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Enterprise Architecture led Data Quality Strategy

Jay Barua
Director, IT, Direct General
jay.barua@direct general.com

Executive Summary/Abstract:

It is estimated that corporations annually lose billions of dollars to clean up bad information. Like having one major oil spill every year. Imagine.

Why corporations do not use enterprise methods to eliminate bad data before it hits our shores? I believe Data flows through enterprises with interferences everywhere. Only a marriage between governance and enterprise quality controls will ensure clean data. Data and Information are not seen as assets. A healthcare company will invest in an "interventions" quality lab but will not support a "data" quality lab. Information generated out of bad data will make the company unable to understand outcomes of interventions and create better patient engagement programs.

Enterprise architecture needs to define quality strategies and create "data quality labs". They are two sides of the same coin.

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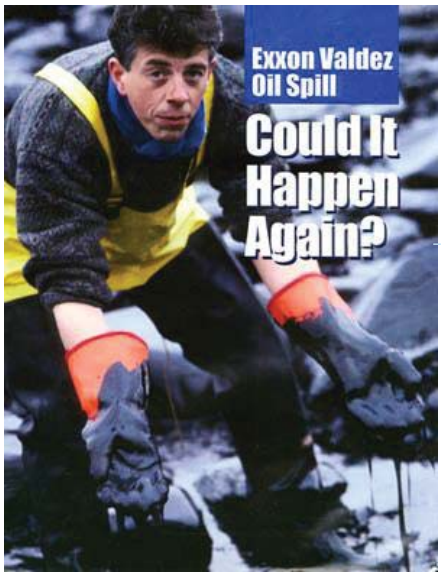
1989 **2010**



Yes it can

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Losses due to bad data unimaginable

- Study by AT Kearney shows
  - Retail companies lose over $40 billion every year due to supply chain inefficiencies
  - 30 % of item data in catalogs is in error and each item cost on the average $75 to clean
  - 60 % of all invoices have errors and it takes approx $220 average to reconcile each single invoice
  - Errors happen because data like item, price, units of sale etc is out of sync between businesses doing B2B commerce
  - Lack of data governance contributes largest to the above problem

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Market Demands Clean Data

- Recent upsurge in Retail online sales highlights need for clean data
  - Online retailers spend millions of dollars to clean inaccurate information available at checkout process
  - Overstock.com spent over $200,000 a year correcting bad addresses that had negatively impacted shipment delivery and raised costs and above all made customers unhappy
  - Overstock.com saved more than $1M every year once they adopted automatic address verification system

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What is Data Quality?

- Wikipedia defines Data are of high quality "*if they are fit for their intended uses in operations, decision making, and planning* " (J.M Juran)
  - Some people view data quantitatively
  - Others look at it qualitatively

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Quantitative Data

Put a number and correct it !

- How many customer records in my data warehouse have more than one primary email?
- How many times in a year have we sent wrong emails to wrong customers ?

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Qualitative Data

- Data that is Bad for one can be Good for other
  - Customer and email matching processes in a system that takes online orders can be different on a system that tracks gift card sales for the same customer
  - Same customer may have different emails in both these systems

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Why does data go bad ?

- Unmanageable **Silos** creates bad data
  - Different versions of data can create different interpretations
- Disconnected **Processes** creates bad data
  - Disconnected process acting on a data supply chain can make the data bad
- Lack of **Governance** creates bad data
  - Lack of Governance can create disconnected data

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Can Enterprise led processes help ?

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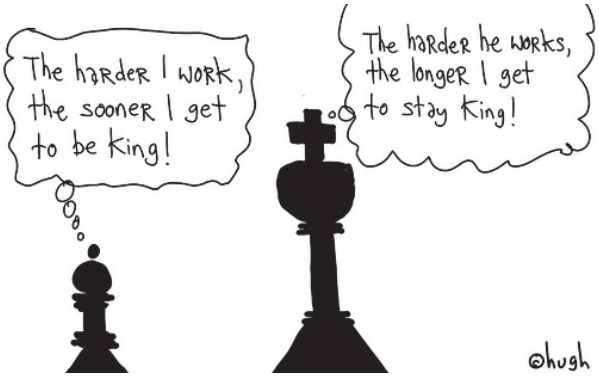
Enterprise Architecture

From Incite comes Insight (Courtesy Terrybone)



Let us Create a Data Quality Lab ?

