

***Data valuation: the key
to more value creation***

HERMAN HEYNS

CEO, ANMUT

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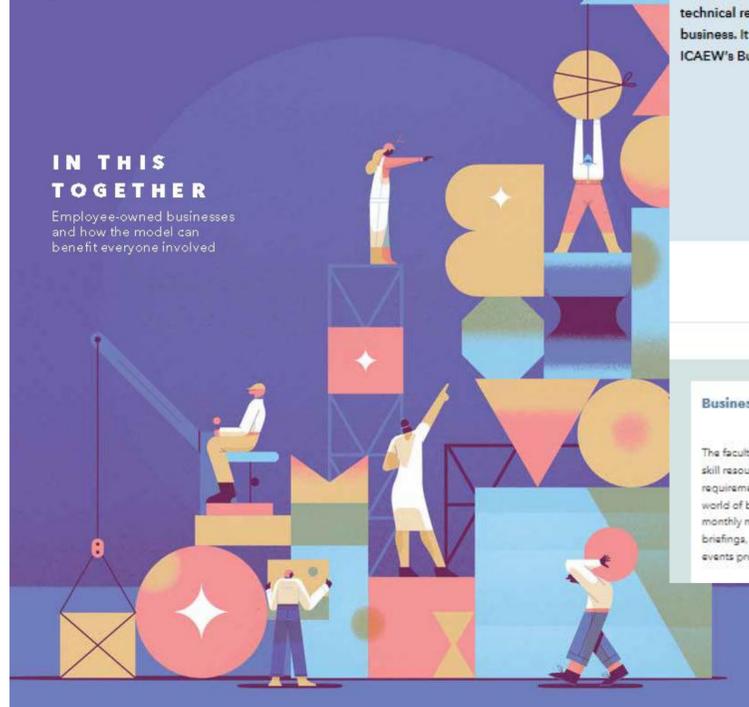
BUSINESS & MANAGEMENT FACULTY PUBLICATION | ICAEW.COM/BAM | ISSUE 287 SEPTEMBER 2020

Business & Management

ON THE ROAD AGAIN WILL THE TRANSPORT SECTOR BOUNCE BACK POST-PANDEMIC? | WORKING OUT: KEEP YOUR BODY AND YOUR BRAIN IN SHAPE WITH THESE TOP TIPS | GETTING OLDER: HOW AN AGEING WORKFORCE CAN BE A BLESSING

IN THIS TOGETHER

Employee-owned businesses and how the model can benefit everyone involved



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Resources > Business and Management

Business and management

This section brings together the most up-to-date thought leadership, technical resources and professional guidance for ICAEW members in business. It also includes the more specialist information provided by ICAEW's Business and Management Faculty.



Need to know

- Business and Management Faculty**

The faculty provides a mix of technical and soft skill resources to help members meet their CPD requirements and keep abreast of the changing world of business. Resources include our monthly magazines, special reports, quarterly briefings, as well as our popular webinar and events programme.
- Coronavirus (COVID-19) hub**

Coronavirus is not just a world health emergency; it is an economic one too. The economic impacts are plain to see and emergency provisions are being made worldwide in an attempt to support individuals, business and anyone who advises them. ICAEW is monitoring the situation closely and collating resources as conditions unfold.
- Core Accounting and Tax Service (Bloomsbury)**

From May to October 2020 members in business have free trial access to Bloomsbury Professional's comprehensive online library, comprising over 60 titles from leading commercial law, tax and accounting subject matter experts.

ICAEW KNOW-HOW BUSINESS AND MANAGEMENT FACULTY



Commercial insight



EXPANDING THE CFO'S HORIZONS

SPECIAL REPORT
SEPTEMBER 2020

Tourism in the UK - post covid



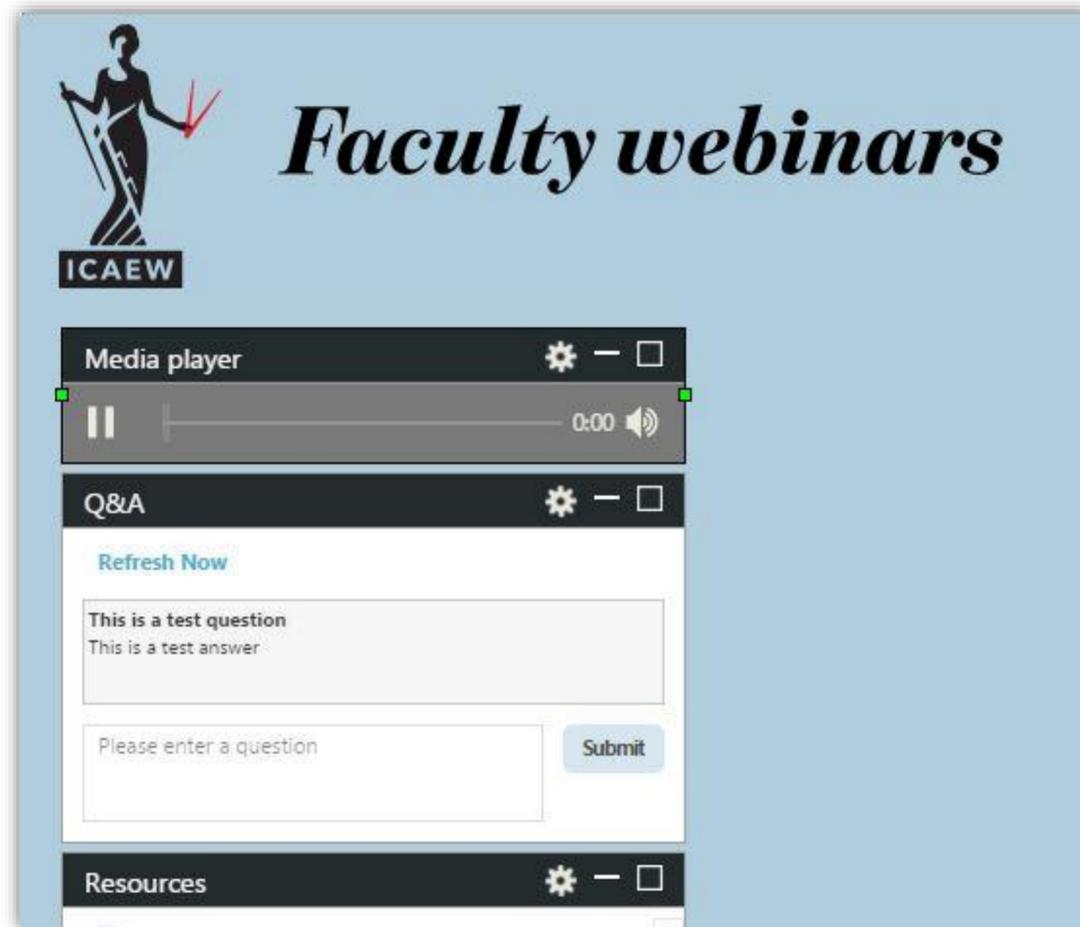
How UK tourism should respond to lockdown lifting.

