DATA BLACK HOLES – ARE DATA SILOS UNDERMINING DIGITAL TRANSFORMATION?

BARC

Four key highlights of the BARC survey

The existence of data silos is nothing new. Data-producing applications were once isolated systems which were built to partially automate a specific subtask of business processes. Today, data-based insights are being used to automate decisions to make business processes faster, more efficient and less vulnerable to risk. The global survey "Data Black Holes - Are Data Silos Undermining Digital Transformation?" examines the implications of data silos for the data-driven enterprise as well as approaches being adopted by companies to break down the barriers of data silos.

DATA BLACK HOLES: THE HIGH COST OF SUPPOSED FLEXIBILITY

Which paradigm do companies apply to the design of their data landscape?

63% ...of participants have a (semi-) centralized data provisioning approach.

84% of companies understand their data and reports...

...and **83%** trust their data and reports.

Nevertheless, users often resort to individual data preparation because centralized data sets do not meet their needs.

2 out of 3 companies state that they frequently extract and copy data, connect it with other data and prepare it for their individual needs.

The reasons are obvious: efficiency and trust...

Despite all attempts at centralized data provisioning, most companies are unable to reduce the number of data silos they have.

Working with data is particularly time-consuming for companies lacking uniform business terminology:

1 BARC RECOMMENDATION

Plan deliberately for decentralized data preparation (it happens anyway). Reduce the risks by creating transparency and cultivating corresponding communities. Ensure centrally provisioned data is useful and understandable and data processes are lean, flexible and resultable.

DATA SILOS PREVENT DIGITAL TRANSFORMATION

41% ...of organizations are tied up in maintaining existing data problems instead of working on the digital future of the company.

55% say that not having enough resources available is a major challenge to improving their current data landscape.

46% agree that a lack of transparency concerning data and analysis processes is the even major obstacle.

Over 50% of companies with no uniform terminology face this challenge.

Companies with central data provisioning and uniform (data) terminology perform significantly better in comparison to others.

2 BARC RECOMMENDATION

Come clean about the problems with your data landscape. Reveal the inefficiencies associated with it, the personnel it ties up and the consequences it has for digital transformation. Moving forward, establish principles of data and insight sharing as well as business accountability for data and data usage.

ARCHITECTURE AND TECHNOLOGY HELP BALANCE CENTRALIZED AND DECENTRALIZED DATA REQUIREMENTS

Optimal data preparation is ultimately determined by the analytical problem to be solved.

66% ...state that they need to frequently extract and copy data, connect it with other data and prepare it for their needs.

You cannot win this battle. Solution concepts must integrate data silos instead of fighting them!

65% agree that the amount of data silos has not yet been significantly reduced.

The number of data silos continues to grow. This applies both to companies with centralized and decentralized data landscapes.

3 BARC RECOMMENDATION

Refrain from extensively and continuously copying data together and therefore building more data silos. Smart technologies enable you to connect existing data silos and transform them into a virtually connected data landscape. This can be useful for a variety of use cases.

ORGANIZATIONAL SILOS WEIGH HEAVIER THAN DATA SILOS - OVERCOMING THEM IS A CULTURAL JOURNEY

Cross-functional sharing of data and data-based insights appears to be widespread in corporate practice.

75% of participants state that they share data and insights with other users and departments...

...in contrast, **37%** claim that cross-divisional collaboration and exchange of data and data-driven insights is difficult.

Companies lacking uniform business terminology are even more likely to find collaboration and exchange difficult (48%).

Companies with common data terminology are **1.5x** less likely to struggle with collaboration issues than those without.

Defining strategy and goals as well as evolving the behavior of people in the company is clearly a management task.

Many companies lack management support:

Lack of management support is a major challenge in the implementation of strategic measures for **58%** of respondents.

...and for **43%** of companies with decentralized or hybrid data provisioning and non-uniform terminology.

Three in four companies with centralized data provisioning and uniform data terminology have sufficient management support.

4 BARC RECOMMENDATION

Create a uniform data language to truly enable cross-functional sharing of data and insights. Overcome organizational silos by defining a data strategy and data democratization process that is led and supported by executive management.

The survey "Data Black Holes - Are Data Silos Undermining Digital Transformation?" was prepared by BARC, an independent market research and analyst firm specializing in the topics of business intelligence, data science and analytics.

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