The Real Big Data Opportunity

Taken from the pages of Forbes.com and written by Prosper Insights & Analytics™ CEO Gary Drenik, this collection of articles will help you navigate the big data waters.

Big data hype runs rampant in today's business world. Success lies in thoughtful strategy, not a rushed approach just to say you are in the game. Big data is risky. A recent Harvard Business Review article headlined, "You May Not Need Big Data After All." These articles are meant to help you understand big data and determine if it is right for your organization.

> ***"In 2014, the lure of big data solutions will catch many executives in a maze of both useful and useless data, and the result will be a big disappointment if they don't have the right strategy."***
>
> ***Gary Drenik, CEO, Prosper Insights & Analytics***

To join the discussion and read more articles by Prosper Insights & Analytics on Forbes.com,
visit: http://www.forbes.com/sites/prospernow/

Prosper INSIGHTS & ANALYTICS™

As seen on: Forbes

Table of Contents:

THE PROSPER FOUNDATION
Promoting Entrepreneurship & Innovation
Prosper Now
FOLLOW
We cover the news on consumers and markets.
full bio →

STRATEGIES 1/16/2014 @ 11:00AM | 3,905 views

BIG Data Equals BIG Headache For Executives

Roger Saunders, Subscriber

In this post, I wanted to share an interesting piece on the shortcomings of big data written by Gary Drenik, CEO of Prosper Insights & Analytics™, with his permission. I think it will help many as they navigate the changing business intelligence world.

In 2014, the lure of big data solutions will catch many executives in a maze of both useful and useless data, and the result will be a big disappointment if they don't have the right strategy.

As businesses clamor to participate in big data initiatives, they are risking millions of dollars on software and servers with no certainty of any useful outcomes and, in some cases, any outcomes at all. Building a huge data warehouse is just the start but should never be the goal. William Binney, creator of some of the computer code used by the NSA to spy on international Internet traffic, said recently that the agency knows so much that it can't understand what it has. "What they are doing is making themselves dysfunctional by taking all this data. The agency is drowning in information," said Binney. If the world's leading data collection and analysis agency can have a problem of "too much data," then it's not farfetched to assume companies diving into big data may need a life jacket.

All data is not created equal.

There is something to be said for quality over quantity, especially in an age of phony Facebook and Twitter clicks (that's right—offshore click farms have made a business of inflating social media numbers). If big data held all the answers then companies like Twitter wouldn't need to supplement the machine-to-machine information they already have access to with user surveys as they currently are doing (i.e. little data).

The Futurist says that big data is a big opportunity but warns that it is "useless" without the ability to "collect, analyze and execute on it." And don't get caught in the trap of analyzing your own data only. True value can only accrue from analyzing data streams from inside and outside of your organization.

The Furturist also projects that the amount of data available will increase over 44 times during the next six years. However, more data does not mean better data; much of this information will be useless for making strategic business decisions. Remember the old 70's adage of "Garbage In, Garbage Out"? Clearly, the challenge to identify what is useful versus what is not is key. It's really quite simple to qualify data—just ask yourself the question, "Can I use this to make money?". So, for example, the fact that your company has 25,000 Facebook likes may not have the same impact on your bottom line as knowing that 25% of your target customers are influenced by social media when it comes to their purchase decisions, or that 50% of your customers who use Facebook are planning to spend less over the next 90 days on apparel. It's about weeding through the clutter and pinpointing the data streams critical to your core business strategy.

Big data tends to be tactical, rather than strategic in nature. Tracking clicks may help to see how something worked or may work from a digital ad perspective, but it won't provide C-level insights about issues dealing with customers, the market and competitors. The recent holiday season is an indication of the difference in outcomes between using transactional data and insight derived from an analysis of data from various sources. As the market awaited results from the shopping season, those people who attended the Morgan Stanley Global Consumer and Retail Conference in November got a preview of who the winners were going to be from data mined and analyzed by Prosper Insights & Analytics.

Bottom line: As your mother may have told you, "Just because all your friends are jumping off a bridge doesn't mean you should too." Everybody's doing it—big data is all the buzz right now. But don't make the multi-million dollar mistake of building a gigantic warehouse of useless data. Focus on identifying, gathering, correlating and analyzing the right data to help your business grow.

Having foreknowledge from data mining of various data streams, including outside your organization, is key for big data success. Today's focus on mining internal data/transactional data will leave many users of big data disappointed and out millions of dollars.

———————————————-

Gary Drenik is CEO of Prosper Insights & Analytics, a company that prides itself on turning data into solutions. www.ProsperDiscovery.com

THE PROSPER FOUNDATION
Promoting Entrepreneurship & Innovation

Prosper Now

FOLLOW

We cover the news on consumers and markets.
full bio →

STRATEGIES 2/25/2014 @ 11:59AM | 1,940 views

Big Data Bypasses C-Suite

Gary Drenik , Contributor

Everywhere you turn today it seems like someone is hawking something to do with big data—today's corporate "must have". It seems that all the buzz and hype usually gets down to some very tactical application/outcome which sounds an awful lot like the "must have" of the 1990's...CRM. Perhaps big data is the son of CRM, enhanced to accommodate new data streams from the Internet world. (Big data equals big headache for executives.)

