

WALL STREET JOURNAL



Big Data Innovation: Fail Faster. Execute Smarter.

By Randy Bean | Contributor | February 18, 2014

I happened to be watching the Australian Open Men's Tennis Final last month when I noticed a long and intriguing tattoo on the forearm of the eventual champion, Stanislas Wawrinka of Switzerland. It read: "Ever tried. Ever failed. No matter. Try again. Fail again. Fail better." This quote, from the 20th century Irish novelist, poet, and avant-garde playwright, Samuel Beckett, offers an apt metaphor for the disruption and resulting innovation that Big Data is bringing to traditional data and analytics approaches.

[NewVantage Partners 2013 Big Data survey](#) of senior corporate executives reported that 64% of executives cited "new product development and innovation" as a leading driver of corporate investment in Big Data initiatives. By disrupting the established data and analytics practices of the past several decades, Big Data is transforming how corporations are organizing, engineering, managing and storing data. In so doing, Big Data is delivering innovation through greater data agility, rapid trial and error, and faster learning, resulting in accelerated speed to market, and in new forms of customer disintermediation and tailored customer experiences.

Deriving value from imperfect data. Paul Saffo, technology forecaster and managing director of San Francisco-based Discern Analytics, observes "failure is the foundation of innovation." In the world of data and analytics, corporations have been long bound by approaches that are costly and time-consuming, and which have hamstrung some of the more innovative ambitions of marketers and product developers.

While data must always be pristine and meet the highest standards of data integrity to support regulatory reporting and customer accounting, the standards for data discovery and research and development can be less rigorous. No customer wants to receive their 401K or credit card statement with incorrect information, but these same customers may welcome product recommendations and product offers based on indicative information. Not all data has to be perfect, and not all business functions require equal levels of data rigor.

At a recent roundtable of senior financial service executives that I hosted, several executives noted how Big Data is enabling organizations to rethink how they do business.

John Bottega has been one of the first executives to assume the emerging role of chief data officer, holding this position at CitiGroup Inc., The Federal Reserve Bank of New York, and Bank of America Corp. Mr. Bottega observes that the CDO role was "initially established to respond to regulatory demands, but this is changing. The

CDO is now expected to spearhead 'offensive' data-driven initiatives to better understand customer behavior, develop innovative new products, improve wallet-share, and increase revenue."

Research and discover-based business functions like marketing and new product development generally have a greater tolerance for imperfect data, usually not requiring fully reconciled data. More important is currency of data, faster cycle times, the ability to operate on "cheap hunches" and the ability to access data faster without developing formalized requirements. For marketers, this can mean the ability to analyze vaster amounts of disparate data to divine new correlations and uncover new connections within customer sub-segments.

Big Data enables innovation by putting imperfect data into the hands of marketers, product developers, researchers, and strategic planners fast and easy, and enabling data scientists and business analysts to accelerate the speed at which they test-and-learn and iterate through new hypotheses.

As one executive put it, "unreconciled data meets 80% of our needs." Mr. Bottega observes: "Failure is informative. Even with imperfect data, business analysts can gain insight and knowledge with respect to the viability of an approach or hypothesis."

Learning faster means customer success. I noted in a [recent column for the CIO Journal](#) that Big Data is enabling a changing time and cost paradigm by enabling corporations to load the data they need when they need it, and in a cost-effective fashion. The emerging concept of the "data lake" means that companies can create pools of raw data and partially reconciled data that suffices for 80% of most analyses, particularly for discovery activities like marketing and product design. Organizations can more easily access the data they need when they need it, and deliver superior results to their customers because of this.

Here's Jim Smith, executive vice president for Wells Fargo, and head of the firm's Enterprise Data and Analytics and Digital Channels groups: "We're focused on not just Big Data, but using our data faster and more effectively. Our customers interact with us in many different channels and there has been tremendous data growth with the surge of online and mobile banking. Each of these interactions provides us with an opportunity to more accurately identify a customer's specific needs and interests. From there, we can evolve or improve how we provide a service or develop a new one."

Mr. Smith goes on to add that "we are looking at how customers interact with us across all touch points – digital, phone, ATM and inside the store. This activity allows us to see new patterns to help improve our service or help a customer find the right product or identify fraudulent behaviors. Big Data technologies will allow us to become more proactive on behalf of our customers."

With worldwide data volumes projected to grow at a rate of 40% per year, marketing and sales leaders will need to process data faster and more simply, and undertake more rapid trial and error. As Mr. Saffo comments, "failure is essential because even the cleverest of innovations fail a few times before they ultimately succeed".

"Ever tried. Ever failed. No matter. Try again. Fail again. Fail better." An apt metaphor for Big Data innovation.

Randy Bean is CEO and managing partner of management consultancy NewVantage Partners.