

# A NEW APPROACH TO SELLING DATA

**3 ways to elevate your data business**



## **The commercial data market is facing its biggest shift in decades.**

While many data vendors are still selling data as a commodity, whether via traditional sales channels or on third party marketplaces, data customers are much more interested in the value they can get from data: insights, models, and predictions.

The challenge for data vendors is to deliver these higher value data products to market, avoiding the disadvantages of commoditized datasets but without losing control of delivery, access, and differentiation, key pitfalls inherent in the marketplace model.

As you develop your data monetization strategy, three key themes emerge:

### **1. Differentiation**

How can you stand out from the crowd?

### **2. Speed of Innovation**

Can you innovate — and bring to market — quickly and effectively to beat the competition?

### **3. Unit Economics**

Will your data monetization strategy build in comfortable margins to ensure sustainable growth?

To effectively adjust to this shifting landscape, established data businesses will need to have a strategy for each of these areas.

# 1. Differentiation

A differentiated value proposition is essential for any business to rise above the competition. In the context of data monetization, this value proposition should include both the data products themselves and the experience customers have of acquiring and using these products. Maintaining a high-value, differentiated offering will be crucial to driving sales, protecting margins, and building profitable customer relationships. It also helps avoid the pitfalls of low-value data commoditization.

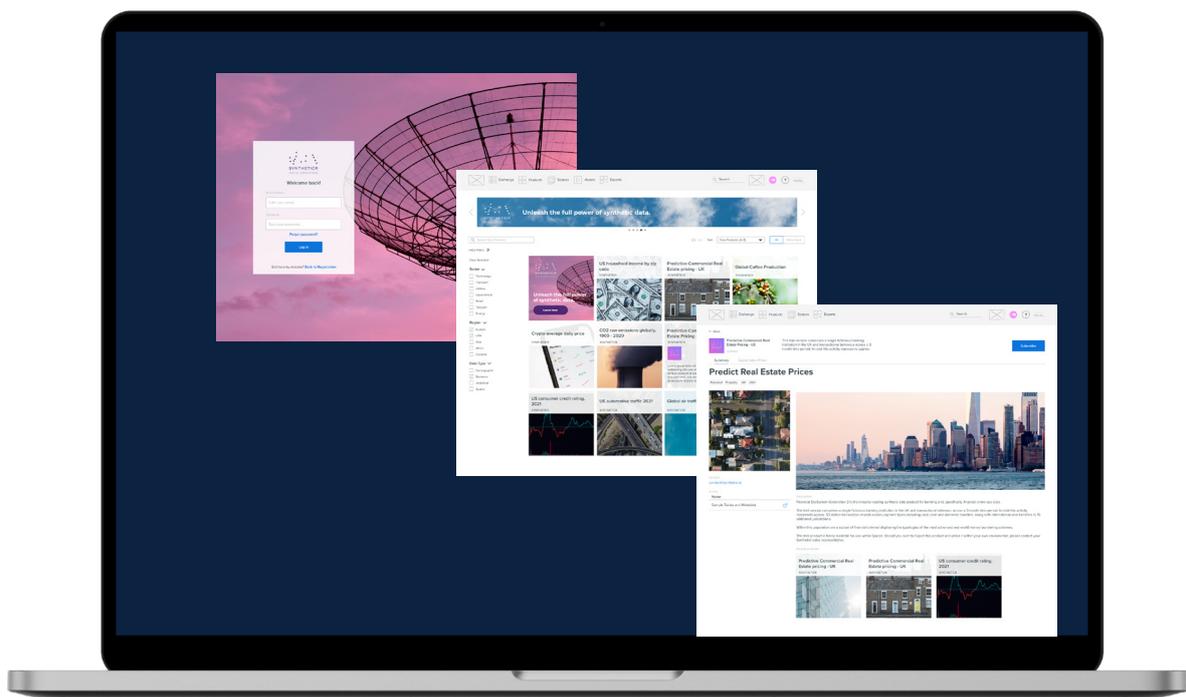
Just as speed, choice, and convenience are all highly attractive to consumers in more traditional markets, these can be important differentiators when selling data products. Established data businesses should be asking:

- How can we deliver the best customer experience?
  - Moreover, how can we move towards a strategic partnership model with our data customers?
- How can we maximize revenue opportunities?
- What is the quickest and most cost-effective route to market?