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By Investing in Enterprise Architecture (EA)

- Adopt a Data Quality Strategy that works for you
- Set up a simple Enterprise Data Architecture framework

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Build your Data Quality (DQ) strategy with

- Data Governance
- Data Integration
- Metadata Management

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Use Data Governance with ***tactical policing***

- Acquire management responsibility
- Appoint and empower data quality Inspectors
- Set standard data definitions
- Follow culturally accepted evolutionary process
- Use end-end benchmarked processes

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Data Integration promotes rich data

- Evaluate & migrate core legacy systems to common platform
- Create comprehensive view of key data – Customers & Products
- Extended your workflow
- US Xpress saves $6 Million a year using data integration methods to clean location information and manage truck idle time. They converted their “bad” data to “rich” data

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Data Production Factory (DPF)

	PRODUCT	DATA
INPUT	Raw Materials	Raw Data
PROCESS	Processing	Processing
OUTPUT	Physical Product	Data Product

Analogy between Physical and Data Products (Wang et al [5])

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Metadata Management

- Let us have a name for everything !
  - Important to define data so that correct decisions are taken which in turn produces more clean data
  - Important to define data ancestry so that we can explain the how data is transformed in a data production factory
  - Effective schema attribution provides meaning to data

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Seven DQ Enablers

- Completeness – Is all information available ?
- Conformity – Agrees on certain formats
- Consistency – Does data instantiation provide same value
- De-duplication – Try to maintain one version of truth
- Uniqueness – Does collection of data maintain identity ?
- Integrity – Dependencies between entities maintained
- Accuracy – Real world representation

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Create your EA framework to enable DQ

- Data Profiling
- Data Auditing
- Exception Management
- Data Integration
- Data Architecture

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Embed Data Quality in Data Integration

- Clinical research mandates clean data which is scattered
- SAS Clinical Data Integration brings analysis ready healthcare data
- Brings Healthcare specific clinical integration knowledge to transformation modules
- Reduces development time due to custom coding clinical study
- Modules adheres to standards like CDISC SDTM

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Keep Data Structures Simple

- Design simple and generic data structures
- Maintain lossless joins to preserve data dependencies
- Maintain right degree of data coupling with fewer parameterized elements

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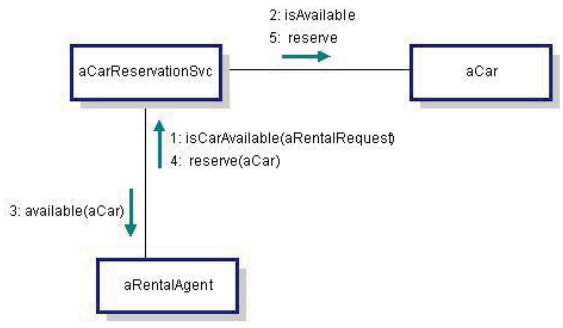
Keep the coupling simple

Data Couple on an Object Message Diagram



(Courtesy Craig Borysowich : Chief Technology Tactician)

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Justify Data Quality Investment

- Calculate cost to clean before Data Quality
- Document reduction of errors
- Show decrease of customer service calls
- Sell Data Quality to Top Bosses

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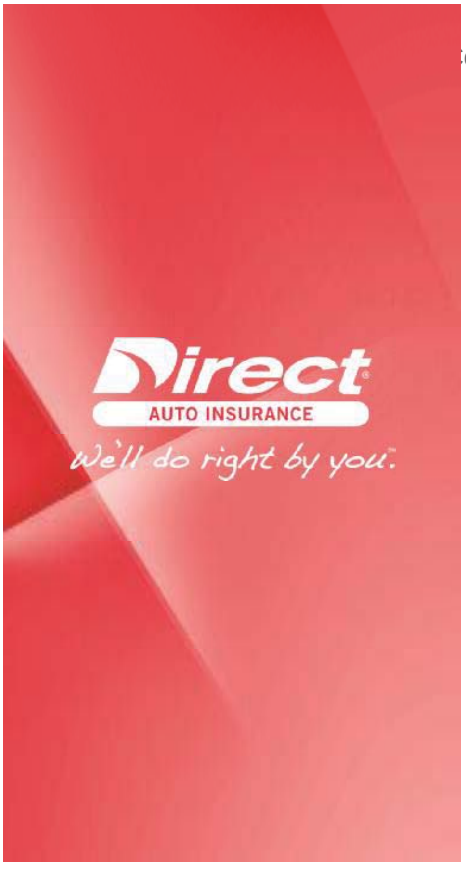
Ultimately Treat Data as an Asset

How Do We Manage Data as a Strategic Asset? Invest Dollars

Time to Market, Quality, Customer Satisfaction, Compliance, Regulations, etc,etc, …

And use it as an Investment

- Sell high quality data to customers
- Use it as a strategic advantage



Enterprise Data Warehouse and BI

Data is the Lifeblood of the Insurance Industry

- Integrate Data subject areas and use combined data to track and measure retention following key touch points like billing, Endorsement, Renewals and Claims activity to determine which transactions influence rates and trends
- Effectively use techniques of BI to predict, detect and combat fraud
- Provide single view of a customer to understand their behavior and LTV across channels and segments
- Work with business to review KPIs and make them standardized and "actionable"
- Improve data quality through a data governance model

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1. Full use of insurance ratios for performance measurement across the organization by using Industry Standard Key Performance Metrics.
2. Actionable performance metrics
   - Loss Ratios
   - Hit Ratios
   - Earned Premium
   - Pure Premium
   - ALAE (Associated Loss Adjustment Expense)
   - Paid Severity
   - Features
   - Attorney Rep Rate

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Questions ?

jay_barua@directgeneral.com
503-804-1633