Big data has several flavors of definition which normally end up something like the following: unstructured and multi-structured digital information usually resulting from transactions/interactions between humans and machines via online web applications, social network data and other data such as Point of sale (POS). Not much different from CRM except that the digital is now including the online world and as a result requires new software and hardware to store and analyze the vast virtual data streams.

Even though business executives may have high hopes for capitalizing on big data for strategic decision making, the majority of applications/outcomes being developed seem to focus on a much narrower tactical view such as the optimization of a digital ad campaign via a digital marketing platform (DMP). These outcomes tend to be *machine to machine* tactics devoid of humans and based upon algorithms for digital message optimization so there is no thinking involved (i.e. serving an ad online).

The needs of the business which include the strategic issues required to run an organization aren't usually part of the big data discussions and because of this the relevant questions aren't asked when the systems are developed. To begin with, the questions being framed determine the outcomes. Strategic questions drive strategic outcomes and tactical questions drive tactical outcomes such as optimizing digital ad campaigns.

Bringing big data to the C-Suite

There are several strategic business issues that may be greatly improved and which could help the C-Suite make better decisions overseeing the direction of the entire organization. Issues such as managing growth, better forecasting of sales, more detailed understanding of competitors and the impact of the economy on customers to name a few. Each of these issues seems to have far more importance on the success of an organization than does the automated serving of online advertising or data mining results from a digital ad campaign. After all, advertising expenditures for retail stores represent a ratio to sales of approx. 1.2% and, online comprises only about .1% of that 1.2%.

One could argue that if a retailer knew they were going to have a bad holiday season BEFORE the season began that they could intervene and mitigate the potential iceberg facing them. Having a broader focused decision system designed for the C-Suite could provide updated insights via key strategic areas which would allow for monitoring progress of strategies and the ability to tweak when weakness is discovered. For years, Prosper Insights and Analytics™ has been providing the retail market, via the NRF, advanced warnings on all of the major holidays and spending expectations. In addition, direct warnings on specific retailer spending forecasts have been given through other forums such as the Morgan Stanley MS -0.03% Global Consumer and Retail Conference.

It may be time to look past the frenzy of digital marketing outcomes which have been labeled "big data" and expand the concept to include **simple-to-use,** strategic decision making outcomes designed for the C-Suite. It will require a broader view of issues and the integration of many more data sources most of which are **external to an organization** and can be connected with the online data streams. The result can be intuitive decision making applications that provide answers to strategic issues allowing executives to make better decisions. A sample of these includes the Prosper Auto Outlook and the Retail Composite Spending Score and 90 Day Sales Outlook.

Gary Drenik is CEO of Prosper Insights & Analytics, a company that prides itself on turning data into solutions. www.ProsperDiscovery.com

THE PROSPER FOUNDATION
Promoting Entrepreneurship & Innovation

Prosper Now

FOLLOW

We cover the news on consumers and markets.
full bio →

STRATEGIES 3/11/2014 @ 12:59PM | 3,551 views

Going Beyond Big Data To Knowledge

Gary Drenik , Contributor

"Ipsa scientia potestas est" ("knowledge itself is power"), Sir Francis Bacon

Don't believe the big data hype

Over the last month, I have written about all the hype surrounding big data including how it equals a big headache for executives and how the promise of big data bypasses the C-Suite. This final installment deals with the pending big data disillusionment which may result from the hype and failure of big data to deliver meaningful, strategic solutions for senior level executives.

The almost daily barrage of big data breakthroughs are usually advertising or PR executives extolling the latest hyper targeting opportunity from analysis of social media tweets, likes, online clicks or posts. The promised breakthroughs result from surveillance of digital actions, most of which have little or no relevance to any specific business. In the context of all the bits of digital data swirling the Internet, only a fraction is pertinent to any particular company. The conventional wisdom is to attempt to sort through the volumes of useless data to get to small or relevant data to create a model for more targeted online media buying. I guess one could argue that a model can be developed for just about anything. However the key question is, "Does the model really work in the real world?"

Questionable data bears questionable models

Obviously, the accuracy of the data is important for the validation of any model. Unfortunately, several important issues call into question the validity of the eventual small data used in media models. First is the issue of click fraud which has already been acknowledged by digital media buyers as costing U.S. marketers over $11.6 billion in wasted ad dollars this year. Second is the problem of sorting out fraudulent and useless data to extract the smaller set of useful data. And third is the issue of understanding the meaning and intent of digital data determined as useful. What is the intent of a "like"? Does it translate into marketplace behavior? Since consumer behavior is more complex than random digital actions, what type of unverified assumptions must be ascribed in place of fact in the model? A recent paper published in Sociological Science found that support for causes via social networks may only be "click deep." One of the authors, UC San Diego's Kevin Lewis is quoted as saying, "[Social media] seems to have failed to convert the initial act of joining into a more sustained set of behaviors." "Likes" don't necessarily translate into behavior.

