Is Data the New Currency?

Shankar Narayanan, Country Head for the UK and Ireland at Tata Consultancy Services (TCS), considers whether data is the newest form of currency

Today's increasingly connected works means our expectations of businesses are higher than ever. As customers we not only want, but are able to demand, products and services personalised to our specific needs.

We want full access to our bank accounts from any device. We expect to view video content from any location, instantly and without any lag time. And we demand the very latest data on our utility usage, in real-time and in a way we can understand.

Meeting these demands can be a huge challenge for businesses, which are also often expected to know what the customer wants before they are even asked. Smart use of data can give us the tools to meet these rising requirements — but only if it is used in the right way. This means fundamentally changing how we think. We should consider data not in terms of bits and bytes but as a new form of currency in its own right.

Currency is typically thought of as notes, coins or electronic payments, but its dictionary definition also describes it as 'a medium of verbal exchange or intellectual expression'. When viewed in this way, the term takes on a new meaning, moving away from being an instrument for purchasing to a way of sharing information or value. >

Increasingly, this is how businesses are using information.

The idea of data as a form of currency is not a completely new concept. In fact, almost a decade ago, mathematician Clive Humby, who together with his wife developed Tesco's Clubcard and other loyalty programmes, made headlines when he declared that "data is the new oil". And just like oil, in its rawest form, data is almost useless.

With the vast amounts of data being produced globally, businesses could be sitting on a pile of untapped wealth. They just need to figure out how to unlock its value.

The Customer is King

We recently released a Global Trends Report exploring how businesses are adapting to this new digital world. At the heart of harnessing data is the Internet of Things (IoT).

The study found that businesses that have invested in digital projects are reaping the rewards, with those that have initiated IoT programmes seeing their revenue increase by 16 per cent on average in 2014. Perhaps even more impressively, nine percent of those companies surveyed had an average revenue increase of over 60 per cent.

When asked to explain how the IoT was helping them grow, almost all respondents cited an improved understanding of their customers. Data on how customers are using their products and services is making it possible for them to tailor their offerings, drive retention levels and revenue.

These early adopters are testament to data's ability to drive revenue. However,

> *"Industrial manufacturers are ahead of the game"*

our survey also revealed that when investment is not combined with strategy and insight, IoT programmes generated little in the way of financial returns.

According to our report, when it comes to customer monitoring, the most common approach to using IoT technologies is to track customers through mobile apps.

The second most frequent is to track products as they move through production and distribution. A quarter of companies surveyed monitor the products they sell to customers through embedded sensors, with around the same number using IoT technologies to track what customers are doing on their premises, such as stores.

Industrial manufacturers are ahead of the game. They reported the largest average revenue increase from their IoT initiatives in 2014 (29 per cent), and forecast they'd have the largest revenue increase from the IoT by 2018.

Another sector embracing data is insurance. Monitoring customers can give insurance companies precise data on behaviour so they can tailor products and pricing to specific customers. Nearly half of all insurance companies use digital devices to track customers and four per cent use wearables.

Monitoring customers is also the most popular application of IoT technologies within the banking sector. A notable 65 per cent of banking respondents say their organisations use mobile apps and 16 per cent track wearables to engage with customers and understand their behaviour.

To a degree, the financial sector's pronounced emphasis on customer monitoring comes in response to growing online fraud and the ever-present threat of computer hacking.

The idea of data as a currency is not new, but the opportunities it presents are growing. Our responsibility as business leaders, policy-makers and individuals is to establish how we can turn this raw commodity into something of real value by combining it with the right business models, tools and policies. ■

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As the Country Head for TCS UK & Ireland, Shankar Narayanan heads up TCS' second largest country operation. He is responsible for driving business strategy and operations for the company's UK business, which has over 10,000 employees delivering IT and consultancy services to over 150 UK clients, including BT, Diageo, Marks & Spencer, Thames Water and Virgin Atlantic. In total, TCS works with 33 of the UK's FTSE 100.

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