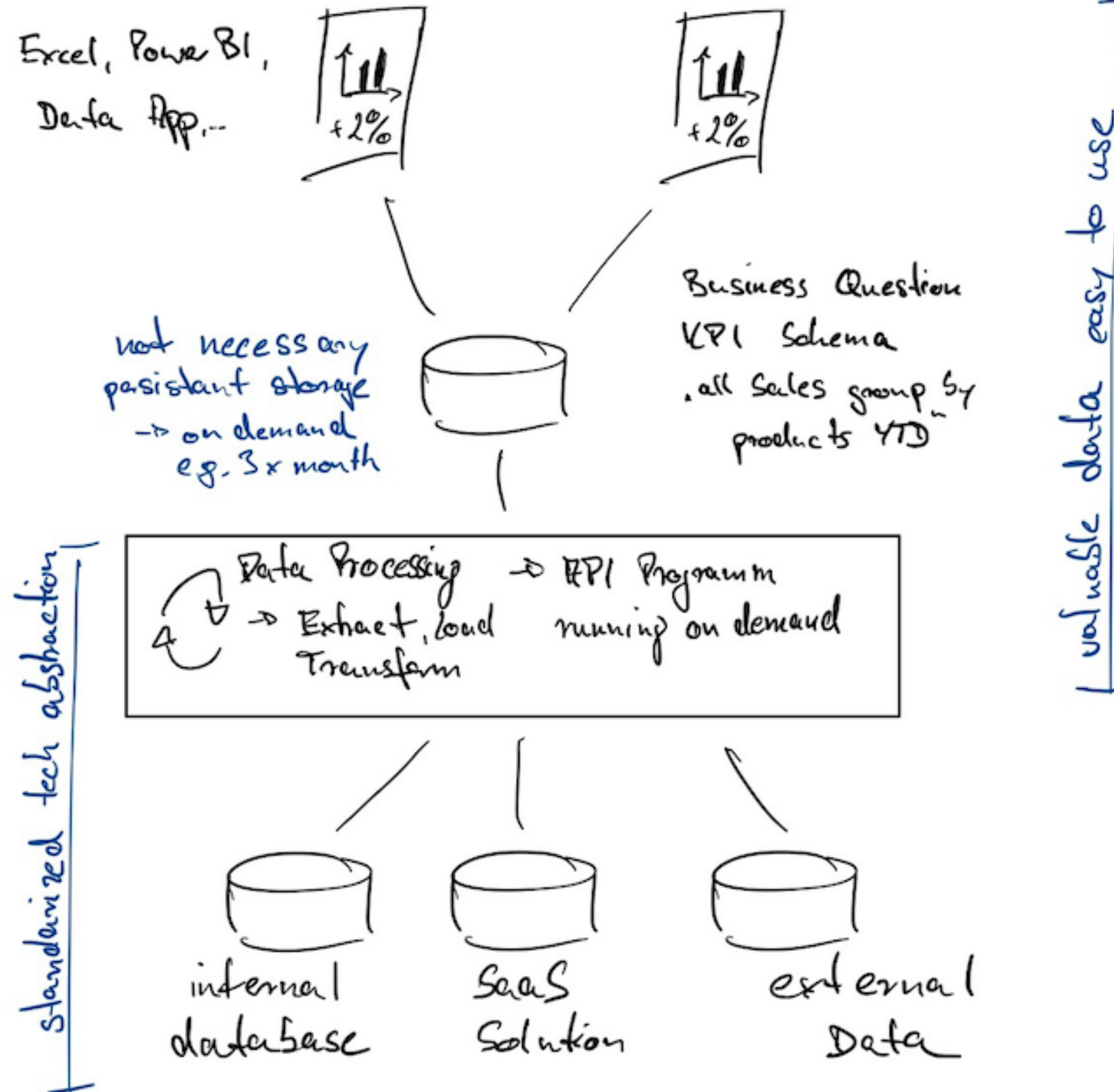
Example:
- Track targets and actuals
- In which customer segment can up- and cross-selling potential be realised?