It's clear that most of the big data commotion gets down to media applications based upon questionable models. Maybe that is why a recent Gartner survey found that through 2015, 85% of Fortune 500's will fail to exploit big data for competitive advantage.

From big data to knowledge

Data is the starting point and basic building block in a knowledge-based organization. Since the majority of big data uses today are machine-to-machine ad serving applications of "real-time" digital or internal data, knowledge isn't required. Strategy requires a broader view of data. Strategy requires data that serves as fuel, but logic and experience still need to be applied to generate knowledge-based systems. Knowing not only what happened, but why it happened (diagnostic), what will happen (predictive) and how we can make it happen (prescriptive) is important for moving beyond big data to knowledge.

Prosper Insights & Analytics has been developing big data applications that integrate and analyze hundreds of consumer databases from sources internal and external to companies. These applications provide predictive and prescriptive knowledge which decision makers can use to define strategies, understand competitors, predict sales and better allocate media.

———————————————-

Gary Drenik is CEO of Prosper Insights & Analytics, a company that prides itself on turning data into solutions. www.ProsperDiscovery.com

THE PROSPER FOUNDATION
Promoting Entrepreneurship & Innovation

Prosper Now

FOLLOW

We cover the news on consumers and markets.
full bio →

STRATEGIES 3/26/2014 @ 10:35AM | 2,084 views

Is Big Data Today's Sock Puppet?

Gary Drenik , Contributor

Recently I overheard someone say, "If I get one more email or see another self-serving article or conference extolling all the unbelievable ways digital surveillance (AKA big data) can be used to solve just about every problem known to modern man, I think I'll lose my mind." Count me in on this feeling.

Coincidentally, many of the articles and webinars are either supported or funded by the large digital consultancies, venture-backed big data firms that want to go public or software or hardware firms looking to sell you their services and training. This reminds me of the Internet frenzy of the late 1990's, where everything Internet was gold and companies were elbowing each other out of the way to own the next 'sock puppet' that walked into their office. The mad dash to invest big dollars in everything big data is the reason cheerleaders point to as why it is a can't-miss. Isn't that the same thing they said about the sock puppet? It's time to take a deep breath. That's it...inhale slowly—now exhale. Slow down and let's think a minute about what is happening here.

The Pets.com sockpuppet
(Photo credit: Wikipedia)

Most of what is being put out about big data is hype, just like sock puppets were. Gartner calls it the hype cycle, and big data is at the top of the cycle, where the peak of inflated expectations live. Next up is the disillusionment phase, hitting many companies hard because it will coincide with the sluggish economy and unfulfilled big data dreams. Indeed through 2015, 85% of Fortune 500's will be unable to exploit big data for competitive advantage, according to Gartner. Other issues include data scientist shortages, lack of analytical skills among staff, hard to use software, digital click fraud running rampant, difficulties in sourcing data, difficulties in determining useful data, and valuing data clicks such as likes. (Talk may be cheap, likes and tweets are cheaper.) Not to mention the looming uber issue of privacy and ethics of surveilling people without their knowledge or the internal turf battles within organizations or language barriers between the owners of information vs. potential users.

Much of the promotion about big data is focused on customer acquisition/lead generation as the Holy Grail. There's nothing new with this concept. The direct marketing industry has been engaged in this for decades. In the digital world, however, this application isn't really about big data, it's about *little* data pertaining to online behaviors. All of the media and publicity generated on the ad targeting activity has diverted attention from more valuable applications which could provide knowledge about customers, competitors, and the economy which are critical for strategic initiatives.

As more marketers recognize their big data ad targeting expenditures aren't paying off, they will turn to more valuable data analytic outcomes for a better understanding of what makes their customers tick—the how's, the why's, and what they will do—and move beyond programmatic ad buying.

It's time to stop playing one string on the big data guitar and start playing real music by expanding the vision to incorporate all of the strings before big data disillusionment sets in and the concept becomes a more costlier sock puppet for the 21st century.

———————————————-

Gary Drenik is CEO of Prosper Insights & Analytics, a company that prides itself on turning data into solutions. www.ProsperDiscovery.com

THE PROSPER FOUNDATION
Promoting Entrepreneurship & Innovation

Prosper Now

FOLLOW

We cover the news on consumers and markets.
full bio →

STRATEGIES 4/23/2014 @ 11:05AM | 1,975 views

Three Legs Of Big Data Stool Needed For Success

Gary Drenik , Contributor

Success in the big data world is far more than what many of the software and hardware vendors would have you believe. Simply buying software does not qualify as being in the big data world. It may only mean that considerable corporate resources have been expended with the hope of doing something productive with large datasets, usually resulting from the digital explosion. Unfortunately, many who choose to engage in big data will eventually fail to successfully exploit it. However, corporate politics will preclude many from admitting failure.

