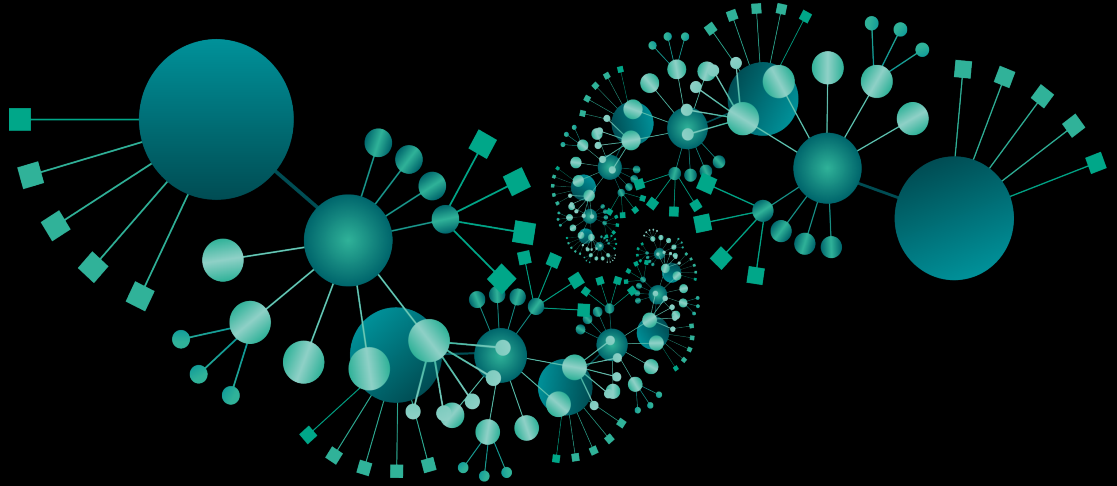


The Advent of the Data Age and its Impact upon Organisational Dynamics

A BREAKFAST EVENT CO-HOSTED BY EREVENA AND GENERAL ATLANTIC



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Technology's impact upon the current volume of data that can be captured, stored and processed, alongside the growing sophistication in its analysis is transforming the business models of every industry.

It is therefore not surprising that the people who can harness the power of data are becoming more prominent within executive teams.

Erevena and General Atlantic recently co-hosted the first in a series of breakfast events focused upon the impact of data on business practices and organisational dynamics.

In this breakfast discussion, we were joined by business and technology leaders with perspectives from across the spectrum (see below). The aim of the event was to swap insights on the potential impact when data sits at the heart of driving product strategy and business practice, and how traditional businesses can harness the power of data as a catalyst for transformation.

A further point of exploration was that as technology enables a greater sophistication around data, where exactly 'ownership' and responsibility for data resides within a business. For example, can it be considered simply as an extension of the disruptive force of technology, should it force businesses to re-imagine a data function in its own right, or have the changes unleashed a mutation that should infect every business function and change the way we all approach optimisation?

Below is a summary of the discussion.

The major costs of data are no longer in its acquisition, computing, and storage, but lie in the risk of ownership.

The economics of data

It is easy to say that the availability of data and its digitisation is driving this change for businesses, simply put, there is just more accessible data than has previously been the case to drive insight. However, it is the changing economics of data that is having the most substantial impact.

The cost of data acquisition has reduced dramatically, as manual engagements with customers have been replaced with sensors and analytics that can provide real-time insights. When coupled with the trend towards zero in the computing costs of data and the increasingly trivial cost of data storage, the case for a sophistication around data is becoming a business imperative.

With this change, the real cost of data is becoming more keenly associated with liability and risk. As organisations consider the cost of losing data, whether that be regulatory penalties or the loss of consumer faith, the cyber security threat is a growing one.



An anonymised approach to data storage or event-based organisations that do not store the data, instead analysing streams of data through their platforms, can mitigate some of this risk, but equally this has an impact on the organisation's ability to train models. The storage of historic data that remains rich will enable greater utility and prove a differentiator in whichever space

they operate. Frankly, the cost of not utilising data is greater than the risk, and it is technology's responsibility to marginalise the potential for lapse.

Customers are becoming more data aware, driving the imperative to utilise data to optimise the service.

The relational dynamics unveiled by the combination of internal and external data is an important sophistication around data for an organisation.

Sources of data and the customer

Data is not only derived from internal sources and consumer engagement on the platform. Social Media is a well-known and significant stream of data for organisations that can dwarf the internal volume and insights. Organisations like Facebook have long viewed data as a commodity by productising the user, but such activity has also affected a change in consumer awareness.