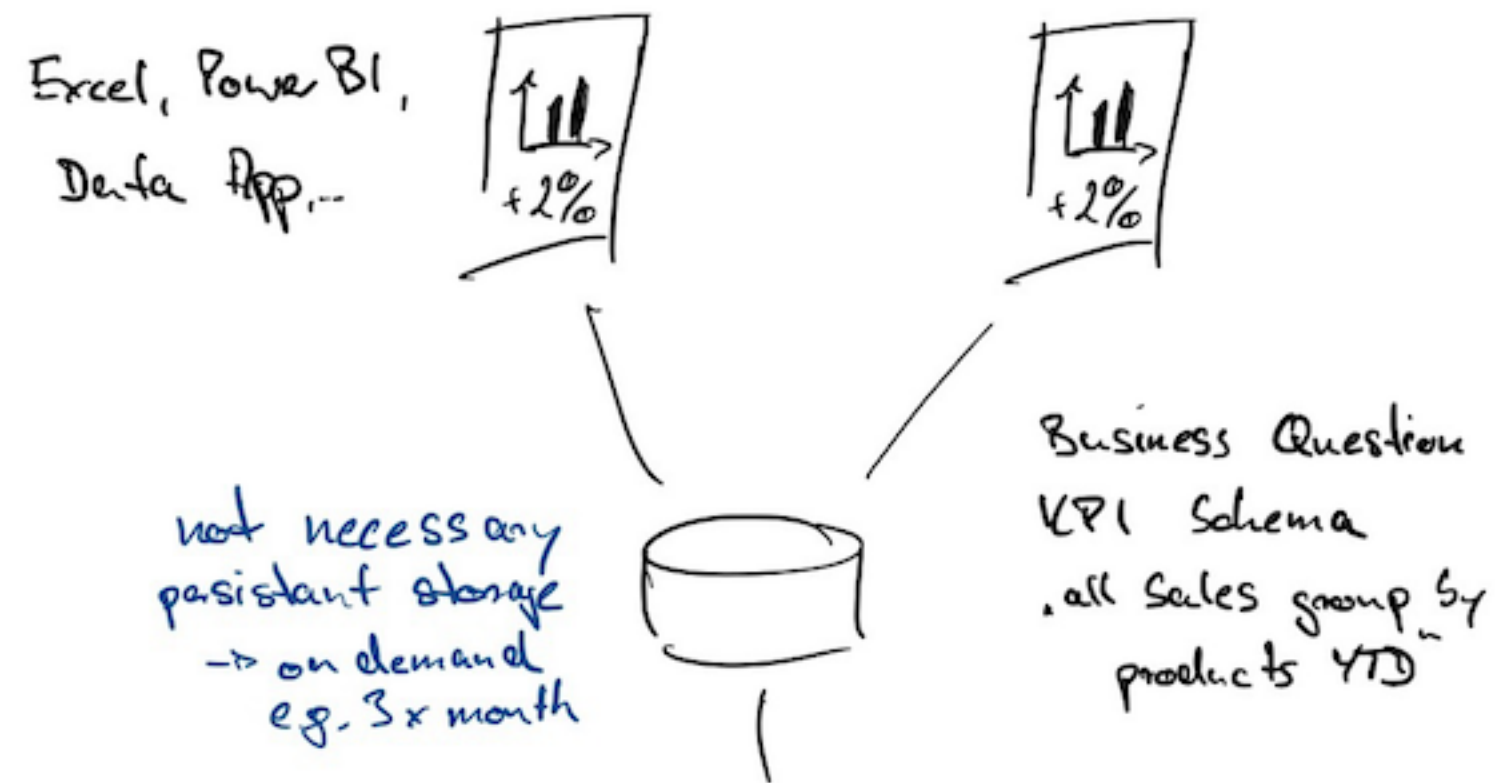
Questions:
- What KPIs are valuable?
- What drives business outcome?
- How to calculate/derive useful KPIs?

