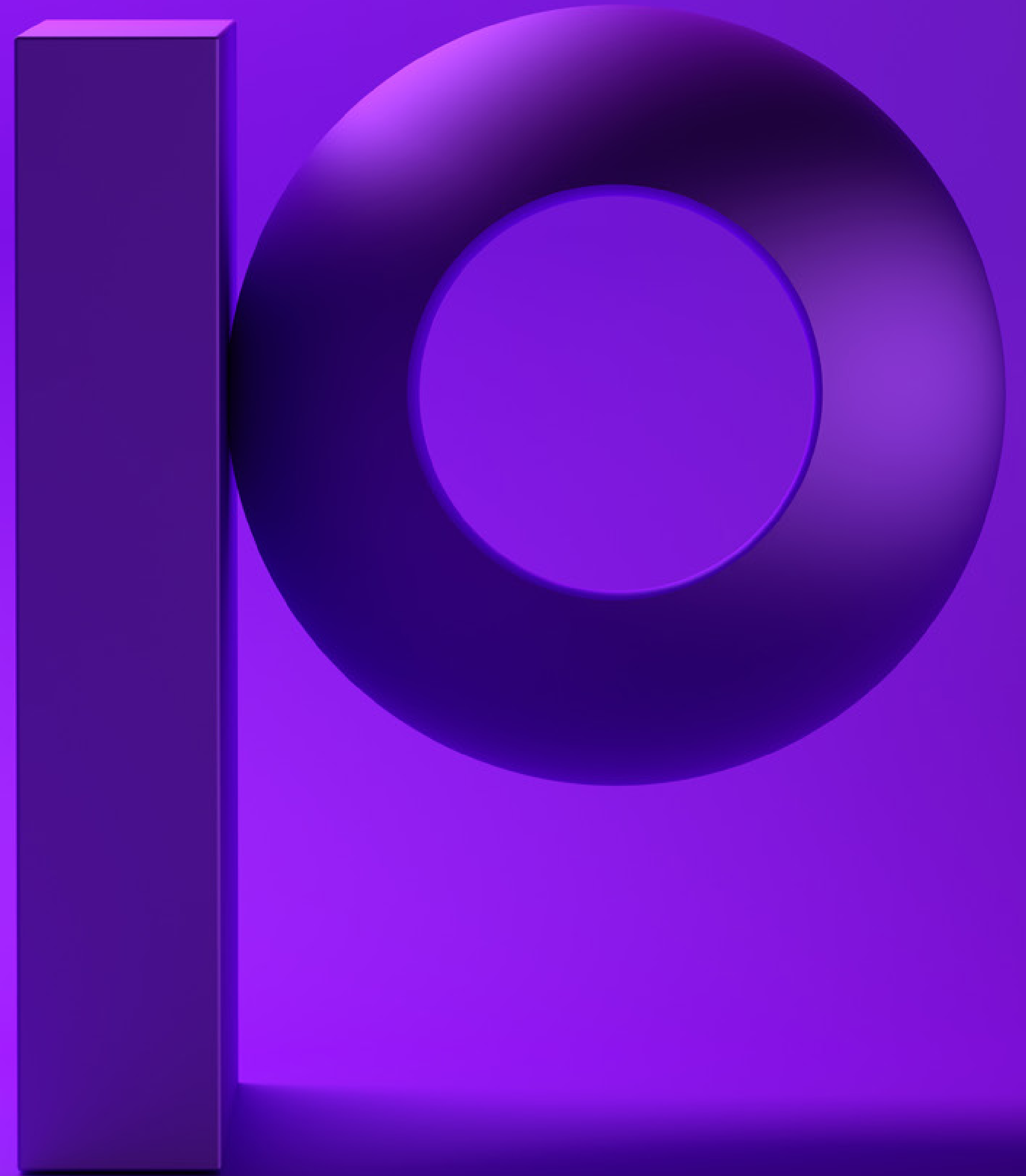


precisely

Calculating ROI for Data Integration Initiatives





Building a business case for connected data

Are you sitting on a mountain of valuable data you can't access?
You're not alone.

In today's market, the most successful companies have figured out an essential truth: winning isn't just about having data; it's about getting your teams and customer-facing applications access to that data. What good is all that customer information, those operational metrics, or your sales history if you can't pull insights from them when you need to?

When you make decisions without all the facts, you're essentially flying blind. How can you innovate effectively? How can your strategy be sound? Productivity suffers every time someone has to manually hunt down and ask for access to information that should be at their fingertips. The businesses that are pulling ahead have solved this puzzle. Integrated data breaks down these barriers by putting all of their valuable data to work.

Hidden Costs of Poor Data Integration

Data integration is a common challenge for most businesses. When data isn't integrated, it creates hidden costs that can drain business potential without anyone realizing it. These costs can extend beyond traditional IT expenses, obstructing strategic initiatives and creating competitive gaps that may not be obvious until the damage is done.

