WHAT IS POOR DATA QUALITY COSTING YOU?

ObservePoint
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Is “Data” a line item on your company’s balance sheet?

Maybe not yet, but an increasing dependence on data to drive business decisions continues to position it as a defining asset.

And accurate analytics data, especially, enables competitive success in the age of the customer.

However, most organizations still handle analytics implementation, maintenance and monitoring through an ad-hoc process split between IT, marketing and individual business units.

The result leaves stakeholders grappling with flawed data, incomplete analytics reports and, ultimately, inaccurate analyses that cost companies more than they may realize.

On average, businesses see 40% of their initiatives fail due to poor data quality. (5 Things Business Execs Need to Know About Data, Informatica, June 2015)

Poor data quality issues result in an annual financial impact estimated to be over $14.2 million dollars per year. (What Does Bad Data Cost? IT Business Edge, February 2015)

How do you measure cost?

Of course, industry numbers can often feel overwhelmingly vague, but there is no question that poor data-quality impacts any organization that does not have proactive processes and solutions in place.

So what is the impact poor data quality has on your organization?

How is that impact determined?

And will fixing it cost more?

The risk of cost is unique to your company and should be weighed against your specific business goals and objectives.

This eBook highlights areas where poor data-quality may impact your business with guidelines for calculating and minimizing costs in the following categories:

- Costs of Efficiency
- Costs of Marketing Technologies
- Costs of Enterprise Risk
- Costs to Customer Experience

“People have a sense that poor-quality data is problematic for them, but most organizations have not done the math in a very rigorous way.”

Ted Friedman, VP Research at Gartner
Costs of Efficiency

Poor data-quality degrades the efficiency of your enterprise. A range of digital operations move far slower than they can and should, costing your organization significantly in time and resources.

How often does your business make updates or changes within your website and mobile app?

For most, the answer would be “frequently,” or even, “daily.” And every time a change is made, developers and analysts have to adjust implementations accordingly.

This is the cost of validating the collected data—time and resources that should be spent analyzing it to create effective business strategies.

Isn’t that the whole purpose behind collecting the data in the first place?

Here’s a basic formula to estimate the cost of poor data quality from an efficiency standpoint:

1. Calculate how many hours your staff spends:
   • Implementing or updating digital solutions
   • Manually checking the performance of those solutions to ensure that the data is collected accurately
   • “Cleansing” results when reports show questionable or conflicting data

2. Add those hours up and multiply that number by the cost of labor per employee.
   • Consider employee annual rates without benefits, then consider with basic and robust benefit packages
   • Consider employees or contractor costs paid hourly, without benefits

Time Savings (Input Your Specifics)

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<th>Tasked w/ Implementation &amp; QA</th>
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<tr>
<td>Employee Annual Rate (w/o benefits)</td>
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<td>Plus Benefits Pkg. Taxes - Basic</td>
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<td>Productive Weeks per Year</td>
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<td>Avg Cost to Org. per Hr. (w/o benefits)</td>
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Potential Annual Cost:

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<th></th>
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<th>Med.</th>
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<td>$44,625</td>
<td>$54,889</td>
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COSTS OF EFFICIENCY (CONTINUED)

Nearly one third of analysts spend more than 40 percent of their time vetting and validating their analytics data before it can be used for strategic decision-making. (Build Trusted Data With Data Quality, Forrester Research, February 2015)

The costs related to manually implementing, monitoring, validating and correcting analytics solutions and data can impact strategizing efficiency as well as delay marketing, production and development efforts.

Analytics solutions and tag management systems can collect and help manage data, but they do not validate the data.

“By using a data quality assurance solution to automatically QA their tagging and MarTech implementations, I have seen clients turn what used to be a 16 hour vetting process into something that takes only minutes—resulting in as much as an 87.5% increase in employee efficiency.”

Mackenzie Knapp, Digital Analytics Consultant

Automated data validation solutions, like ObservePoint, can monitor, test and validate your data collection technologies regularly and in only a fraction of the time, dramatically increasing analytics efficiency.
COSTS OF MARKETING TECHNOLOGIES AND ROI

While even free marketing and analytics technologies still cost time and resources to implement, learn and manage, most enterprises have at least a few paid solutions that they invested heavily in—yet they still have difficulty trusting the data they collect or proving ROI for the technology in their marketing stack.

Research suggests 51 percent of digital marketers are not able to sufficiently identify the ROI from their web and mobile marketing technology stack. (2016 B2B Budget Plans Show That It’s Time For A Digital Wakeup Call, Forrester Research, February 2016)

In this digital age, companies are allocating large portions of their budgets to investments in marketing technologies. Take a moment to add up your annual spends in each of these categories to see how much of your budget is spent on marketing technologies whose full ROI is jeopardized by poor data quality.

Using this list as an example, if you only optimized your data quality by just one percent, then you already "gain" $305,350 because the return on your investment has improved.