Process:
1. Start with a first, easy question
2. Setup and standardise (data processing and database schema)
3. Develop -> deploy -> learn
4. iterate and adopt!

Excel, Power BI, Data App...

+2%   +2%

valuable data easy to use

not necessary persistant storage
-> on demand
e.g. 3x month

Business Question
KPI Schema
"all Sales group by products YTD"

Data Processing -> KPI Programm
-> Extract, load   running on demand
Transform

standardized tech abstraction

internal database   SaaS Solution   external Data

EXAMPLE 2: REPHRASED QUESTIONS

WHAT INFORMATION DOES MY BUSINESS PARTNER OR CUSTOMER NEED?

Example:
- Sales data within Supply Chain
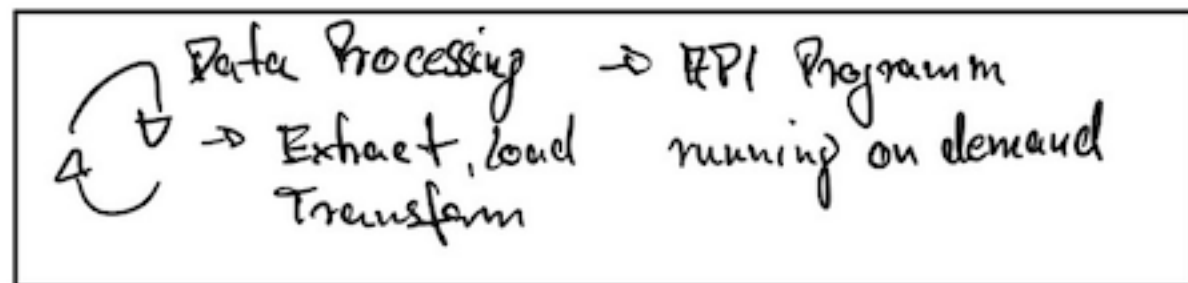- Optimize product placements at Point of Sales

Questions:
- What data is valuable?
- What drives business outcome?
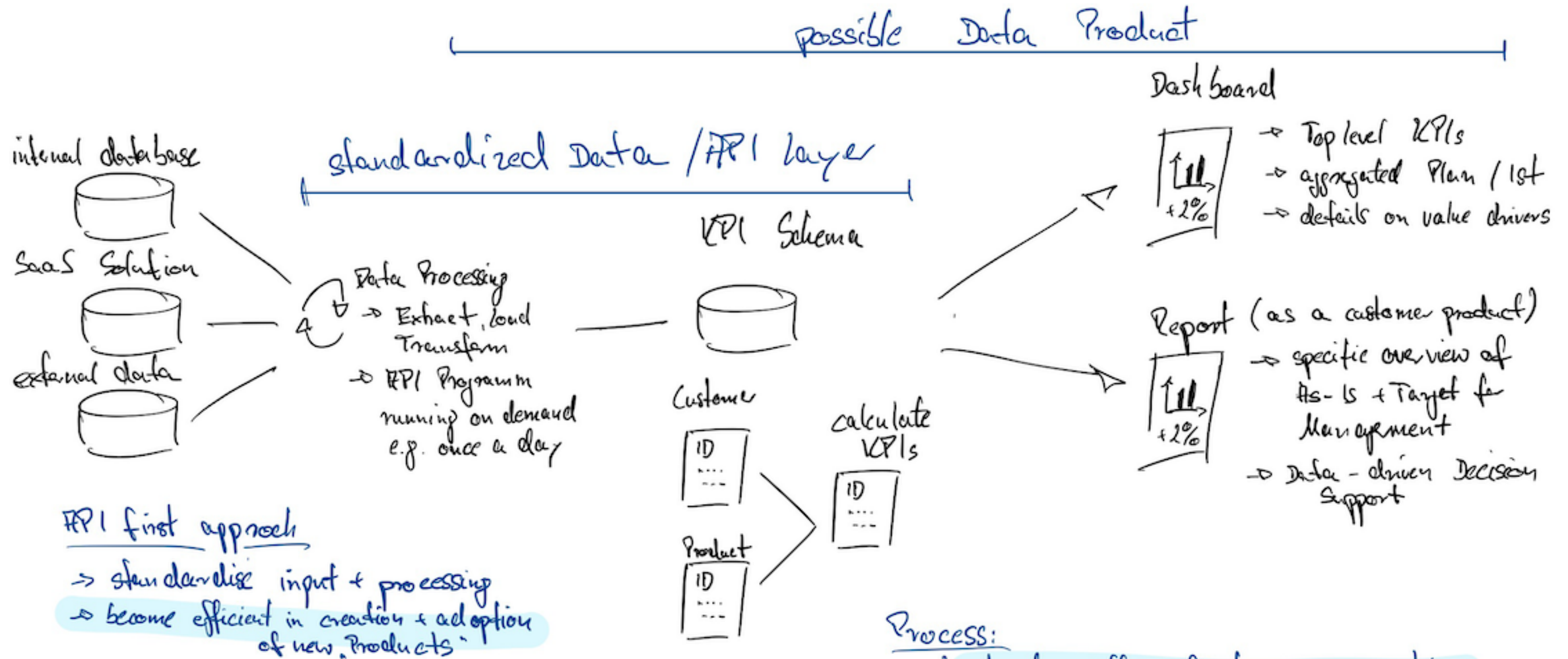- How to integrate services easily?