[Read article](#)

Articles	Resources
<ul style="list-style-type: none">> What is a post furlough world?> The future of agriculture> How to communicate better	<ul style="list-style-type: none">> PDF of July/August magazine> July/August technical update> View our past webinar recordings

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Today's presenter



*Herman Heyns
CEO, Anmut*

Data valuation: the key to more value creation

Herman Heyns
CEO, Anmut



How to improve your
return on data
investment by 300%

Data Asset Management creates value and reduces risk

The average company spends more than 5% on data, some more than 12%.
Effective data asset management reduces cost and improves outcomes



Three things to know



Value



The data asset capacity



Prioritise

Knowing how much to invest in Capex for an oil major



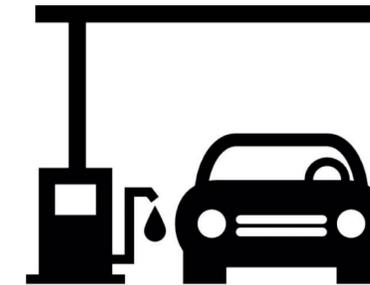
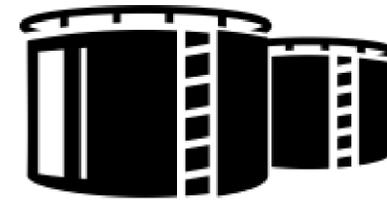
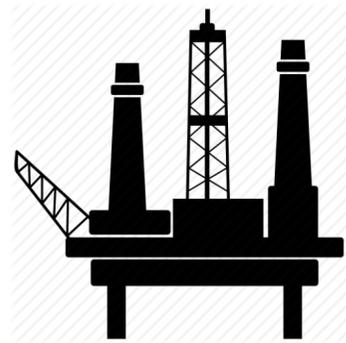
Oil Exploration	\$ 0 bn
Oil Refining	\$ 0 bn
Tanks	\$ 100 bn
Fuel stations	\$ 5 bn

\$ 105 bn

Key data points we need to know

- What is the price of oil?
- What are the different cost points for our different reserves?
- How much can we sell?
- What are the key components of our value chain?
- What is our capacity in each of the areas of our value chain?
- What is the minimum return we need to deliver?
- What is the risk of delivery?

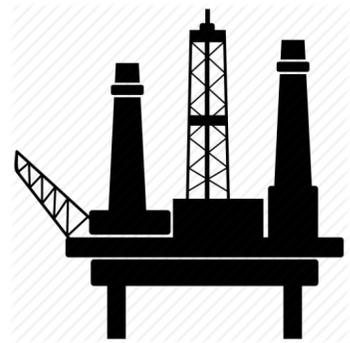
Simplified oil value chain



Market demand:

**20m barrels /
day
\$55 / barrel**

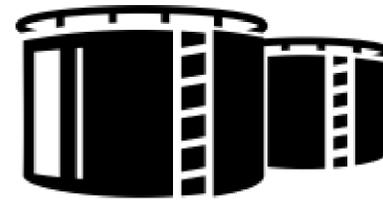
5m lost potential because of refinery constraint



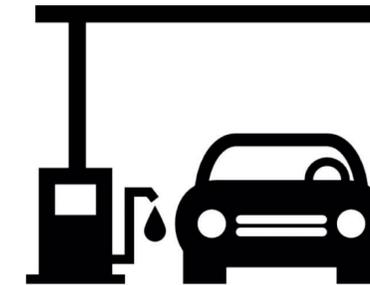
CAPACITY 20m
(barrels /day)



15m



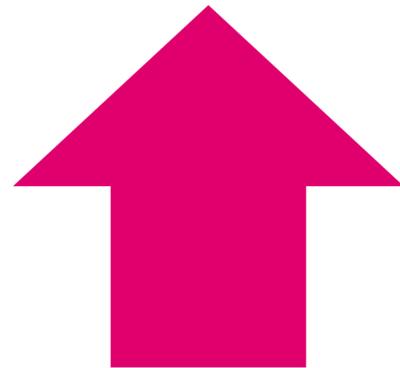
30m



40m

Market demand:

= 20m barrels /
day
\$55 / barrel



Should we invest? How much?

