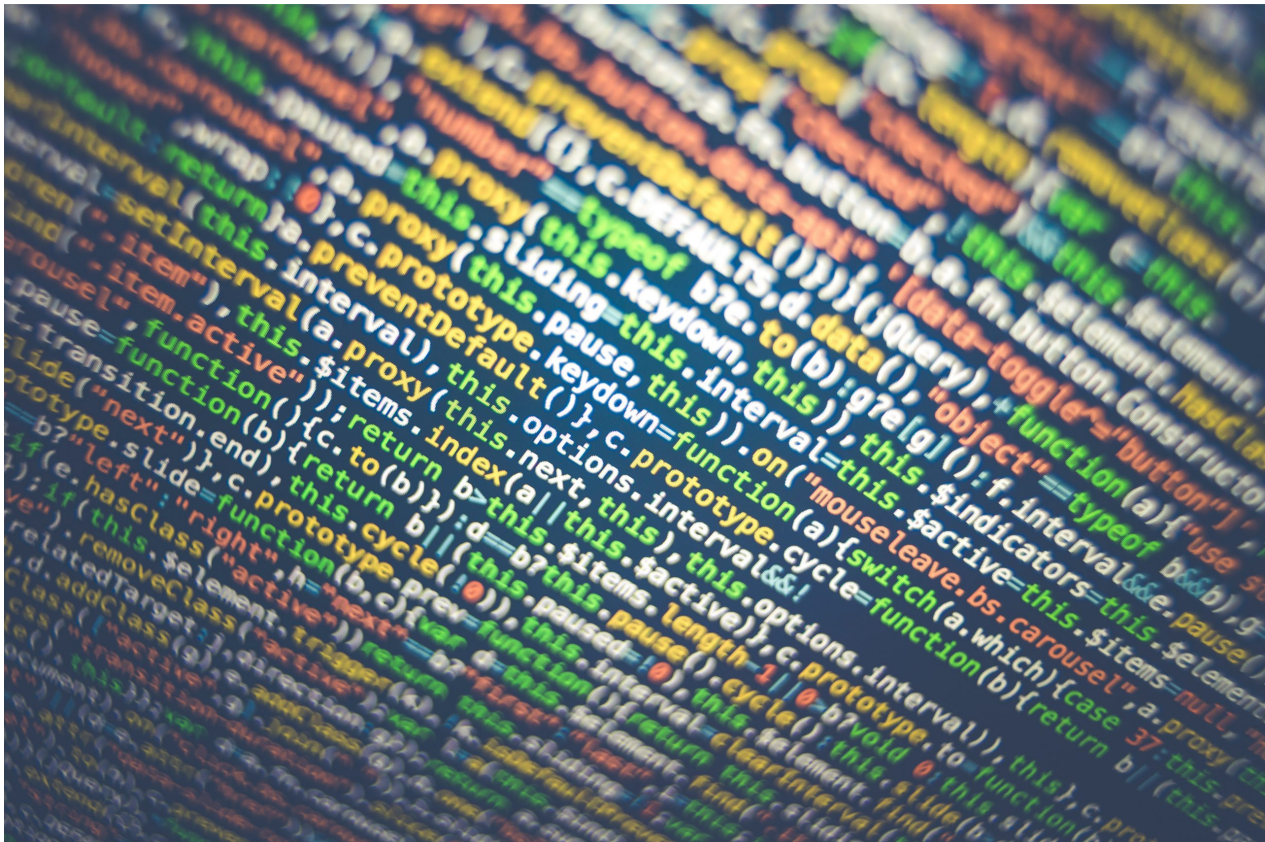


Is Data really the new Oil?

By Brandon Hoffmann-Morris • 26 August 2022



Data. We are surrounded by it, consume it, and obsessed by it. You may have heard in the news about data breaches and companies selling your data, breaching your privacy, prompting you to become annoyed or betrayed. In this Age of Information, data has become one of the most valued commodities, even being compared to oil! Is this really the case? One begins to ask, what is all the fuss about?

What Is Data?

Let's take a step back, and first look at how data is defined in the Oxford Dictionary. *"Facts or information, especially when examined and used to find out things or to make decisions"*. Looking into this definition, one can see the similarities between data and oil, both become valuable after undergoing some form of process. Crude oil goes through a refinery to extract the smaller more valuable hydrocarbons (petroleum, kerosene, butane, etc.), the same happens with data. Of course, data does not go through a refinery per se, although it is processed and analysed to draw useful information out of it. A quote by Clive Humby, a British mathematician and entrepreneur, has been adopted by economists and industry experts alike, which simply stated, "data is the new oil". In recent years, the likes of Google and social media outlets have collected mass amounts of data on users for either research, insight or to sell. However, is data really the new oil, or is it much bigger?

Data vs Oil

Oil is a fossil fuel; therefore, it is finite. Once it's gone, it's gone! For this reason, the price of oil can either decrease, or as is the case currently, the price can dramatically increase. It is this tug of war between supply and demand that results in these price swings. However, this does not apply to data, it is effectively an infinite resource. The number of users using the Internet is growing exponentially, thus creating more and more data each day. It is not too bold to say that we will never run out of data, and the reason is simple. Unlike oil, which is consumed, we create data every second of every day. Hang on a minute, if data is infinite why is it so valuable, I hear you ask. On one hand it's not. If I were to present a bystander on the street with some graphs and statistics, chances are they are either a) not interested and wondering why I am interrupting their day, or b) can be enlightened as to the true scale of data collection. We've all experienced the Big Brother effect as I like to call it. You search or even talk about searching for a product or service, let's say flights to Germany. After you close this search, you begin seeing ads everywhere about cheap flights to Germany. Is this a coincidence? Of course not! Extremely clever algorithms being used by companies to target you based on data they have obtained. Companies turn this data into an asset for them that adds value.

Why Data Keeps Growing

Data goes further than commodities like oil and gold, it's ever changing, and value is constantly being added to over time. Is data the ultimate resource for all companies? The simple and quick answer is yes, data can solve a multitude of problems for a company. This is where I disagree and throw a spanner into the works. Data, for all its worth, is a brilliant resource for a company to possess but the most valuable commodity is, and you may have guessed it, is time. A company can have as much data as it can possibly hold, but there is not an infinite amount of time in the day for this data to be processed and analysed for its worth. I agree, this is the easy way out, it's a cheap answer to what is the ultimate resource for a company, but it is the biggest problem companies face.

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