Process:
1. Re-use what already in place
2. Add further components/functions
3. Adjust, adopt, learn

Example Use Case: internal KPIs

Possible Data Product

internal database

SaaS Solution

external data

standardized Data / API Layer

Data Processing
→ Extract, Load
   Transform
→ KPI Programm
   running on demand
   e.g. once a day

KPI Schema

Customer
ID

Product
ID

calculate KPIs
ID

Dashboard

→ Top level KPIs
→ aggregated Plan / Ist
→ details on value drivers

+2%

Report (as a customer product)
→ specific overview of
   As-Is + Target for
   Management
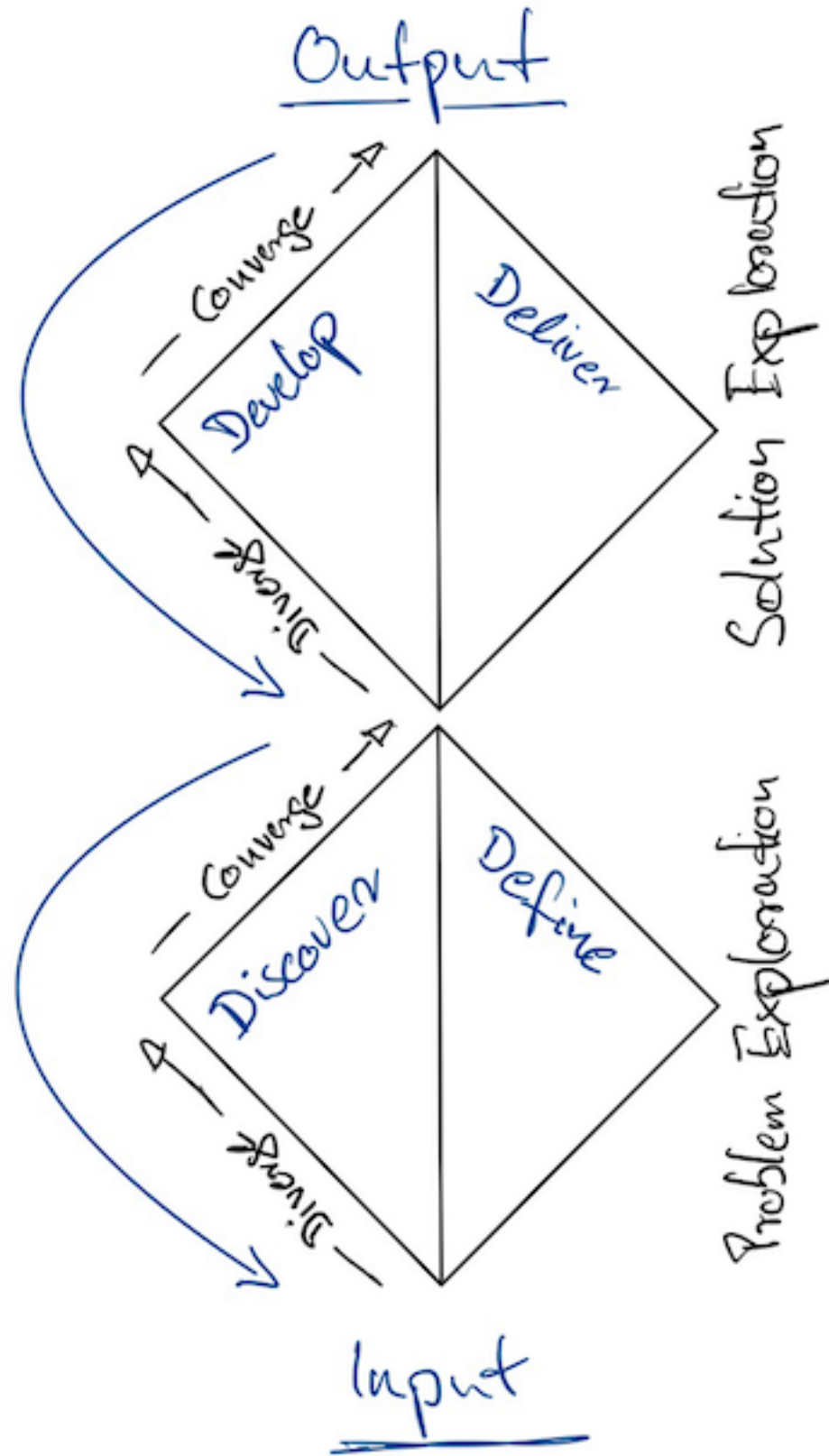→ Data-driven Decision
   Support

+2%

API first approach
→ standardise input + processing
→ become efficient in creation + adoption
  of new Products

Questions:
What KPIs are valuable?
What drives business outcome?

Process:
1) start with a first, easy questions
2) setup + standardise
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4) iterate + adopt

TASKS TO ACHIEVE FIRST RESULTS
GERMANS WILL HAVE A HARD TIME: RATHER ACHIEVE 80 OUT OF 100 THAN NOT START AT ALL

1. Enable a team of subject matter experts

2. Ask the relevant questions to solve the business problem

3. Think in solutions (take the hurdles or take the easy way first)

4. Always ask: 1) whether it solves the client's problem and 2) whether there is no simpler solution

5. Is it still the right question?

DATA PRODUCTS AND SERVICES
COMING BACK TO BUSINESS AND OPERATION MODEL

» Each service comes with initial costs (effort + development)

» Initial efforts decrease by number of services (learning curve, no setup just tweak existing…)

» Regular cost tend to be constant

» Internal ROI = impact of service + decrease of transaction/ opportunity costs for manual process