Required ROI: 10%

Per barrel long term price outlook: \$55

Per barrel cost up to 15m barrels / day: \$35

Current profit, on constrained 15m barrels / day production: \$ 110bn

Investment required to deliver extra 5m barrels / day: \$80bn

Per barrel cost for additional 5m barrels / day: \$45

Additional profit at 20m barrels / day production: \$ 18.25bn

ROI: 23%

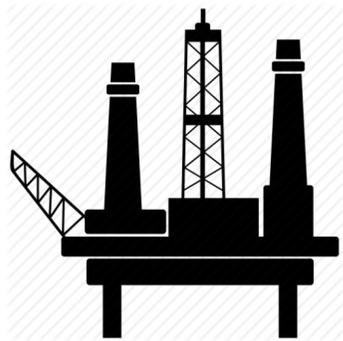
The difference is knowing the value of oil



Oil Exploration	\$ 0 bn	\$ 40 bn
Oil Refining	\$ 0 bn	\$ 40 bn
Tanks	\$ 100 bn	bn
Fuel stations	\$ 5bn	\$ 0 bn
<hr/>		\$ 0 bn
Total	\$ 105 bn	\$ 80 bn

Simplified data value chain

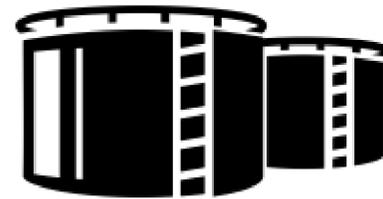
**Finding,
securing,
collecting data**



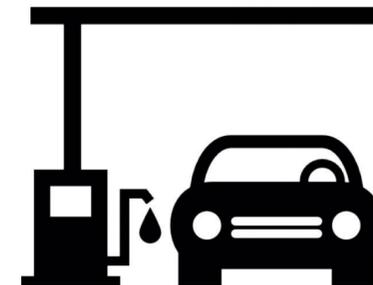
**Managing,
processing,
cleaning and fixing
data**



**Storing in
Clouds or data
lakes**



**Using data to improve
decisions across the whole
business**

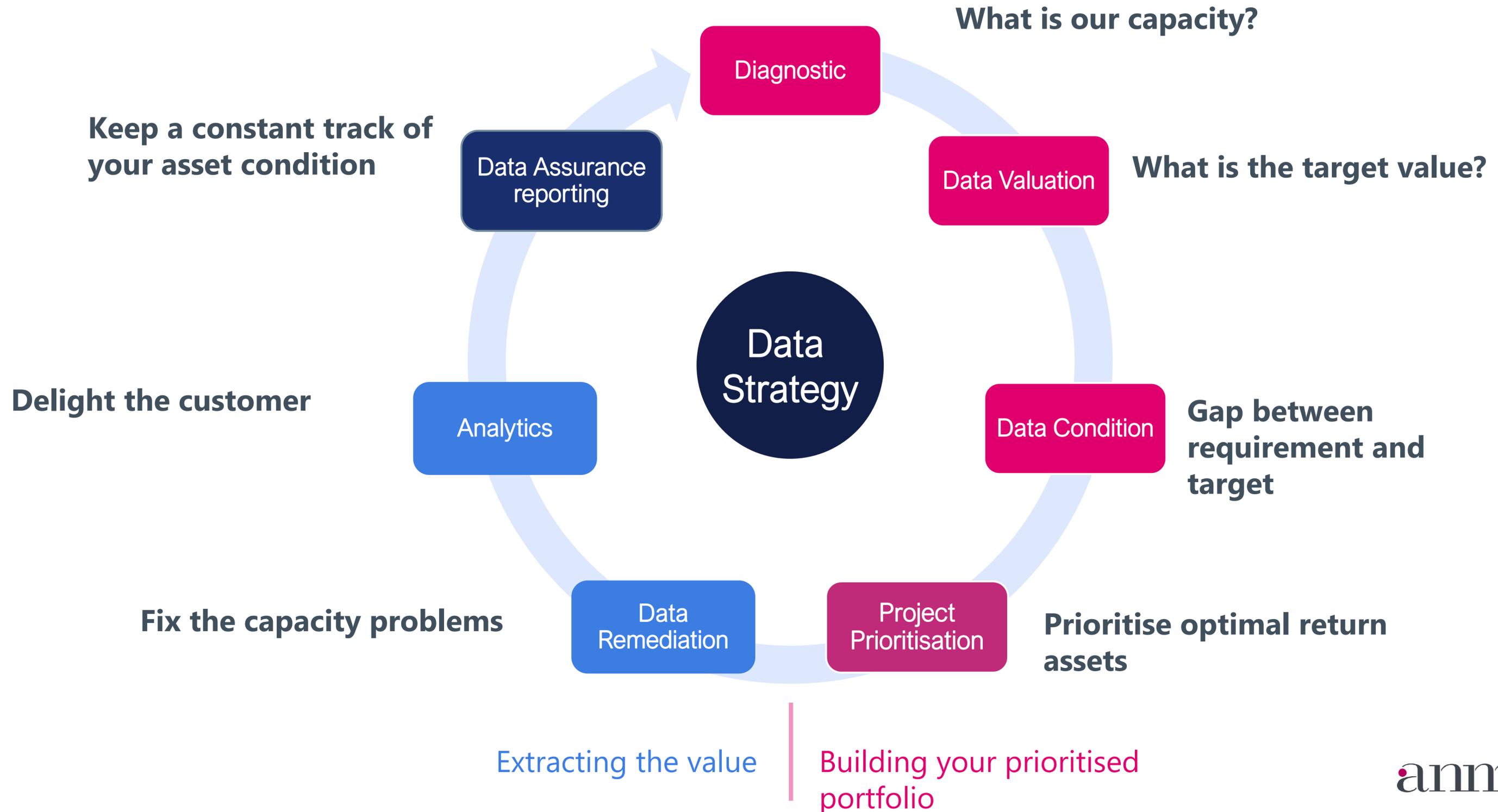


How much, and where to invest in data?