Providing and cultivating a differentiated value proposition will ultimately empower data consumers with market insights and the foundation to develop their own data products.

## Differentiating with a dedicated platform

A dedicated environment to access, consume, and collaborate on data products is key to providing the kind of user experience that sets the most innovative data vendors apart from the pack. To see an example of this in action, check out our [case study with Moody's Analytics](#), whose DataHub platform is built on Harbr.



## 2. Speed of Innovation

The speed at which data companies can innovate will separate the winners from the losers. This includes new products, new experiences, and new business/commercial models.

Established data companies should be well aware of the commercial value of certain data products. But how can this commercial value be proven early on, so that time and money isn't wasted on ultimately unsuccessful data products?

A key concept can be borrowed from the world of **Agile product development**. The idea is to rapidly build prototypes of data products, which can then be tested on a limited number of key customers within a particular segment for suitability and value. Once feedback is gathered, you can decide whether to further iterate and develop the product, or if resources would be better spent developing other data products. While not every data product will end up being a winner, this process will help you discover products which can generate significant value for your customers — and in turn, generate high margins for your business.



### Developing Agile data products

A basic structure for Agile data product development:

- **Rapid iteration:** Rapidly develop, test, and iterate data products to gather information from your target market and accelerate market readiness at the lowest cost.
- **Secure Collaboration:** Data is rarely a standalone product. The customer will likely need to bring their own data, models, and tools to test the value proposition.
- **Feedback mechanisms:** Gain feedback on the specification, use case, and commercial value of the product:
  - Specification: Format, structure, frequency of update, accuracy, cleanliness, etc.
  - Use Case: Desired outcome, integration point(s), theme
  - Value: Economic impact of business outcome and associated variables
- **Continuous Improvement:** Observing ongoing usage patterns to enhance the product or identify opportunities for new products that meet adjacent use cases or markets.

## Getting your data products into the market

It's one thing to develop data products in an agile way. Of equal importance is to consider the distribution model, otherwise your amazing data products will just sit on the shelf gathering dust. In the modern world of data commerce, there are basically two ways of doing this:

- Distribution through your own branded storefront
- Participation in a public data marketplace

Generally speaking, public marketplaces can be a quick way to launch a data product into the world. However, given the drawbacks of public marketplaces — uncertainty around differentiation of data products, lack of control of the customer experience, risk of commoditization, and potentially being positioned (and compared unfavorably) alongside your competitors — established data vendors are finding more success with their own channel.

In order to pursue the advantages of a vendor-owned platform, the decision then becomes “Build or Buy?” Differentiation and control of the customer experience are key advantages here. To learn more about the decision to build, buy, or participate in a marketplace, take a look at our [Data Marketplace Decision Guide](#).



# 3. Unit Economics

The third key aspect of a data monetization strategy is unit economics. Put simply, are you making more money on a data product than it costs to produce, market, and distribute it? To understand the unit economics of a data business, let's break out both sides of the equation: the revenue opportunities and costs.

## Revenue opportunities

Distribution through a storefront or marketplace will open up revenue opportunities. The degree to which your data products can generate revenue will depend on whether your customers understand the value proposition of these products. Two key challenges are generating awareness and providing access to these products. Demand for data products isn't the problem; discoverability is.

