

Getting started with data monetization

Modern businesses are sitting on a potential goldmine.

As a byproduct of digital transformation, businesses have captured a vast array of data points on their customers, markets, operations, and processes to improve their own performance. Now many are realizing how valuable this data could be to other organizations.

Organizations that effectively monetize their data have the chance to develop new revenue streams to drive future growth. The only question is who will get there first.

Over 50% of commercial organizations will have established efforts to directly monetize their data by 2026. By 2030, this could grow to millions of organizations worldwide, generating more than \$3.6 trillion in value.

— Gartner

To capture this opportunity, you will need to distinguish yourself with data products that create measurable value for customers, delivered with a modern customer experience.

In this explainer, we explore the opportunities available for data monetization, as well as the steps required to build, grow, and scale a data business within your organization.

Competitive landscape

Data monetization is not a new phenomenon — household names like Moody's Analytics and Bloomberg have built huge businesses from selling data. However, what has changed is that with many organizations adopting a data-driven approach, there is a bigger need than ever for the data that powers these decisions. And while some of that data can be gathered internally, companies are increasingly looking further afield.

A second fundamental shift is the reduced costs on both sides of a data transaction. Data vendors have more efficient ways to bring data products to market, and data consumers have tools and technology that reduce the costs of processing and storing data. Still, there are some basic questions that any organization exploring data monetization should carefully consider.



What kind of data products should I sell?

To start with, you may find that bulk datasets have a broad enough appeal for your customers and partners. These tend to command lower prices and are considered more like commodities than specialized data products.

On the other end of the spectrum are high-value data products that address much more specific use cases. Think of it this way: If you were a Ferrari dealer, would you rather market yourself to a list that included every person in your city, or a small number of car enthusiasts with high disposable income? You'd probably choose the latter and be willing to pay a lot more for this dataset. Data products that are tailored to solve specific problems command a much higher margin because they deliver superior value to end users.



Who is your target market?

In order to start monetizing your data assets, you need an audience in mind. And a key consideration here is what the value proposition for that market should be.

Value proposition: the benefits and economic value delivered to the customer by your product or service.

What value does my data product offer? Whose problem is it solving?

The value proposition of your data products can vary widely across your range of customers. Think about what value your target customers are seeking from the data product. The more specific, the better.

Where can I sell my data?

There are several avenues to selling your data. Two that we'll focus on here are public data marketplaces and core channels.

Public data marketplaces

Public data marketplaces have emerged in recent years to allow buyers to browse a catalog of data products from a range of vendors.

Advantages of public data marketplaces

Public marketplaces can be a good place for emergent data businesses to start their data monetization efforts:

- Fast route to market for selling data products to a large user base
- Low-cost route to market for serving low-value customer segments
- Useful for lead generation for the core channel

Therefore, public data marketplaces can be a good fit for data products with a broad appeal. They can also be a good place to find new customers that can then be nurtured into a more direct commercial relationship between data buyer and seller.

Disadvantages of public data marketplaces

If you are relying solely on selling data through public marketplaces, there are a few key limitations to keep in mind:

- No control over the customer relationship, experience, or brand; the marketplace operator, not the data vendor, owns the relationship.
- Lack of collaboration or product customization to create higher value data products
- Loss of margin due to competitive pressure & revenue sharing with marketplace operator
- A limited subset of customers will use any given marketplace. This inherently limits the total addressable market (TAM), an effect which cannot be fully overcome by simultaneously servicing multiple marketplaces.
- Challenge of updating data products and sample datasets across multiple platforms

Core channel

As your data monetization ambitions increase, it's worth taking some inspiration from established leaders like Moody's Analytics. While they sell their data products through a multitude of channels, it is their core channel that tends to drive the best margins. Data vendors with a strong core channel tend to have several things in common:

- Control of the customer experience: branding, packaging, placement, promotion, and pricing
- Governance and control of their data products, with rules dictating their distribution, terms and conditions, and use
- Ability to deliver customized data products tailored to customer needs

These capabilities lead to several key benefits:

- Ability to cross-sell and up-sell complementary data products and services
- Discovery of customer use cases, leading to more refined data products
- Over time, the product-market fit for your data products gets refined, allowing more valuable use cases to be solved
- Superior margins due to a lack of competitors and a direct relationship with customers
- Ability to serve customers in their preferred format, mechanism, and geographic location. The most advanced data commerce platforms are multi-cloud and allow distribution of data products independent of traditional constraints.

Getting the core channel right

A great example of a core channel done right is Moody's DataHub, powered by Harbr. By building out their own core offering on Harbr's data commerce platform, Moody's Analytics has been able to:

- Reduce time spent in the sales cycle
- Offer full-volume trials with no loss of data ownership
- Enable customers to create customized data products to meet their specific needs
- Increase cross-selling opportunity by enabling visibility to a broader product range
- Reduce internal silos by creating a centralized data hub that enables their teams and partners to view and collaborate on data products
- Improve the customer experience by providing a wider range of data delivery methods

Learn more about DataHub, Moody's Analytics' award-winning core data commerce offering, in our case study.

[Read case study](#) →



Learn more at harbrdata.com or contact hello@harbrdata.com to discuss your business needs.

Who do I need on my team?

Business is a team sport, and selling data is no different.

While some of the above considerations can be worked on in a small team, you'll eventually need to build a coalition of experts to build out and execute your data monetization strategy.

Data engineering

What data sources do we need to extract, transform, and load (ETL) to create our data products? How can we ensure that our data is of high quality, consistent, and reliable? Do we know how to move and manipulate the data efficiently?

Data science

What types of analysis can we perform on our data to extract insights and create valuable data products? What methods will we use to validate our data products and ensure that they are accurate and useful?

Product management

Who will plan, develop, launch, and manage the data product lifecycle? How can we define and prioritize the features and requirements for our data products?

Product strategy

Who is in charge of mapping out how the data products will grow over time? What market trends and customer needs should we consider when developing our data products?

Technology and security

What technology infrastructure and systems do we need to support our data monetization strategy? What are the risks associated with our data assets, and how can we mitigate those risks?

Legal and compliance

What are the legal and regulatory requirements for data monetization in our industry or region? How can we ensure that we are compliant with data privacy laws and regulations?

Finance and commercials

What are the revenue and cost projections for our data monetization strategy? How will we price our data products, and what are the key pricing considerations?

Sales

Who will be responsible for selling our data products? What channels will we use to distribute our data products, and how will we measure their effectiveness?

Marketing

How will we position our data products in the market, and what are the key messages and value propositions?

Customer success

How will we onboard and support customers who purchase our data products?



Learn more

As you can see, data monetization is a massive opportunity, but one that requires a thoughtful approach to capitalize on. If you're ready to take the next step in your data monetization strategy journey, let's talk.

Contact us →

Learn more at harbrdata.com or contact hello@harbrdata.com to discuss your business needs.

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