So what can be done to successfully capture the big data opportunity before it's too late? Big data success is built upon the proverbial three-legged stool. Eliminate any one of the unique legs, and the stool falls down.

First Leg: Data Sourcing

Data sourcing is not the same as just capturing Google GOOG -0.47% data or Twitter feeds. Data sourcing requires knowledge of all the potential data streams available in order to build the most accurate and complete outcomes for decision making. A limited focus on the vast digital data streams generated online and through social networks will only provide an incomplete, and somewhat biased view.

These digital sources, while valuable, are oftentimes third party data which require numerous unverified assumptions be me made before it can be relied upon. Large amounts of publicly available data provided directly from consumers, via government sources, survey data and transactional data (first party data) are often overlooked. These data sources offer invaluable insights that are much more specific, detailed and accurate than digital third party data. Another advantage is these data sets oftentimes cover years and can be trended, correlated and integrated with the new digital data to provide a more robust outcome. Eliminate either of these data sources, and you won't have this leg of the stool.

Second Leg: Skilled Human Resources in both Technology and Marketing

This is where the ball gets dropped by many who believe that licensing software and accessing or buying hardware is enough to succeed. The hype around big data has enticed many to think this way, only to find out that the software, hardware and even data flows are not turn-key solutions and require specific skills not present in most companies. Data scientists are not easy to find and typical marketing support staffs don't always have the requisite

background and experience for sourcing and analyzing the right data sets necessary to develop applications for solving business problems. The shortage of human capital presents a major obstacle for most organizations. Short change this leg and you only have access to data with little chance of capitalizing on new insights for business decisions and ultimately better insights is what big data is all about.

Third Leg: Mobilizing Staff for Analytics

The last leg of the stool is mobilizing staff to utilize the data and create problem solving applications from analysis. These apps need to address identified business outcomes useful for all levels of the organization. Special attention needs to be paid to prevent the development of or overreliance on a new "IT-type" department built on big data. Concentrating this power in a single area may slow outcomes/application development and cause staff to lose interest.

Building a Big Data Stool for Success

Building the big data three-legged stool can be done one of two ways. The first being you build it yourself. This choice may seem like the most appealing, but it also has the most risk and expense due to the issues and requirements mentioned earlier. The second option is to find a partner/vendor who can supply a turn-key approach. Turn-key implementation is more than software and a platform. It also includes all the executional responsibilities to make the investment work. With a turn-key solution, big data can be more quickly diffused throughout an organization, without having to concentrate access and usage in the hands of a few number crunchers who know how to access big data software. Real business solutions from big data need to be more strategic and derived from analysis of several data sets (orthogonal) to discover "unknown knowns" necessary for success in making business decisions. The three-legged big data stool can only function effectively when these types of outcomes are routine.

———————————————-

Gary Drenik is CEO of Prosper Insights & Analytics, a company that prides itself on turning data into solutions. www.ProsperDiscovery.com

THE PROSPER FOUNDATION
Promoting Entrepreneurship & Innovation

Prosper Now

FOLLOW

We cover the news on consumers and markets.
full bio →

Opinions expressed by Forbes Contributors are their own.

STRATEGIES 5/05/2014 @ 1:28PM | 1,015 views

Is Mass Hysteria Driving The Big Data Market?

Gary Drenik , Contributor

In psychology it is called mass hysteria, a condition affecting a group of persons characterized by excitement or anxiety, irrational behavior or beliefs, and may also include inexplicable symptoms of illness. One could make the case that this defines the big data world today. Virtually unheard of before the Great Recession began in 2008, big data mania has spread throughout the business universe like a post-recession wildfire.

It is possible that the slow growing recovery, which has not seen the same rebound in corporate top line sales as previous recoveries, has caused a great deal of fear and anxiety among many in the corporate world. Keeping costs down is the order of the day, along with driving productivity up to increase profits. This also has created fear and anxiety among organizations as their reduced workforces are under pressure to do more with less while at the same time they worry about their job security.

Early hype about big data by big consultants, big software vendors and big hardware sellers was the match to light the hysteria. The media has been quick to help grease the wheels by filling up pages, both print and digital, with any mention of big data. Not dissimilar to other mass hysterias like the June Bug Epidemic or the War of the Worlds Panic, the fearful and the anxious in the corporate world need a big data fix or else they will surely perish. At least that's how the delusion seems to go.

Where did all this big data come from and if it is real, what can be done about it? First off, most big data advocates point to the advent of the Internet and social networks as the source of big data. These digital sources generate 2.5 quintillion bits of new data each day. That's big! But wait, before we jump to 'bigger is better,' shouldn't we at least take some time to understand what that means?

With data so big, you will need special servers arranged in a certain way to store it. That will cost you some serious cash. And after you have your data stored in the expensive new hardware, which also requires more space and human resources to manage it, you will need to access it. In order to access the data, you will have to choose from an array of software that will promise to do everything you could possibly dream of. Of course you will also need to figure that the software will require staff to be trained to use it. Many have been down this path in the past with CRM.

