



foresight
Value Smart™



THE DATA MONETIZATION PLAYBOOK: IS YOUR COMPANY READY?

EFRAT KASZNIK | PRESIDENT, FORESIGHT VALUATION GROUP
LECTURER, STANFORD GRADUATE SCHOOL OF BUSINESS

March 18, 2021

DATA MONETIZATION ARTICLE: IAM MAGAZINE (OCT. 2020)



Alongside other intangible assets, companies are deriving a growing amount of value from the accumulation of large volumes of data. But as with patents, valuing and then monetising those newer assets throws up various challenges

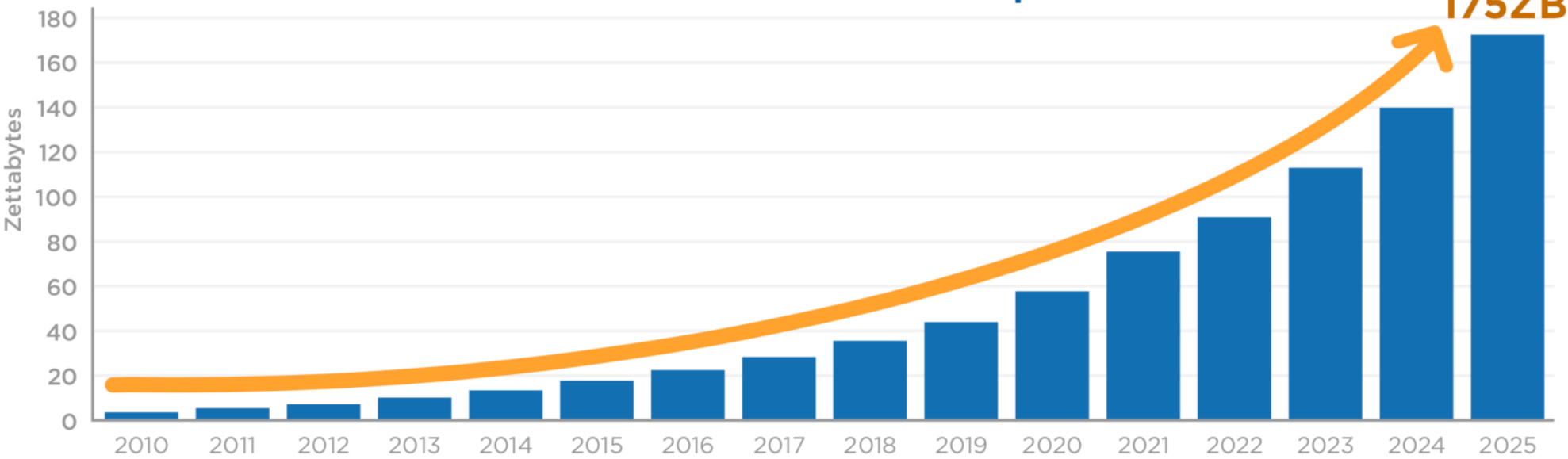


by Efrat Kasznik

<https://securefiles.www.iam-media.com/IAM/Magazine/download/iam-102/corp...>

GLOBAL DATASPHERE EXPECTED TO REACH 175ZB IN 2025

Annual Size of the Global Datasphere



Source: Data Age 2025, sponsored by Seagate with data from IDC Global DataSphere, May 2020

THE STATE OF DATA MONETIZATION IN 2021

‘The State of Dark Data’ survey of 1,300 IT and business leaders conducted by data management platform, Splunk, revealed:

- ➔ **55% of the surveyed** organizations’ data is ‘**dark**’, which is defined as “**untapped and, often, completely unknown**”.
- ➔ Yet, the vast majority of survey participants agreed that data is “**extremely valuable for success**”.

THE ENTERPRISE AS THE “STEWARD OF DATA”

IDC used the term “*Steward of Data*” in its *Data Age 2025* study.

With the transition to cloud hosting and data management, more and more consumer data is collected and kept by enterprises, who are tasked with managing/sorting out all aspects of:

- ➔ Data Protection: Legal and physical
- ➔ Data Privacy: Regulatory (HIPPA, GDPR)
- ➔ Data Ownership: can be ambiguous (see next slide)

WHO OWNS THE DATA?

Nest Thermostat Example

Google



SUNRUN



DATA MONETIZATION – ACTIVE BUSINESS MODELS

SaaS and Advertising: “The Status Quo”

B2B	SAAS (SUBSCRIPTION)	DATA MINING (GOV'T, BUSINESS, HEALTHCARE)
B2C	IN-APP PURCHASES (VIRTUAL GOODS)	ADVERTISING

**USER PAYING
(2-WAY MODEL)**

**THIRD PARTY PAYING
(3-WAY MODEL)**

DATA MONETIZATION – ACTIVE BUSINESS MODELS

SaaS and Advertising: “The Status Quo”



SaaS Model	Advertising Model
B2B: 2-way model (user pays)	B2C: 3-way model (3 rd party pays, free to user)
Subscription based	Usage and/or click-based
Pros: Ease of cloud delivery, recurring revenues, easy to upsell	Pros: benefits from advertising technology, runs on auto-pilot
Cons: customer acquisition cost, risk of churn (customers leaving)	Cons: testing the boundaries of consumer privacy
Example: LexisNexis, Thomson Reuters	Example: Google, Facebook

DATA MONETIZATION – ACTIVE BUSINESS MODELS

Virtual Goods and Data Mining: “The Next Frontier”

B2B	SAAS (SUBSCRIPTION)	DATA MINING (GOV'T, BUSINESS, HEALTHCARE)
B2C	IN-APP PURCHASES (VIRTUAL GOODS)	ADVERTISING

**USER PAYING
(2-WAY MODEL)**

**THIRD PARTY PAYING
(3-WAY MODEL)**

DATA MONETIZATION – ACTIVE BUSINESS MODELS

In-App Purchases and Data Mining: “The Next Frontier”



In-App Purchase Model	Data Mining Model
B2C: 2-way model (user pays)	B2B: multi-party data collection and monetization (gov't/healthcare are first users)
Transaction based (virtual goods)	Customized/contract based (can be SaaS), new business models still forming
Pros: Ease of cloud delivery, no cost of goods, high gross profit margin	Pros: reaps the full benefits of predictive analytics and other big data tools, intermediary data platforms already exist in the market
Cons: reliance on app platforms, cost of distribution is 30%	Cons: data security, ownership and privacy can be challenging in a multi-party arrangement, expensive service that's not affordable to SMEs
Example: Epic Games (Fortnite)	Example: Palantir

KEY TAKEAWAYS: GET YOUR DATA MONETIZATION ACTION PLAN

1

Protection/Compliance

- Keep your corporate data well protected
- Review your trade secret protocols and contracts
- Ensure compliance with jurisdictional privacy laws (GDPR, etc)

2

B2B Space

- You should already be thinking about data monetization!
- Explore existing data platforms for insights
- Package data you can extend via a SaaS model

3

B2C Space

- Do not be deterred from engaging in data monetization!
- Think beyond advertising: virtual goods, other digital intangibles

**Efrat Kasznik, president
Foresight Valuation Group**

Phone: (650) 561-3374

ekasznik@foresightvaluation.com

THANK YOU!



Twitter.com/ForesightValue



www.ForesightValuation.com