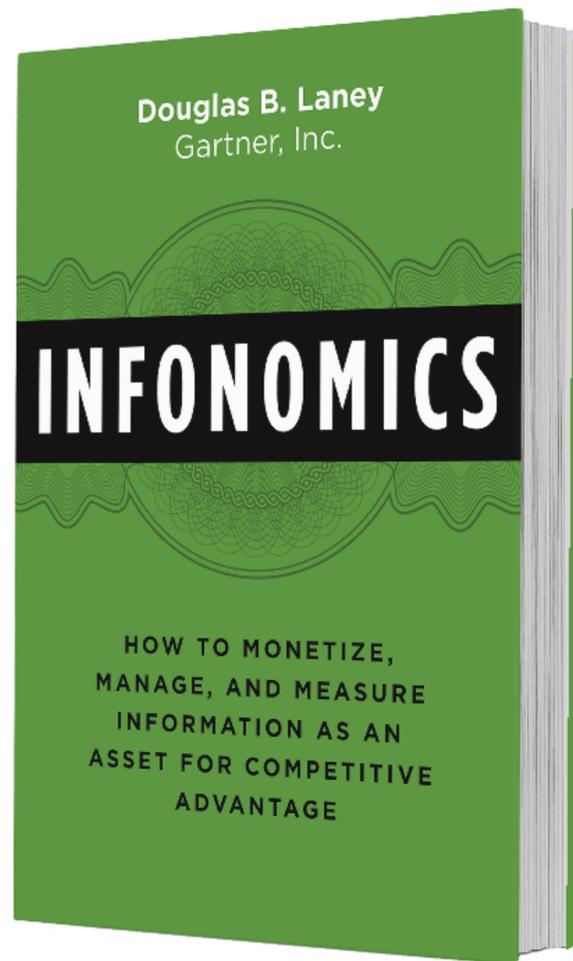


Data Exploration	\$?
Data Fitness	\$?
Data Storage	\$?
Analytics	\$?
<hr/>		
Total	\$?
<hr/>		