Once the software is in place, go get a data scientist, or two, or three. Then go out and get a bunch of analysts to work with them so you can create all of the wonderful outcomes the software guy said you could with his technology. But wait—what type of data are you going to store? Oh, social data you say? Things like retweets, likes, upvotes, favorites, posts of wedding pictures and family outings, page views, posts from bots that act like humans and billions of other unverified, often biased bits of digital data now available.

Don't get me wrong. I am not dismissing big data; and I don't dislike big data. But you can count me out of this mass hysteria and the hype surrounding it. When the big data hysteria dies down and some semblance of sanity returns, the discussion will turn away from big data storage and IT-driven data accessing software. The ability of users to identify **meaningful findings** from **relevant data** for **better informed business decisions by senior management** will be the new "must have."

This new, non-hysterical thinking will result in the potential for greater revenue increases and cost savings, since the vast majority of hardware and software infrastructures will be replaced by ready-made application tools that improve performance. By simplifying access of relevant data and diffusing it throughout the organization, "big data" success risk will be mitigated. After all, is it big data that people want? Or meaningful data-driven insights for decision making? My guess is the latter, which holds the promise of improved business performance.

———————————————-

Gary Drenik is CEO of Prosper Insights & Analytics, a company that prides itself on turning data into solutions. www.ProsperDiscovery.com

THE PROSPER FOUNDATION
Promoting Entrepreneurship & Innovation

Prosper Now

FOLLOW

We cover the news on consumers and markets.
full bio →

Opinions expressed by Forbes Contributors are their own.

STRATEGIES 5/15/2014 @ 10:45AM | 110 views

I've Got A Secret: The Real Big Data Opportunity

Gary Drenik , Contributor

When I was younger I enjoyed watching a television show called *I've Got a Secret*. The premise of the show was to have celebrity panel members guess the identity, occupation or accomplishment of a guest by asking a series of questions. The guests would oftentimes attempt to mislead or confuse the panelists with less than accurate responses in order to not divulge their "secret." It's time to start uncovering the real secret behind big data, its ultimate promise and the most valuable application for businesses.

Before we begin, let's set aside a current "big data" application—programmatic advertising placement—which is akin to the less than accurate responses used in *I've Got a Secret* to throw contestants off track. Widely publicized, programmatic ad placement is really a smoke screen and nothing more than a cost saving application. It is designed only for the online ad expenditures of a company, therefore its impact is only for the percent of the total advertising budget allocated to online and the eventual effect is consistent to that level.

So what is the big secret about big data? It has to do with big answers for big decisions by senior members of a corporation. The kind of answers needed to make decisions by the upper management folks, which if wrong, could severely hurt a company. The reality of big data is that it is big—too big for most companies to manage. Even the NSA is having difficulty dealing with the immense flow of data from the digital world. No surprise that most organizations don't have either the technical infrastructure or human resources to handle it.

A recent Harvard Business Review article stated, "You may not need big data after all." This article goes on to say that companies who have embarked on the big data quest have little to show for their efforts. Most companies who travel down the big data road don't really want to be in the big data world. They just want the fruits of its promise—better insights for decision making. This can best be accomplished by identifying the relevant data needed by senior team members to enhance their decision making process.

Relevant data can come from numerous sources such as the data currently existing in a company, data on the economy, data on consumers, data on competitors, digital data from cyberspace, public/government data, etc. By mining/refining the various data sources and analyzing relevant data to enlighten and even uncover new insights, managers will be able to respond faster to important business challenges in order to improve business performance. Of course, it would be naïve to assume that the investment in hardware, software and people would automatically create solutions from big data. The competencies and skill sets to do this are in short supply and lacking in most companies.

This is the big secret of big data: it's not about the size of the data; it's about relevant data which is rather small in comparison. Timely access to appropriate analytic insights will replace the need for data warehouses full of irrelevant data, most of which could not be managed or analyzed anyway.

Relevant analytic insights can only occur by mining and analyzing data to answer specific business problems. Think of it as crude oil. Once it is mined and refined, gasoline can be produced. But since gasoline represents a little less than 50% of each barrel of crude oil, many other products (6000+) can also be developed ranging from petroleum jelly to antiseptics. One does not need to invest in oil exploration and refining in order to use gasoline or petroleum jelly. You buy a finished product manufactured by someone else.

In the same way, the future use of big data for most enterprises will come from the license of advanced analytic applications derived through the mining/refining of relevant data in the big data world. The applications will be specific to a company and their challenges so that better, faster and more well-informed strategies can be developed and problems solved.

By partnering with strategic analytic data providers, companies will move faster, with less risk and more successfully, towards capitalizing on the promise of big data.

And that is the secret opportunity for big data.

———————————————-

Gary Drenik is CEO of Prosper Insights & Analytics, a company that prides itself on turning data into solutions. *www.ProsperDiscovery.com*

THE PROSPER FOUNDATION
Promoting Entrepreneurship & Innovation

Prosper Now

FOLLOW

We cover the news on consumers and markets.
full bio →

Opinions expressed by Forbes Contributors are their own.

