

The Role of the Chief Data Officer*

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I like to keep my proverbial finger on the pulse of IT trends, and there always seems to be some new topic that catches my attention and generates quite a bit of conversation among IT professionals. These days, one hot topic is the role of the Chief Data Officer (CDO). Most of the discussions I've heard vis-à-vis the CDO position revolve around what exactly a CDO is, whom they report to, and whether or not companies really need an "officer" to manage enterprise data. I'd like to weigh in on the debate.



The CDO is typically a member of the executive management team. CDO's manage their companies' enterprise-wide data administration and data mining functions. Generally, the CDO reports to the Chief Technology Officer (CTO) or the Chief Executive Officer (CEO), there are exceptions of course.

Until about 20 years ago, the function of data management was usually relegated to a supervisory position. However, in the last five years or so—as companies have increasingly become aware of the value of information technology, business intelligence, data integration, as well as the value of data as an enterprise asset—the management of data has become more visible and crucial. While I prefer the term "information" as apposed to "data" the CIO title is already taken and for purposes of this article think of the terms data and information interchangeably with data being the base component of information.

With this new visibility, demand, and importance of data, many companies have realized that they must better define strategic priorities for management and delivery of data throughout the enterprise, identify new business opportunities through the analysis of data, and significantly improve revenue generation through more effective use of enterprise data. Thus was born the position of the CDO. Fundamentally, the CDO is tasked with being the voice of data and generally representing data as a strategic business asset at the executive table.

But is it really necessary to elevate the oversight of data management to the executive level? I believe it is. For one thing, as I outlined above, the evolving view that data is a corporate asset is driving a new emphasis on corporate data governance. To be executed effectively, the process of corporate data governance will require more than the traditional data steward. Customarily, data stewards have been tasked with defining the processes of collecting data, ensuring that it was formatted correctly for enterprise systems, and keeping that data current and relevant.

They have also traditionally been responsible for establishing data standards, procedures, and accountability for data within a given area. There are typically multiple data stewards in a company who are responsible for different—often arbitrarily defined—data areas.

Also, since many companies are investing in building enterprise-wide service-oriented architectures (SOA), and integrating their applications and systems across the company, it's no longer efficient to create individual data fiefdoms and have standards, policies, and procedures for each one.

Instead, it's crucial to have a C-level person who is responsible for crafting and implementing data strategies, standards, procedures, and accountability policies at the enterprise level. CDO's also typically function proactively by championing data as a strategic business asset and driver of revenue.

The position of the CDO does not come without its challenges. First, it takes a unique combination of skills to be a CDO. The individual can't be too technical; that tends to create a microscopic focus on the "bits and bytes" of the data rather than on overall data strategy. However, the CDO can't be a technical neophyte either. Effective CDO's are those individuals who possess a balance of technical skill, business knowledge, and people skills to smoothly navigate the technical and political hurdles of shepherding valuable corporate data.

Another challenge CDO's face is being the champion of an area that, historically, hasn't been a front-burner topic for executive management: data strategy. The challenge lies in communicating the value of data as a crucial corporate asset and revenue generator—when it's managed and utilized efficiently. The CDO must effectively guide the company in developing a data strategy that will enable the most effectual use of its data assets, while keeping the costs of corporate data administration within reasonable limits—i.e., the CDO must make the benefits worth the costs.

Then there's the enormous challenge of managing the sheer volume of data that flows through the typical company, processing it in a timely manner, figuring out how and where to distribute it, and getting it into a form that makes it actionable for users—no mean feat!

Most companies haven't yet elevated data management to the executive level. They're still in the reactive mode of seeing data, and IT systems in general, as a technical subject that may be useful in helping developing business strategies, but that doesn't warrant a strategy of its own. However, as the volumes of data continue to grow exponentially over the coming years, and as IT systems grow in size, complexity, and cost, it will be critical for oversight—at the C-level—of the data that is the lifeblood of those systems. The CDO can fill that oversight role and ensure that data is managed just as any other valuable asset—effectively.

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