» External ROI = customer loyalty, monthly subscription or another Lock In effect?
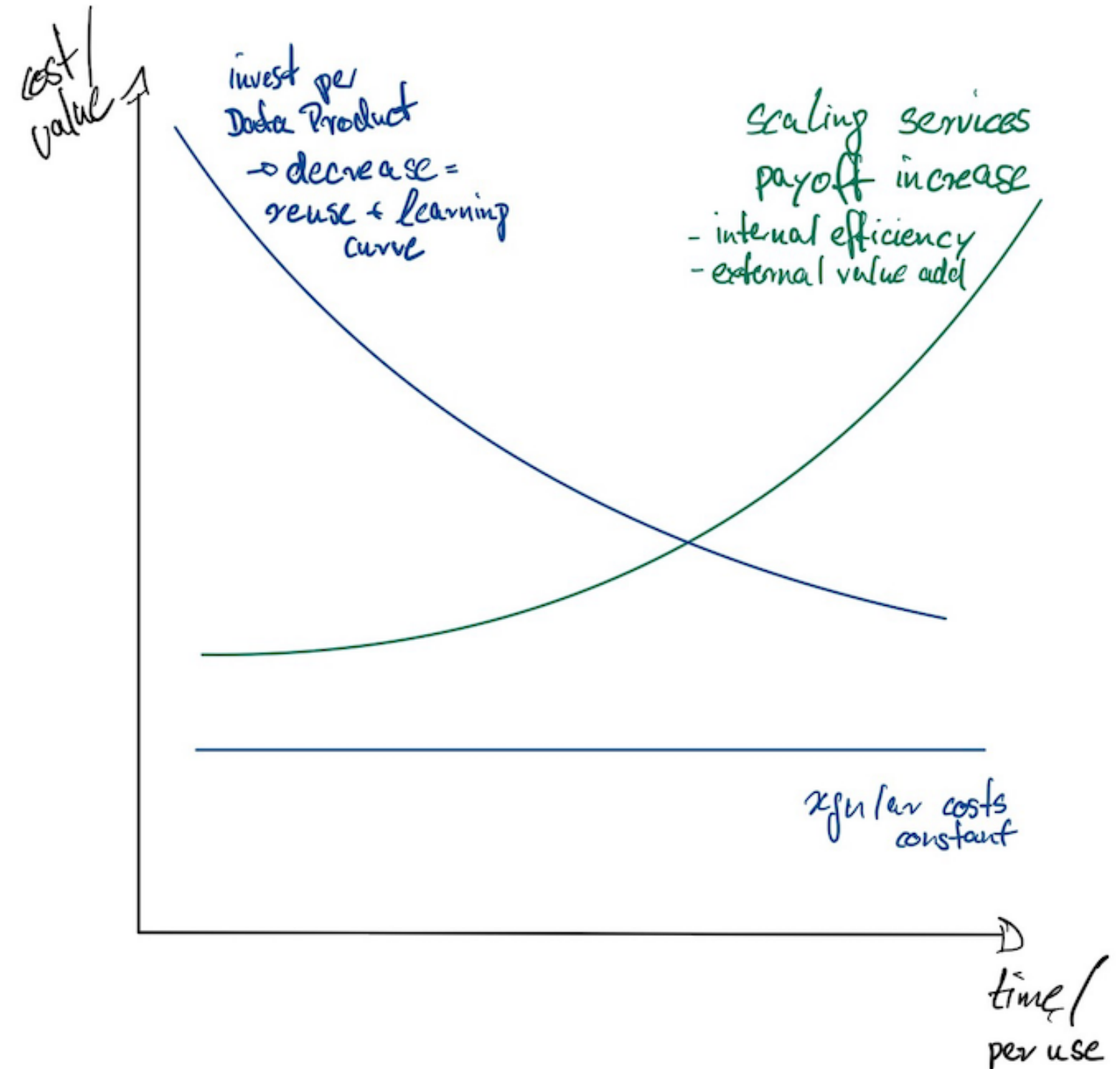
GETTING STARTED IS EASIER THAN YOU EXPECT
DON'T GET LOST IN TECHNICAL TERMS AND BUZZWORDS

» Use/consume of the digitised services enables <u>scalability</u>

» Avoid traditional operational challenges (increasing complexity per growth)

» <u>Integrating your data silos is always good and valuable</u>

» Therefore:

    » Setting up a standardised approach

    » <u>Expect an evolving IT architecture</u>

    » Automate deployment and delivery

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LinkedIn

> Termin vereinbaren