STRATEGIES 5/29/2014 @ 2:14PM | 2,582 views

David Vs. Goliath: Why Little Data Will Win Over Big Data

Gary Drenik , Contributor

In the Bible, David a young man, probably a teenager, defeated the nine-foot Philistine named Goliath with a sling and a pouch full of stones. Until David came forward, King Saul and the Israelite army had been taunted and intimidated by Goliath for 40 days. Today many organizations are overwhelmed by the prospect of taking on the challenge of the giant stream of digital data (big data) from the online world. Like the giant Goliath, big data can taunt and intimidate those who come forward to engage it.

Unfortunately, for most who take up the challenge of big data, little will be accomplished, according to a recent Harvard Business Review article.

Many will end up investing in hardware infrastructures and software in their zeal to take on big data. Their objective is usually focused on how to make sense of and apply the vast amounts of personal digital data ranging from family birthday pictures, family gatherings, funny jokes and other random postings for friends and more. In addition, they are also faced with the challenge of fraudulent digital data from various actors who seek to fill the digital world with non-human traffic in order to defraud advertisers. Some estimates claim inaccurate digital data on individuals and their interests represent 50% of what users of this data are getting. In other words, no better than the proverbial coin flip. All of these issues have created for many a giant problem rather than a giant solution.

How to beat the big data giant? Start by thinking little data, as in David vs. Goliath. The first step in the little data process is to identify key business objectives that your organization would like to have data solve. Objectives need to be clearly defined such as a better understanding of customer buying behaviors, better tracking of competitors, getting a better picture of how the economy impacts customer purchases, future purchase plans of customers, and so on. Once defined, objectives serve as a roadmap for the identification of relevant data sourcing to generate new insights for evidence-based decision making by executive team members.

The fastest, most efficient and least risky way to do this is via a vendor who can develop the advanced analytics useful for solving the identified objectives. More relevant little data can be utilized to make big decisions and eliminate the need to capture and manage the irrelevant data within the 2.4 quintillion bits of digital data generated each day from the big data stream. Not to mention the issues bubbling up regarding privacy and surveillance, especially regarding your own customers. In addition, what organization really wants to capture all of those 2.4 quintillion digital data bits generated daily? Even the NSA has problems managing all of it and they built a 1.5 billion dollar center in Utah to do just that.

The future of big data is relevant data, which isn't really all that big, and it's not all online either. Identifying key business issues/challenges, applying advanced analytic processes to relevant data will empower executives to make better evidence-based decisions for their business challenges...and that means little relevant data, not big data.

———————————————-

Gary Drenik is CEO of Prosper Insights & Analytics, a company that prides itself on turning data into solutions. www.ProsperDiscovery.com

THE PROSPER FOUNDATION
Promoting Entrepreneurship & Innovation

Prosper Now

FOLLOW

We cover the news on consumers and markets.
full bio →

Opinions expressed by Forbes Contributors are their own.

STRATEGIES 6/17/2014 @ 10:52AM | 1,691 views

Big Data And The Madness Of Crowds

Gary Drenik , Contributor

In his 1841 book *Extraordinary Popular Delusions and the Madness of Crowds*, Charles MacKay wrote of the crowd psychology that drive numerous "National Delusions," Peculiar Follies," and "Psychological Delusions." Among the various manias were the tulip bubble of the early 17th century, witch mania of the 16th and 17th centuries and alchemists who sought to turn base medals into gold.

Crowd psychology can create an emotional feedback loop whereby dissent may be stifled as the crowd, not wanting to miss out, hears only what they want. As MacKay would say, "We find that whole communities suddenly fix their minds upon one subject, and go mad in its pursuit; that millions of people become simultaneously impressed with one delusion, and run it til their attention is caught by some new folly more captivating than the first." Could it possibly be that all the big data hype fits this description?

In 2011, IBM IBM +1.13% Watson was the Jeopardy champion and it seemed to ignite a new enthusiasm for big data prospects. The media picked up on it and anything big data was a good thing, especially when it dealt with the miraculous qualities to solve the ills of business and the world. This set off a frenzy of new business formation, all of which claimed some application of big data.

Unfortunately by January 2014, the Wall Street Journal was reporting that IBM's poster child of big data, Watson, was not hitting its targeted revenues and its first big project was "in a ditch." Too bad because the 2011 frenzy saw big data investments sky rocket and over 1240 firms were in some way taking part in big data applications, primarily for online programmatic advertising, according to Luma Partners.

No one stopped to look at what was really happening with big data as the masters of marketing in the agency world had co-opted big data in order to play in this lucrative game. Willing venture and hedge funds gladly invested in the next firm that could claim software for better programmatic targeting of what? Internet ads for shoes, underwear, etc.