Start with the foundations to fix the problem

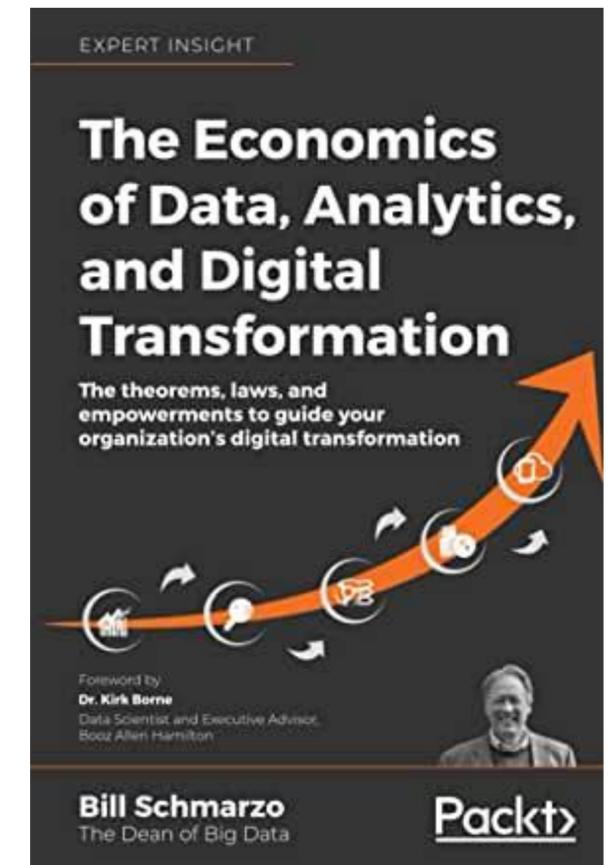


The limitation of the existing methods

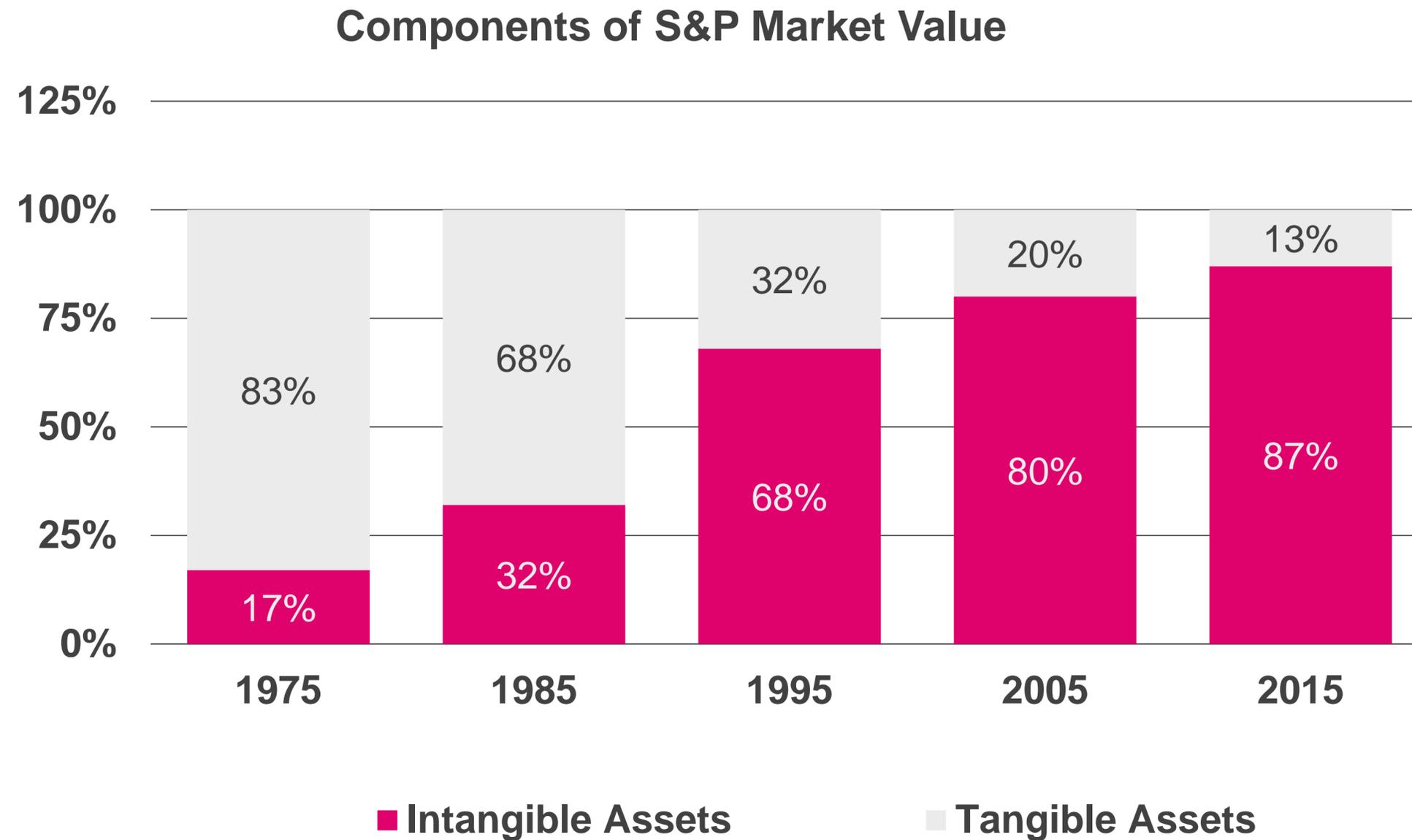


Source: Laney, "Why and How to Measure the Value of Your Information Assets," Gartner Research G00277972, November 15, 2016