- **Poor data quality**—If your systems contain duplicate, inconsistent, or stale data, it's incredibly time consuming for employees to verify and correct errors manually. Inaccurate data can undermine customer trust and lead to shipping, billing, and personalization errors. Lost customers and reputation damage can take years to recapture and rebuild.
- **Delayed insights**—The ability to identify emerging trends or changing consumer preferences can be the difference between innovation and stagnation.
- **Shadow IT** - If business units can't get what they need from official IT systems, they inevitably create their own solutions. Shadow IT can be any software, hardware, or IT resources that is being used on an enterprise IT network without approval from the IT group. It often skirts compliance and security requirements, creating significant risks. Shadow IT can also lead to duplicate spending on tools, fragmented data, and inefficient processes. Every temporary workaround increases the burden on IT resources, creating technical debt as systems require increasingly complex maintenance, resulting in cascading issues.
- **Technical debt accumulation** - Poor data integration creates siloed, inconsistent information across systems. When organizations implement quick fixes rather than addressing core architectural issues it can result in complex, brittle data pipelines requiring excessive maintenance. This mounting debt manifests as delayed projects, higher costs, and reduced agility, as teams spend more time managing fragile system interconnections than delivering business value.

Measuring Data Integration ROI

To be accurate, ROI calculations must include cross-functional stakeholders who can identify impact areas the IT team might overlook. This approach will help uncover quantifiable savings and tangible business value. Establish baseline metrics across business dimensions to track improvements after deployment.

The following table illustrates an example of measurable ROI through strategic data integration initiatives. However, your specific metrics may differ significantly from industry examples based on your unique business model, data environment, and strategic priorities.

Example approach to ROI of Mainframe Optimization

Reduced effort and cost to migrate data to cloud or optimize mainframe

Description	Conservative Value	Likely Value
Number of FTEs (full-time equivalent) involved in API creation and edits for pulling data from mainframe systems	10	
Average annual fully loaded cost for FTEs	\$100,000	
% of time spent on data migration by FTEs	30%	
Annual spend on external consultants involved in migrating data from mainframe to cloud systems	\$0	
% reduction in time spent by internal FTEs on data migration from mainframe to cloud systems	40%	60%
% reduction in time spent by external consultants on data migration from mainframe to cloud systems	40%	60%
Reduced effort and cost to migrate data to cloud or optimize mainframe	\$120,000	\$180,000

Other metrics to consider are:

- **Direct Cost Savings** - Consider savings from reduced infrastructure, custom development, maintenance needs, and licensing. Savings may also come from consolidating systems, reducing storage, and eliminating duplicate tools.
- **Increased Revenue** - Improved customer insights, cross-selling, reduced time to market, and new revenue streams can all increase profits.
- **Enhanced Productivity** - Time saved may include hours reclaimed from manual data preparation, maintaining legacy integrations, faster decision-making, and application delivery.
- **Reduced Business Risk** - To calculate risk reduction and quantify the decreased risk of data breaches, data loss, compliance penalties, business disruption, and brand damage.
- **Time-to-Value** - Increased ROI from shorter time-to-value includes faster implementation, reduced time-to-market, and more agile adaptation to shifting business needs.
- **Reduced Compliance and Security Risks**- Evaluate improvements in data governance capabilities, enhanced audit trail completeness, reduced security vulnerabilities from standardized access controls, and decreased compliance gaps through consistent data handling practices.

Downstream Impacts of Data Integration

When executed effectively, integration across disparate systems can support broader organizational goals. The tables below illustrate measurable ROI from the downstream effects of strategic data integration initiatives. In these examples, we highlight how real-time data access and seamless integration can contribute to increased sales and reduced customer churn. However, these are just a few of the many performance indicators you can explore to gain a comprehensive view of how data integration drives business impact.

Example approach to ROI of Driving New Sales

Revenues from driving new retail sales with real-time customer data

Description	Conservative Value	Likely Value
Number of retail customers	200,000	
Average income per customer per year	\$1,000	
Total retail revenues	\$200,000,000	
Percentage increase in revenues from personalized, data-driven marketing	1.00%	1.25%
Revenues from driving new retail sales with real-time customer data	\$2,000,000	\$2,500,000

Example approach to ROI of Customer Retention

Revenues from higher customer retention with real-time data access

Description	Conservative Value	Likely Value
Number of retail customers	200,000	
Average income per customer per year	\$1,000	
Total retail revenues	\$200,000,000	
Current customer attrition rate	3%	
Percentage of lost customers that can be retained by improving access to data and customer experience	5%	7.5%
Revenues from driving new retail sales with real-time customer data	\$300,000	\$450,000



Summary

Data integration isn't just an IT problem. When data is scattered across systems that can't communicate with each other, the organization wastes money and misses opportunities, and teams spend too much time searching for information instead of using it. Meanwhile, businesses with connected data can spot new trends quickly and adapt faster.

Connecting data pays off in several measurable ways:

- Improved data use and value
- Fewer resources are spent maintaining multiple systems
- More opportunities to make money
- Greater efficiencies
- Improved data security

When calculating the ROI for data integration initiatives, you need everyone to be involved, not just IT. Your marketing team knows how better customer insights affect campaigns, the operations team understands how faster data access improves workflows, and sales leaders can quantify how real-time information impacts close rates.

By combining cross-functional perspectives, you'll uncover value that IT might miss if it works alone. A collaborative approach can present a more complete picture of cost savings and business improvements. In today's economy, having your data connected and working for you isn't optional - it's essential to staying competitive.



About Precisely

As a global leader in data integrity, Precisely ensures that your data is accurate, consistent, and contextual. Our portfolio, including the Precisely Data Integrity Suite, helps integrate your data, improve data quality, govern data usage, geocode and analyze location data, and enrich it with complementary datasets for confident business decisions. Over 12,000 organizations in more than 100 countries, including 93 of the Fortune 100, trust Precisely software, data, and strategy services to power AI, automation, and analytics initiatives. Learn more at www.precisely.com.

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