By 2012 the hype had overtaken reality and there was little time to think about, only time to get in on the new generation's version of the sock puppet—big data. What happened to all the promise of real innovation from big data like curing cancer or feeding nine billion people or

turning consumers into big spenders? Serving an ad online via a program that was built upon digital data that may be inaccurate 50% of the time is what is winning the big data day. It seems as if the corporate culture could not resist the madness of the crowds and not risk being a big data player. But the real big data payoffs weren't exclusive social media downloads, but rather much more complex and time consuming to develop, not to mention requiring specialized personnel resources not found in most companies.

Perhaps the easiest application would be the quickest way to play in a big data, programmatic buying of advertising. With over 1240 companies inhabiting this space, there certainly is no lack of vendors. Never mind that the ultimate purpose would be to push an Internet ad for a pair of shoes on a prospect. The risk is low—if it doesn't work out, so what? The ad world has been plagued with waste at least since John Wanamaker's days in the late 1800's. There are plenty of long-term opportunities with big data but right now can't we do better than programmatic online ad buying?

Most recently an April 2014 op-ed in the *New York Times*, "Eight (No, Nine!) Problems With Big Data," ended with this admonition: "Big data is here to stay, as it should be. But let's be realistic: It's an important resource for anyone analyzing data, not a silver bullet." Any big data opportunity requires critical thinking. Failure to incorporate this process may result in misguided big data application development. This can easily happen when the silver bullet crowd makes what one futurist calls "magic wand" declarations/predictions, such as: big data will cure cancer and big data will feed nine billion people. While these declarations sound enticing, they may not be probable—at least not yet. In fact they may be nothing more than overly-optimistic magic wand predictions that are the promotion of inventors and their investors, kept alive by a press in search of the next big data story.

Getting beyond this silver bullet complex is the first step towards treating big data in a pragmatic manner based upon real world capabilities.

Big data reset: By focusing on cost, feasibility, and the use value of the envisioned application—which includes the impact on corporate performance—more strategic, advanced analytic big data applications will be developed. These applications will assist senior level team members to map out a strategy and decisions necessary to increase performance in today's ever-changing consumer marketplace. The value of big data is in analytics that are specifically designed for your business.

When viewed this way, big data participants will be able to avoid being a part of the madness of crowds that is so persuasive in this market.

———————————————-

Gary Drenik is CEO of Prosper Insights & Analytics, a company that prides itself on turning data into solutions. www.ProsperDiscovery.com

THE PROSPER FOUNDATION
Promoting Entrepreneurship & Innovation

Prosper Now

FOLLOW

We cover the news on consumers and markets.
full bio →

Opinions expressed by Forbes Contributors are their own.

STRATEGIES 9/11/2014 @ 11:31AM | 1,430 views

Big Data's New Power Quadrant For Executive Evidence-Based Decision Making

Gary Drenik , Contributor

Not all things worth doing are worth doing well. For many this is a heresy that violates the old maxim, "if it is worth doing it is worth doing well." However, in today's digitally disrupted world the pace of change is so fast that not all decisions can be given the amount of time to do them well.

The real challenge is not to avoid being wrong but to avoid being wrong on major decisions that matter. Mess up on a major decision and it could be near fatal for a company or a business in today's fast changing world. One need only look at how change has impacted companies in industries such as newspaper, shopping mall, bookstore, video rental, brick and mortar retail, etc. Miss a key challenge or trend by clinging to old business as usual thinking and you may not have a business in a year.

Clearly decisions that need to be made right need to be major decisions focused on the dynamic continuation of the business. That's why to deal with decision issues, our firm created a Power Quadrant for Decision Making to identify the choices which have the most impact on a business. Decisions companies make range from low risk (tactical) to high risk (strategic). When you compare the financial impact of a decision to the level of authority of a decision maker, the result illustrates where companies need to concentrate to reap the true value of big data.

The first quadrant (high risk-low authority) is where no company wants to be. This is where employees have gone "rogue" and make decisions beyond their authority (think the 2012 JPMorgan Chase JPM -0.95% trading loss). The second quadrant (low risk-high authority) signifies where executives are spending too much time on tactical decisions, resulting in dreaded "micro-managers" and a drain on company resources.

I wanted to spend a little more time discussing the third quadrant (low risk-low authority) because this is where the value of a right decision versus a less-than-right decision can be seen is in the application of "big data" as in the stream of digital data from the online world. Today there is a frenzy on the part of folks in

Major business decisions that have strategic consequences need to involve better insights to inform human expertise. The impact of a major decision not informed with evidence-based insights is usually life threatening for most businesses requiring significant investment and probably even a change of leadership in order to salvage the company.

So why all the clamor to invest in and implement programmatic ad serving under the banner of "big data" when the overall impact on an organization is quite small? Why at the same time, do senior level executives go without advanced, big data analytics that are must-haves for competing in today's changing market? Perhaps the desire to cut expenses associated with media buying is a driver. Maybe the need to do something that has big data associated with it is another. Or possibly the limited risk of ad placement is easier to implement and a safer decision to make.