Figure 11.1 Gartner Information Asset Valuation Models

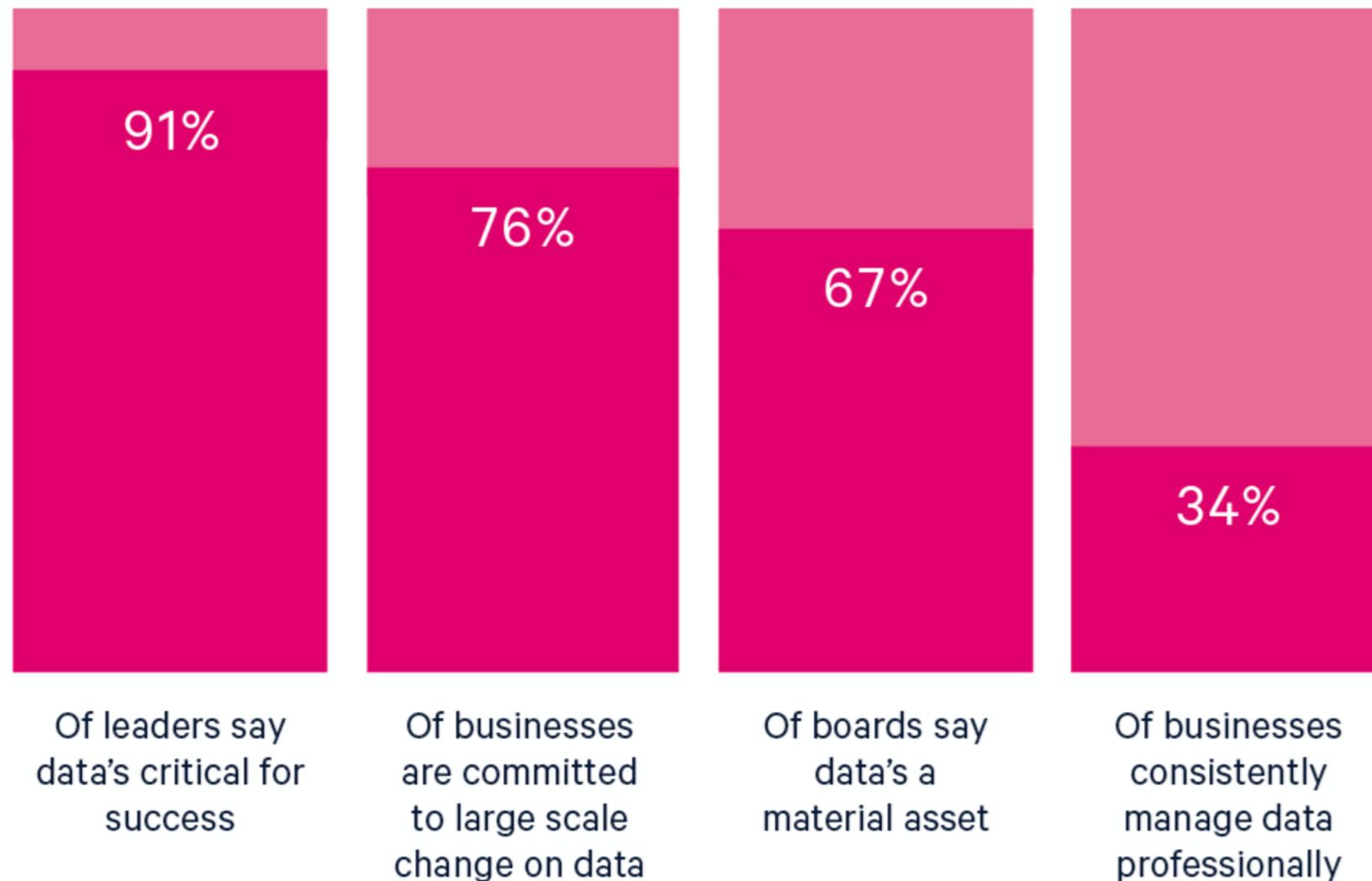


Why data has become important



Source: Ocean Tomo, LLC

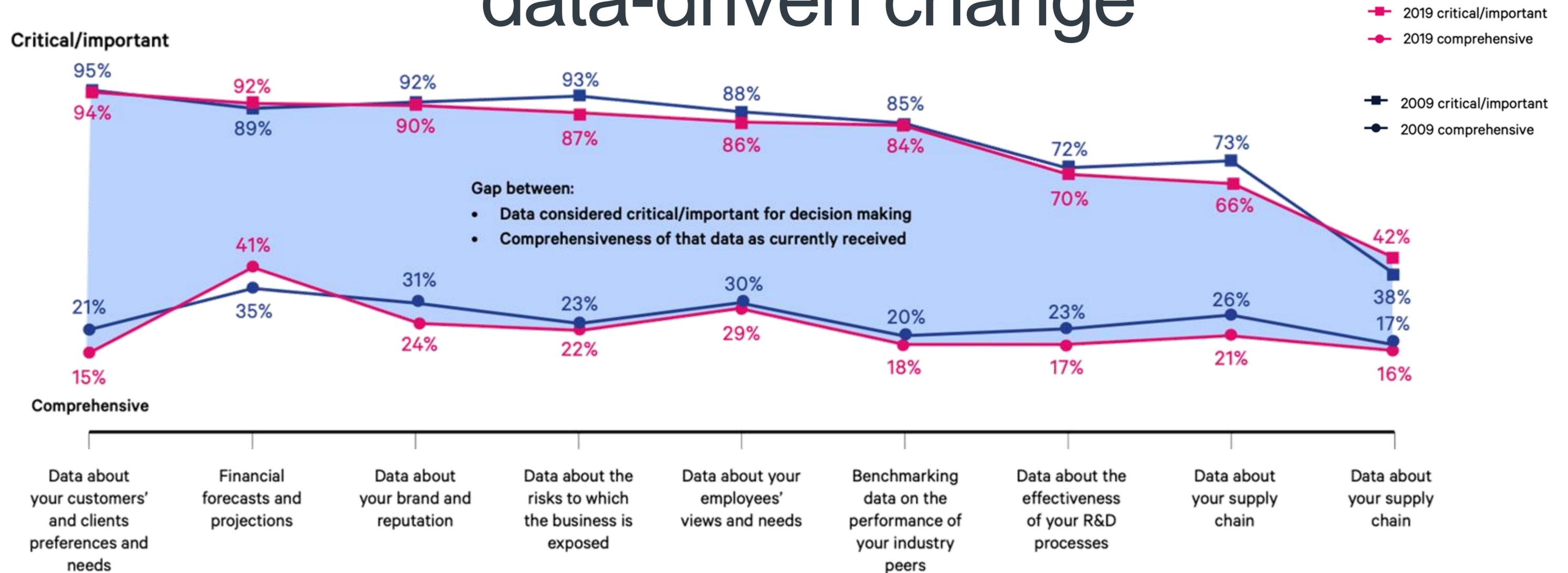
Inaccurate accounting and valuation leads to mismanagement



“Data’s not on an even playing field, it should be a BAU investment, like keeping the loos clean or having