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There are many ways that data commerce platforms can drive additional revenue. Here are four key qualities to consider:

- **Discoverability:** Can your customers find data products that will appeal to them? It's no use hiding valuable data products somewhere customers can't find them.
- **Delivery:** Does the speed and ease of delivery encourage customers to buy more data products?
- **Trialability:** Can customers easily sample a dataset or product, confirm the fit of the data product and the problem they are trying to solve, and thus prove to internal stakeholders that this data product will be a smart investment?
- **Collaboration:** Are you able to collaborate with customers in order to understand their use case, operationalize sales more efficiently, and generate additional value to them? Do you have access to a shared space that allows customers to combine their own data and models with your data products?

Vendors can expect several major benefits that help deliver revenue uplift:

- **High value data products = high margins.** These data products are ready to use, meet customer needs, and reduce the total cost of ownership. What's more, they command **10x the price per data point**, as the model shifts from commodity bulk data to more sophisticated and tailored data products like models and insights.
- **Accelerated time to value.** Time to value, the interval between investment and realization of benefit, is minimized thanks to:
  - Faster sales cycles with on-platform trials
  - Instant data access and distribution
  - Rapid iteration and launch of data products
  - Moving towards a strategic relationship with customers of data products

## Controlling costs

Controlling costs is equally important to running a profitable data commerce operation. The thing is, bad data businesses are still really expensive to run. A key reason is that data businesses can be hard to support operationally:

- Data needs to be regularly updated; products that require queries to be run on a scheduled or event-driven basis need to be automated, requiring expert input.
- Splicing data requires hands-on intervention and maintenance, which can become unmanageable.
- File transfers can require support from IT in order to execute.
- Sample data sets offer a fractured and incomplete view into the overall potential value of the data.
- Data providers need their sales teams to have a deep and exhaustive understanding of their data and their customers'/prospects' use-case in order to sell the right data products to the right people.

Treating data as a product can decrease total ownership costs for development, maintenance, and technology **by up to 30%**.

[Harvard Business Review, July/August 2022](#)

Operators of traditional data businesses will be well aware of the above challenges. Making a deliberate and conscious move towards data commerce will go a long way to meeting and overcoming these issues. With secure data distribution, the chance of significant data breaches can be greatly reduced through:

- Enterprise-grade platform security
- Roles and entitlements with granular controls for platform administrators

# Taking the Next Step

Data vendors wouldn't be in the business if they weren't making money selling data. Clearly, there are established markets, use cases, and value propositions that the current model is meeting. However, as time goes on, and innovative data vendors switch to new models of data commerce, the imprudence of sticking to the status quo will become increasingly apparent.

Naturally, big changes require careful thought, planning, and consensus building. By thinking carefully about differentiation, speed of innovation, and unit economics, you'll develop a holistic understanding of the key differences between the old model — data as a commodity — and the new — data as a product. This new approach to data commerce is already bearing fruit, and the sooner that data vendors understand that, the sooner advantages can be gained.

## The Value of Harbr

Harbr is designed to help deliver ROI from data by improving discovery, access, collaboration, and use through our end-to-end data commerce platform.

The Harbr data commerce platform powers high-margin data businesses and revenue streams by combining flexibility, brand-positioning, and customer journey visibility to help data businesses move beyond commodity data products to a value-led business model.

Collaborating on data products in real-time enables providers to unlock high-value use cases, giving customers the exact outcome they need, while also reducing the cost of product development and ownership.

- **Accelerated sales cycles** through discovery, trials, and optimized commercial execution:
  - Branded storefront provides space for streamlined discovery.
  - Trials allow customers to prove value before committing to data products.
  - Dynamic subscription plans that drive conversion. Granular controls allow you to ensure access is available to selected customers and users within those customer organizations.
- **Reporting** that helps you understand how your data consumers interact with the products and platform in order to inform interventions and customizations.
- **Collaboration environments** that support data consumers as they trial, customize, and integrate data products into their environments.
- **Export workflows** that enable the creation of fully-automated data pipelines to deliver on a scheduled or event-driven basis.

Find out how we're helping global data leaders build the data products of the future, today. Contact us at [hello@harbrdata.com](mailto:hello@harbrdata.com) or visit [harbrdata.com](https://harbrdata.com).