To better illustrate these costs, use cases can be examined...
COSTS OF MARKETING TECHNOLOGIES AND ROI (CONTINUED)

Here’s a snapshot of a website audit that identifies implementation and functionality errors for a site that ranks in the top 2,000 most popular websites in the world (according to ranking.com).

If these are the results of a sample audit from one of the world’s most trafficked sites, data quality is likely an issue all across enterprise organizations in all verticals.

It is also a likely conclusion that poor data quality is impacting your organization, inhibiting your ability to show, and trust, the ROI from your digital marketing technologies.

Key ROI costs to take-away from this sample-size website audit:

454 duplicate tags – Duplicate tags mean inflated data. Out of 100 pages, 89 were more than doubling every metric—increasing costs to store and analyze the inflated data, while negatively impacting credibility. Inflated data falsely duplicates the reports an organization would use to make strategic decisions that can greatly affect budget and subsequent revenue.

Only 84% of pages have status 200 (success) level codes – This leaves 16% of pages suffering from 300 (redirect) and 400 (failed) level codes, meaning users can’t navigate through the site to find the content or products they want. Customer experience and SEO can be negatively impacted if your existing Mar-Tech do not identify these errors, and you will not get the full ROI.

6 failed business compliance rules – 6% of pages aren’t tagged according to the strategic expectations of your organization, altering the accuracy of the ROI for the data collection technology as it is likely not capturing the data on those pages.

33 pages with JS errors – 33 percent of pages with errors is not uncommon. However, that does not make it acceptable, and having these errors puts a third of the site at risk to have tags not collecting data properly, again crippling ROI.

9.6 seconds for average load time – Well above the three second acceptable average, this time suggests high-traffic loss and unfired analytics tags that are not earning their ROI.

*This ObservePoint audit took about 15 minutes from set-up to completion and revealed several key issues that need to be addressed to promote data quality and to validate ROI of marketing solutions.
COSTS OF ENTERPRISE RISK

There are numerous ways to measure the risks poor data quality can open an enterprise to.

**Strategic Risk**

Making bad business decisions based on poor data can wreak havoc with your revenue-growth, marketing budget and other business strategies.

Analysts who rely on reports compiled from compromised data risk drawing erroneous conclusions, the full financial ramifications of which are impossible to estimate.

**Missed Opportunities Risk**

If bad data opens you up to the likelihood of making bad business decisions, how many of those choices translate directly into missed opportunities? (The answer is all of them.)

In the same way that bad data compromises your strategy at the beginning of this cycle, it ultimately leads to squandered opportunities downstream from those business decisions.

How many countless opportunities for growth—to reach your customer more effectively, to cut costs in your campaigns, to develop a needed product or solution, to more accurately assign attribution, etc.—are you missing without solid, validated analytics data?

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**Use Case:**

*While testing two versions of a site, a company’s reports showed the old design outperformed the new, so they cut the redesign. After adopting ObservePoint, their audit revealed duplicate tags on the older site, inflating data by 300-500%. Poor data led to the decision to keep the under-performing site over the new, more successful design.*

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**Cost of An Inaccurate Data-Driven Decision (Use Case Example)**

| Website Version B Performance Lift | 9.6% |
| Avg Daily Website Revenue          | $155,000 |
| Daily Potential Revenue Lift      | $14,880 |
| **Annual Lift Opportunity Lost**  | **$5,431,200** |

Also consider annual employee costs for creating and implementing version B, testing each version and creating and implementing version B, again.
COSTS OF ENTERPRISE RISK (CONTINUED)

Competitive Intelligence Risk

Failing to conduct regular audits of the third-party technologies on your digital properties not only puts you at risk for inaccurate data collection, but also opens up the possibility that the data you are collecting is being made available to unauthorized parties.

The vendors in your marketing cloud change—and when they do, they might bring on new partners or alter data management practices.

Such piggyback tags put your marketing data in a precarious position, where it can end up in the hands of your competitors and be used to their advantage.

Auditing your analytics implementations to ensure tags are working properly and collecting quality data will also alert you to the presence of questionable piggyback tags.

Legal Risk

Compromised data collection can also have significant legal implications, from both a data quality and data loss standpoint.

If your data is not being collected and governed appropriately, and in line with business and vendor compliance regulations, you could face legal snarls on behalf of customers, stakeholders, employees or third parties.

These costs are more difficult to calculate, as every situation would vary, but there would definitely be monetary ramifications and it could also potentially cost your organization dearly in terms of public perception. Ask your legal team for estimates of baseline legal fees and you can begin to imagine the potential risk.

Privacy Risk

Conversely, if you proactively monitor and comply with all business and vendor regulations, you can save your organization from data loss that risks customer privacy or your own competitive intelligence.