a finance department. It’s an enabler, so proving a clear line of sight to ROI is hard, and in itself requires investment. When investment in data projects have to compete on short term ROI measures to get signed-off, you create all sorts of problems for the future.”

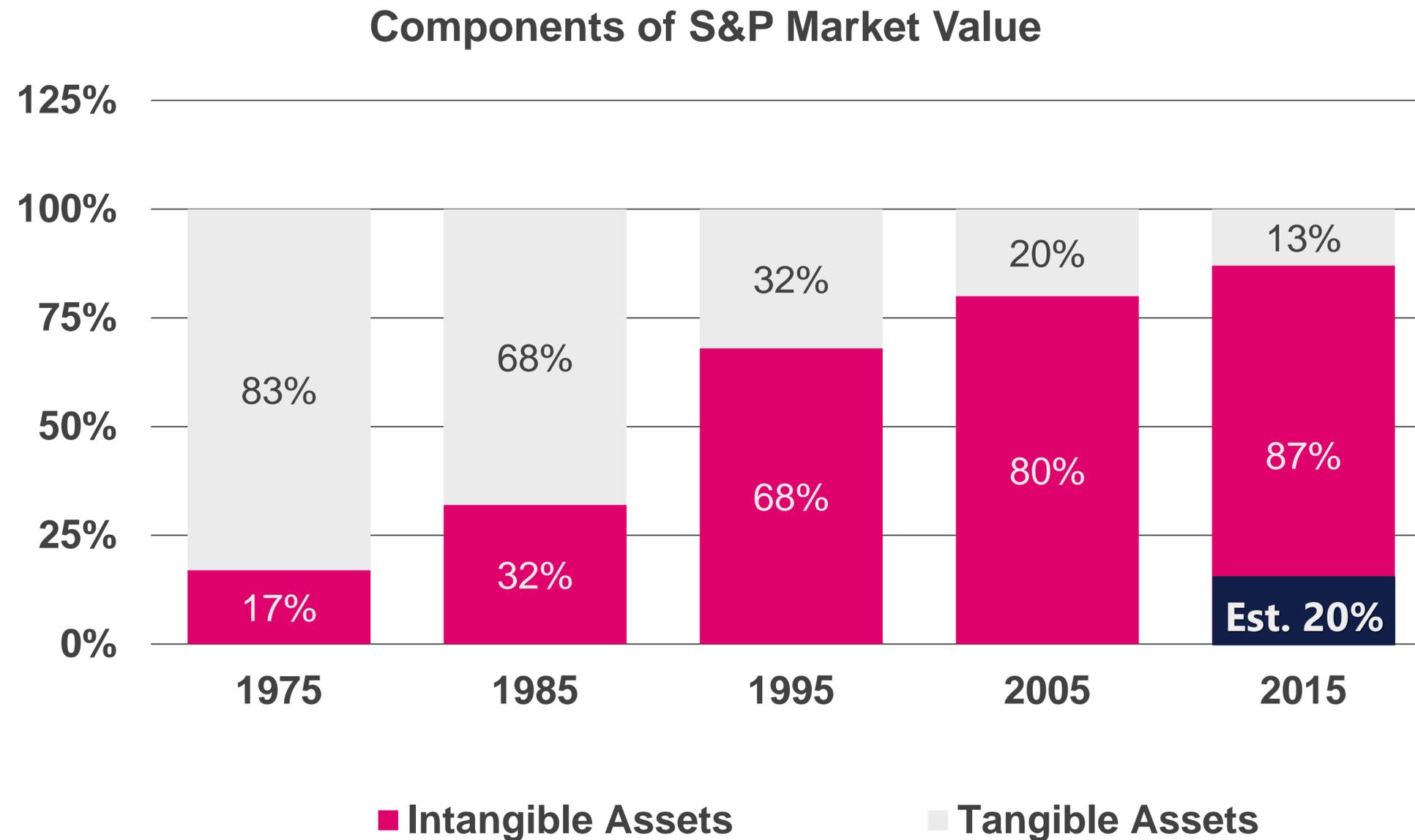
Barry Panayi
Chief Data Officer
Lloyds Banking Group