Customers are now more data sensitive than ever, with some moves even being made to monetise one's own data. However, this would cause a corruption of the data sets and drive the wrong behaviours, so it is important for companies that do see data as a commodity, to use it correctly. As long as data is used to improve product and service, rather than simply to squeeze more value, a balance can be kept.

The combination of internal and external data sources can also be incredibly valuable in pattern recognition and in predicting opportunity and traffic. A good example of this boils down to relational dynamics. When simply examining internal data, one can experiment within a finite space and only understands results within those bound parameters. However, something as simple as the weather may have an effect on platform activity. Understanding the macro dynamics can ensure that you maximise the commercial potential and better understand what the data is really telling you.

It is as much about the quality of your data, as the quantity, and it is more about the quality of your data analysis.

Data can lead you down the wrong path if you don't understand its limitations.

It is important to have strong data expertise in the business leadership to ensure that it is utilised in the correct manner.

The limitations of data

This naturally leads us into the limitations of data. There is an oft utilised adage that you can torture data into telling you whatever you want. Fundamentally, if you are looking for ghosts, every shifting shadow, breeze, creek, or change in light will be interpreted in line with your initial assumptions. The ability to remove bias is neither simple, nor always entirely possible.

To this understanding should be added the assertion that it is not about every piece of data, but instead about identifying the correct data to solve a problem. Data acquisition and storage is one thing, but data analysis and the correct application of data is another thing entirely.

Take the local maxima problem in optimisation, as an example of this. You start with your product and through real-time feedback loops of customer interaction, you utilise the streams of data coming back to experiment and optimise the product.

As you incrementally improve the product through robust data analysis of performance with the customer you approach what may be the global maxima (greatest possible iteration of the product), but could equally be a local maxima (a best version of the product based on underlying decisions you have made due to finite data in the optimisation process). Basically, you failed to recognise that a few steps in the 'wrong' direction may have developed a greater product in the end by offering a more optimal end point.

Abstract that even further and you can understand how focusing the data you have on your current product or product sets may lead to you missing the opportunity 'over there' that the data is telling you exists, but you are too focused on what you want the data to show to see it. The ability to see the product unimagined requires data leadership and an appreciation of all of the above.

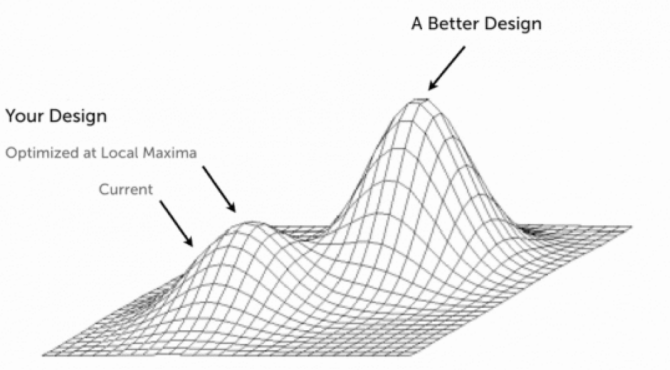
'Ownership', responsibility, and the organisational impact of data

The business of the future is one that is utterly joined up, the business of the past operates in siloed functions.

As with the impact of technology, data is changing how all business functions operate. If you do not embrace the change and utilise technology and data to optimise marketing, operations, finance, and the like, you will ultimately be left behind.

In such activity, you are bound by the finite search field of the product and the effect of trial and error optimisations.

So what do we mean when we talk about data leadership and data appreciation? Firstly, it is not as simple as another business function, or taking data





out of the purview of technology to determine its own destiny. It is precisely the opposite. Everyone must develop an appreciation for data. Your level of sophistication around how you engage with data and the scope of your utilisation of it will determine how successful you are, whether that be as an individual within a business, as a collaborative function enabling a business, or as the business as a whole. Data is the means and very much part of the recipe for success, rather than the ends.

It is true that certain functions, such as technology, will need to take responsibility for the infrastructure that captures, processes, and visualises the data for partner functions within the business, but it is not sustainable for marketing, for example, to simply ask for and act upon served up insights. Each and all must take responsibility for the engagement with and analysis of the relevant data for them to continue to learn and to optimise. One powerful example of this shift in mindset demonstrates how this may impact on how we

think about traditional practices and modernise our approach. When marketing morphs into acquisition and there is a requirement to include engineers and data scientists in marketing teams, when marketing itself becomes a discipline that is steeped in the application of technology and utility of data, the impact and change are most evident. Whoever leads the modern marketing function must have an appreciation for it all.