Use Case:

A multinational telecommunications company was transitioning to a new analytics solution and needed to verify that the old Google Analytics implementations had been eradicated from their 20+ global sites to prevent any data leakage. They used an automated auditing solution to scan every sub-domain of every site, looking for all Google Analytics tags. Of the 22 sites thoroughly analyzed, six had Google Analytics present on their site. These six sites had an overall GA implementation of 26.56%, with some subdomains still at 95-100% GA implementation. With the results of the audit reporting the location of every occurrence, this company was able to pinpoint and remove Google Analytics from their sites, ensuring that their analytics data is protected from leakage to the unauthorized third-party vendor.
It is the age of the customer. No matter the quality of your products, services or marketing efforts, loyalty to your organization will only be earned through quality customer experiences.

And since a majority of interactions with your brand are now taking place online and in mobile apps, the ability to gain insight into customer behavior in order to better anticipate their needs and desires is greater than ever before.

But, such insight is only as good as the ability to collect that data and recognize opportunities to improve customer experience.

Think of the many ways your analytics data impacts the digital interactions between your customers and your brand—from the first site visit or app download to digital purchases—every decision regarding digital properties is now informed by that data.

If the solutions collecting the data that informs your digital decisions aren’t implemented accurately, you could make choices based on bad data that negatively impact the customer experience and cost you their business.

From ensuring your Customer Help pages are up and running to deciding which top products to place on your homepage, analytics data needs to be accurate to help create experiences that earn customer loyalty and business.

What is the cost of losing a customer for your business?

Could those costs be better avoided through improved data quality and analytics functionality?

Especially with churn rates as high as 70 percent after 30 days in the world of mobile apps, providing an exceptional customer experience is essential to earn loyalty.

Use Case:

One of the world’s top mobile operations groups used an automated analytics validation technology to audit their analytics implementations to ensure they were collecting complete and accurate data. The audit revealed that 50% of the Customer Help section of their website had status 400 codes (page not found) that were preventing users from continuing to the next page. Additionally, the audit showed that these pages were not tagged with analytics, preventing the company from seeing the interruptions and leading to inaccurate reports. For this company, their Customer Help pages are high-traffic pages designed to better assist customers, but because the implementations were flawed, the customer experience was crippled for countless frustrated users who likely moved on to receive help from competitors.
COST/BENEFIT ANALYSIS

Can you confidently answer “yes” to the following questions:

1. Is your analytics data accurate?
2. Do you have complete confidence in your data collection technologies?

If you answered "yes" to either of these, the next questions are:

1. How can you know without robust verification that the data is accurate?
2. Are you confident your analytics implementations will remain intact through changes to your digital property?

If you answered “no,” then you have data quality problems, perhaps even data loss, and you likely already know it. The question then becomes how advantageous is it to:

- Have analysts spend up to 40 percent of their time vetting and validating data?
- Use data that may not be completely accurate?
- Disregard data and rely only on instinct?

If you believe items 2 or 3 are viable, then why invest in analytics in the first place?

Until recently, there hasn’t been an effective way to automate data validation, but now marketers have a choice to validate their data or continue to pay for unreliable data.

Does it cost more to operate with the inherent financial risks poor data quality creates?

Do you gain more by investing in a data quality solution to inhibit such costs and ensure you are using accurate analytics data to drive your business strategy?

Doing something costs something.
Doing nothing costs something.
And, quite often, doing nothing costs a lot more.
SUMMARY

Strategic Confidence

In the world of digital analytics it is difficult to be confident in your data-informed decisions because things break—tags fall off pages, updates interfere with existing analytics, implementations are prone to human error, and so on.

With an automated validation solution, like ObservePoint, you can be sure your marketing technologies are in place, functioning correctly and collecting accurate data.

Are you ready to eliminate the costs of poor data quality?

Are you ready to be completely confident in the data driving your critical business decisions?

“Digital marketers often worry that their vendor tag integrations are implemented incorrectly and today ObservePoint provides the proof, and provides direction to have [issues] resolved immediately at any scale.”

Brion Hickey, Director of eCommerce at Viator
ABOUT OBSERVEPOINT

As any data analyst in the trenches will admit, analytics is hard. Reports from different analytics tools often don’t match. Tracking breaks, impacting reporting and site functionality. And manual audits of web and mobile app analytics implementations are expensive, time-consuming and still prone to human error.

ObservePoint empowers data-informed companies to trust their data and better serve their customers through the application of best practices in automated tag auditing.

ObservePoint’s patented WebAssurance™ technology carefully renders all web page code on a site, looking for errors and gaps in reporting caused by data corruption, inflation and leakage.

AppAssurance™ is a cloud-based solution that scans an organization’s mobile app, analyzing third-party vendor implementations for integration and functionality errors.

ObservePoint’s Data Quality Assurance solution ensures that customer data is accurately collected, utilized, and safeguarded, giving your organization the confidence to make better decisions based on better data.

Ready to get started?

Hundreds of the world’s leading companies are already using ObservePoint to deliver a better customer experience while being confident that they are making the right decisions, at the right time, with the right information.

START YOUR FREE AUDIT