High level executives making big time financial decisions need insights that improve business performance. The fourth quadrant (high risk-high authority) is where relevant insights drawn from numerous data streams along with advanced analytics turns big data into smart data and uncovers "unknown unknowns" about customers, competitors, the economy, and the marketplace. We call this the smart data zone and is where companies should focus their data efforts. Smart data is critical to empower executives to make evidence-based decisions rather than relying on gut instincts.

These types of advanced analytics bring success by delivering only the data needed to make decisions that impact performance better and faster, making an organization stronger at its core.

———————————————-

Gary Drenik is CEO of Prosper Insights & Analytics, a company that prides itself on turning data into evidence-based solutions for the C-Suite.
www.ProsperDiscovery.com

THE PROSPER FOUNDATION
Promoting Entrepreneurship & Innovation

Prosper Now

FOLLOW

We cover the news on consumers and markets.
full bio →

Opinions expressed by Forbes Contributors are their own.

STRATEGIES 9/24/2014 @ 11:30AM | 404 views

Arming The C-Suite For Organic Growth

Gary Drenik , Contributor

Today successfully running a business is a difficult task. Many issues impacting performance are outside the control of a C-Level manager's influence. Nonetheless these issues impact how a business will perform. The lagging economy, political strife around the globe, Washington politicians, the constant media reporting from 24-hour cable and Internet news sources are all at heightened levels of influence on skittish consumers. A bump in any of these areas can disrupt spending behaviors causing performance issues for industry captains.

Generating sustainable growth and profits is like finding a unicorn for most senior managers. Many leaders are looking to the old inorganic standbys of merger, consolidation, selling of assets or cost cutting for improved business performance. The slow economic recovery has turned these strategies into tactics with some short-term benefits, but they also bring long-term challenges. In a slow-to-no growth economy, merging two slow growing firms equals a larger slow growing firm. Plus it's expensive, takes time, diverts resources and creates a whole bunch of internal issues not the least of which has to do with morale. In addition, some experts have claimed that even with favorable strategic financial and operations assessments, mergers have less than a 50% chance of success. M & A options and cost cutting are always viable, but organic growth should also be considered. Organic growth is less risky, doesn't divert resources and is good for morale. Selling to more customers requires more and better insights, and can also result in more sustainable growth.

A recent Harvard Business Review states that "companies that have what we call a culture of evidence-based decision making, have all seen improvements in their business performance—and they tend to be more profitable than companies that don't have that kind of culture." Unfortunately, the article's authors also state, "we've conducted seven case studies and interviewed executives at 51 companies" and "found that those that consistently use data to guide their decision making are few and far between."

Part of the problem in getting the C-Level folks involved in evidenced-based decision making may be due to the image of data within the corporate framework. Data is the domain of the IT guys—not for the big picture corporate captains. When left to the tacticians in IT, data is not a strategic weapon for growing a business but a reporting system that reports what happened. In

addition, most organizations are swimming in data but most of it isn't easy to interpret and not easily available for decision making. Another issue is that most organizations lack necessary people skills with the requisite expertise needed to derive insights from data, especially multiple sources of data. This may be why decision makers who use data to guide decision making are "few and far between."

Maybe it's time to take a page from some of history's great military minds and focus more on data/intelligent for decision making. No General would ever engage the enemy without the best possible intelligence. Intelligence is so important that the entire last chapter of Sun Tzu's *The Art of War* is devoted to it.

As Sun Tzu wrote in *The Art of War*:
"If you know the enemy and know yourself, you need not fear the result of a hundred battles. If you know yourself but not the enemy, for every victory gained you will also suffer a defeat. If you know neither the enemy nor yourself, you will succumb in every battle."

So what's a C-Suite leader to do? Today, new data applications are becoming available for the C-Suite to use in evidence-based decision making. These intelligence apps don't require the intervention of staff but are already analyzed and easy to use. These applications are just one click away and utilize relevant data integration, advanced analytics and data visualization through cloud-based platforms accessible via mobile device or laptop. The apps are based on knowing the enemy and yourself and making it easier than ever to do so. These new intelligence tools also allow the C-Suite and corporate boards to quickly customize the key performance indicators in order to develop a strategy or track its success on a regular basis quarterly, monthly or otherwise.

An example of one such C-Level decision making application is the Prosper Executive InsightCenter™. These types of data apps integrate and analyze data from hundreds of verifiable data sources such as the Federal Reserve, Bureau of Labor Statistics, Census Bureau, proprietary data sources and even an organization's own internal sources. The purpose is not to just report data, but turn it into new insights by integrating and analyzing. Sustainable corporate growth and profits do not need to be an either-or proposition between organic and inorganic growth. New market intelligence applications can help the C-Suite participate in the data world through advanced analytics without being data scientists and make more and better evidence-based decisions to drive corporate success. To sample how easy these new C-Suite insights applications are, click here.

———————————————-

Gary Drenik is CEO of Prosper Insights & Analytics, a company that prides itself on turning data into evidence-based solutions for the C-Suite. www.ProsperDiscovery.com