The result is little change, despite billions invested in digital transformation to create data-driven change



Source: PwC, 22nd Annual Global CEO Survey
 Base: All respondents (2019=1,378; 2009=1,124)

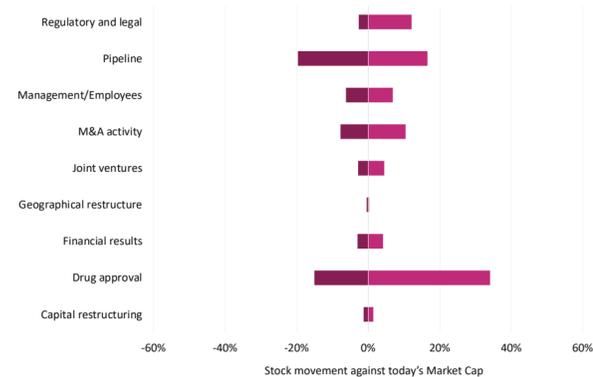
Data is inherently valuable, but it also helps you manage the rest of your assets better



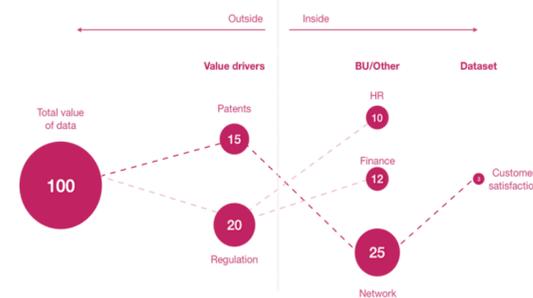
Source: Ocean Tomo, LLC

A valuation method for every occasion

Market-driven



Dataset-driven



Initiative-driven



Stakeholder-driven



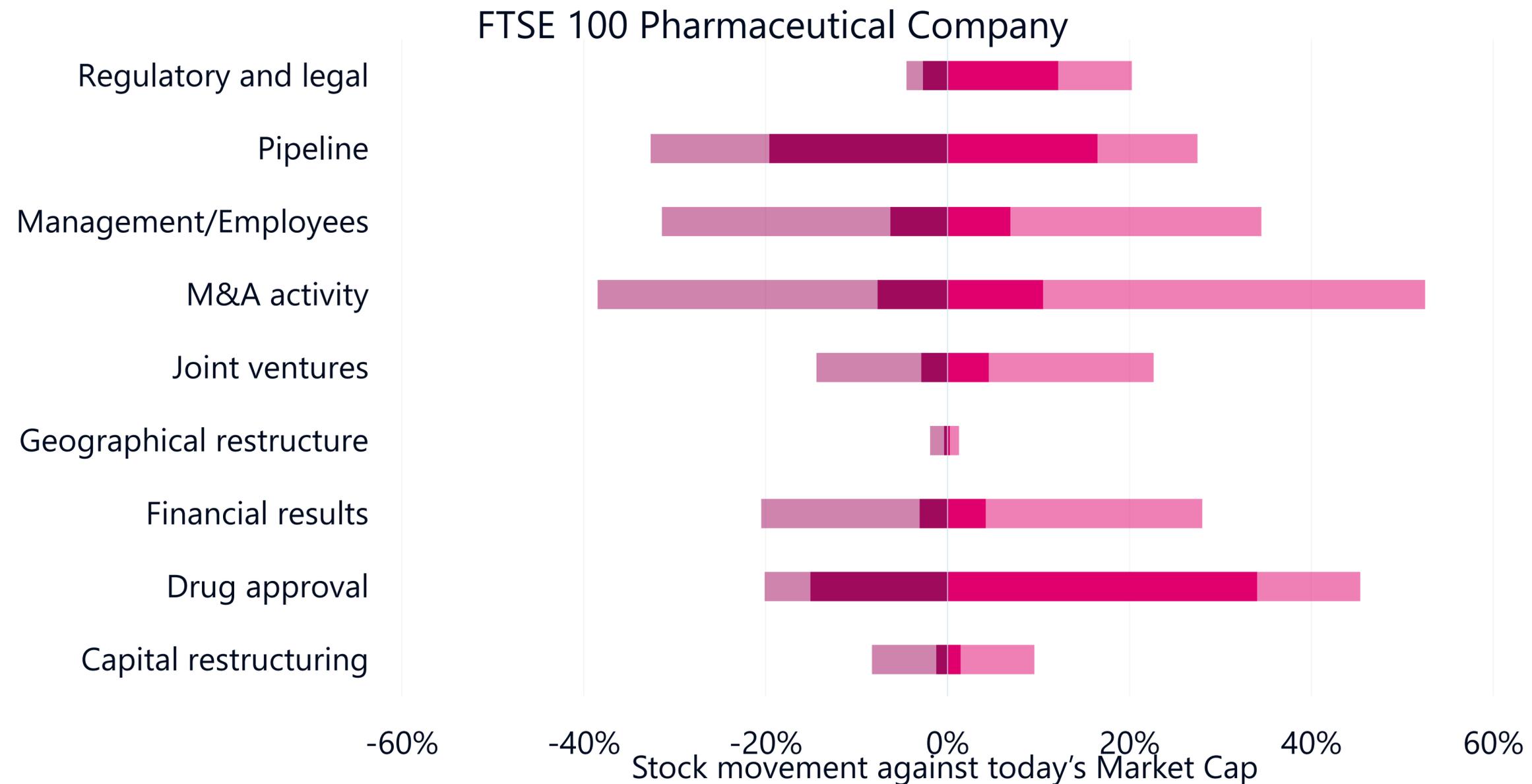
Trading Value



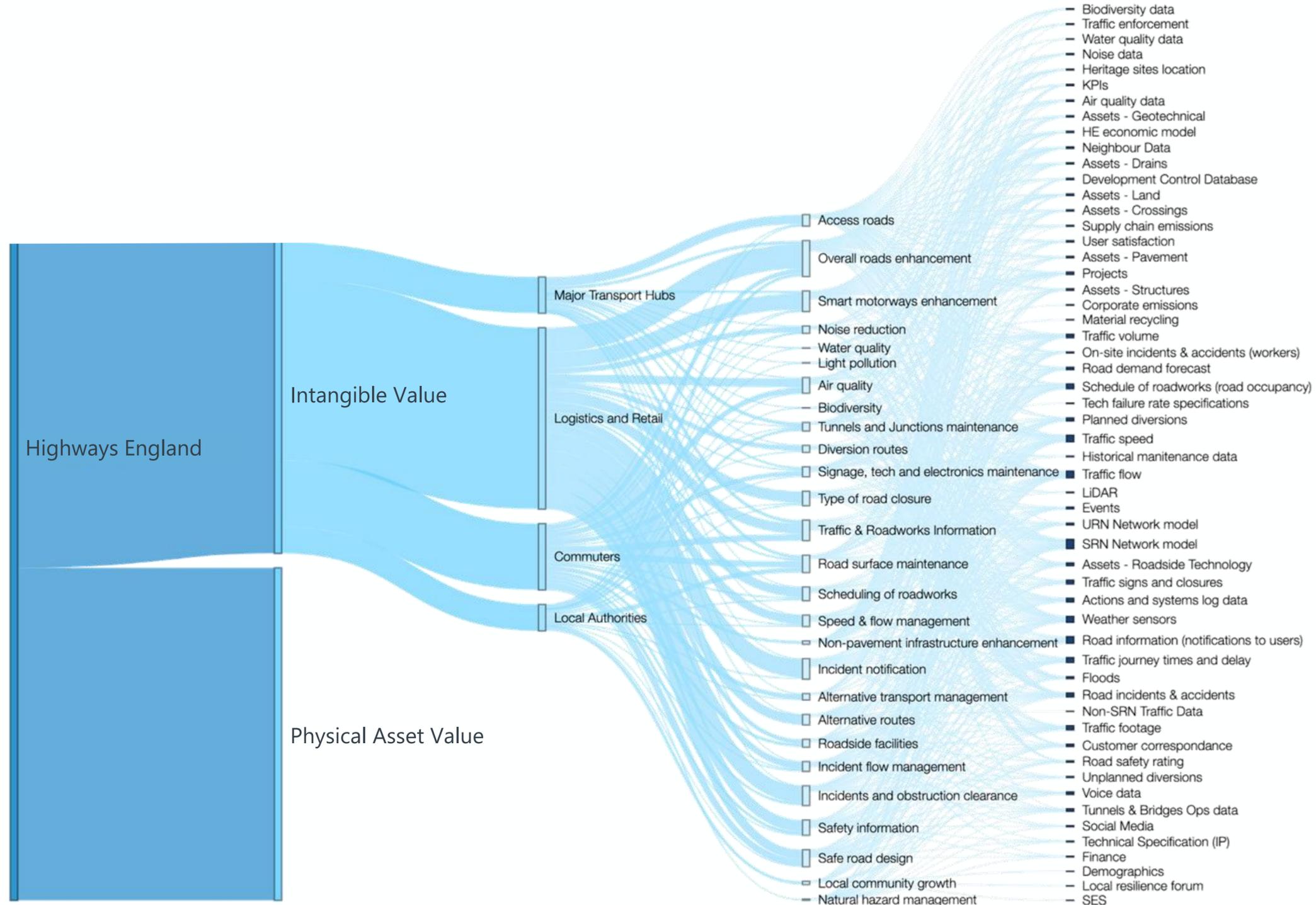
Valuation can help uncover data's ROI. Each approach takes a different focus, prioritising understanding the value of data from a different angle.

Value drivers: The Market Methodology

Identifying, connecting and quantifying how past events impacted on share price



Stakeholder valuation



Three things to know



Value



The data asset capacity



Prioritise

“For every £2 of physical asset, we have £1 of data asset. We discovered that by valuing our data. It’s given people in the business the language to manage data as a strategic asset.”



Davin Crowley-Sweet, Chief Data Officer, Highways England

Thank you

Herman.R.Heyns@Anmut.co.uk



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