Therefore, when thinking about how we deploy data expertise within a business, alongside an appreciation for data, it is within a fully integrated and cross-functional model in its purest form. Yes, there is a strong case for a specialist data lead who can ensure sophistication and accuracy in data engagement, but data itself best services a business by enabling other functions and driving organisational integration, rather than residing in a siloed academy of sorts. It is through collaboration with SMEs that businesses realise their true data value.

So, in summary...

The change is as much a cultural one as anything else. It requires a shift in mindset and a collective response to become a data-driven business, whether that be from inception or through transformation. It is integral this is driven from the CEO to ensure the conversion, but it is a change that must be lived by everyone. It is a different way of working and a new world in decision-making.

Technology certainly has a critical role to play in the sophistication of our engagement with data and it is what is enabling our growing capacity in this area, but it is everyone's responsibility to be data obsessed and soon it will be seen as an essential survival skill in the modern professional.

Thus, as data has an impact across all business functions, changing the way we optimise performance, we must be on guard for the risk of a local maxima. It should be a genuine consideration as to whether traditional organisational structures are being optimised to their local maxima, whilst we miss the wider potential for disruption that data is offering. Could the rise to prominence of data-driven decision-making and the insights available from more and more data help us re-imagine our 'house' and change organisational design further to birth the fully joined up organisations of the future?

OUR PANEL OF EXPERTS



SAM WILKINS

Sam is a Senior Partner at Ereveva with over 17 years' experience in executive search. Working across the Ereveva portfolio Sam builds Executive and Non-Executive teams of VC/PE-backed and public companies experiencing hyper-growth or significant transformation. His functional specialisms are the office of the CTO across all consumer and B2B industries and Commercial Leadership in scaling B2B SaaS, where he has a long track record and deep international network across Europe and the US.



PIERRE SAMEC

Pierre is an Operating Partner at General Atlantic and was our co-host for the breakfast. Pierre has had a wide-ranging career in technology and product leadership across Healthcare, Travel, and Enterprise Software. His time as CTO of Expedia, alongside the impact he is seeing across industry in his role with General Atlantic means that data-driven transformations have become a focus for him.



RIAN LIEBENBERG

Rian is the CTO of Kobalt Music, which is disrupting the music industry to allow musicians, songwriters and creators to capture their royalties on a global scale. Before Kobalt, he led one of the most ambitious technology centralisation projects in recent times, targeting a unified consumer marketplace platform for the global Schibsted business. He has also held engineering leadership roles with Google and Lastminute.com.



IGNACIO BACHILLER STROHLEIN

Ignacio is the CEO of Fever, the leading entertainment discovery platform, which focuses on data-driven content creation strategy. Before Fever, Ignacio worked in the Madrid office of McKinsey & Company, having completed his degree in Mechanical Engineering at MIT.



MIKE WARRINER

Mike is an experienced CTO and was formerly the London Site Lead for Google Ads Engineering. Following his work on Global Payments for Google, Mike joined HSBC as Digital CIO to drive the data and technology transformation in the business.



HILLA PEDRAMPARSI

Hilla is currently the Interim CTO at London-based start-up Youtility and a former Engineering Director at Yahoo!. Before Youtility, he was Head of Data at Gamesys, where he built out the Data Science function from the ground up and helped establish modelling on both internal and external data streams.



MIKE SMITH

Mike is the Chief Product and Technology Officer at Barclays Ventures, helping drive the disruption in financial services. He has previously held Product roles at both Google and Microsoft, and was recently the Director of the Ad Platform at Amazon.

About Erevena

At Erevena, we help to hire senior people into companies that are trying to do things differently.

We work with CXOs and shareholders to solve complex senior hiring challenges. We focus on your future.

We think that Search should be an advisory process. In solid-state organisations where it's 'business as usual,' companies understand their own needs and don't normally need to hire external advisors to help.

In venture-backed companies, entrepreneurs are doing things that have never been done before. We have a long track record of working with founders to shape strategies for how they hire the most situationally relevant executives to make their plans a reality.

The majority of industries are in a state of violent transition and many face threats that they don't understand and are not structured to withstand.

Our work in venture has given us a lens into the future of many industries. We use this to work with executive teams to help them understand how best to adapt so that ultimately they can endure.



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