Report

CDO Insights 2023: How to Empower Data-Led Business Resiliency

December 2022

# Contents

Executive Summary

Data executives enter 2023 facing many uncertainties in the business environment, including a potential recession that could make an already challenging job even more difficult. Yet data leaders are optimistic that their data strategy initiatives will have an impact on a variety of business priorities in the coming year. These priorities include improving customer experience, optimizing supply chains and increasing operational efficiency and business agility.

Most importantly, these leaders know delivering on these priorities means investing not just in data, but also in how they manage it. A recent survey of 600 chief data officers, chief analytics officers and chief data and analytics officers in the United States, Europe and Asia Pacific shows that **more than 2 in 3 data leaders (68%) predict an increase in data management investments in 2023**.

Organizations are more likely to prioritize these investments — and see the greatest impact from them — when data strategies and business strategies are aligned. This in turn allows data leaders to feel more empowered and confident in their ability to effectively execute on their data strategy.

And because having a data-driven culture and the ability to use data in business decision-making are imperatives for business success, the right data strategy has never been more critical. Our study found many examples of how a maturing data leadership wants not just data management capabilities but also a well-planned strategy that is linked to clear business outcomes. As companies seek to gain more from their data investments, data leaders want to implement the right strategy. By driving organizational alignment on that strategy and making the appropriate data management investments to support it, they plan to set themselves up for business resiliency and success in 2023 and beyond.
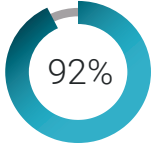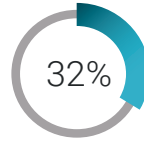
Key Findings
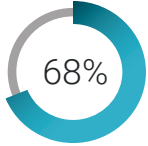
68% More than 2 out of 3 data leaders plan to increase their investments in data management in 2023.
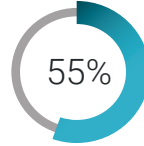
55% Report having more than 1,000 sources of data in their organization.

92% Data leaders whose data strategies are very or completely aligned with their business strategies are more confident about effectively executing on their data strategy.

32% Lack of a complete view and understanding of their data estate is the most frequently cited hurdle.

45% Improving how data is used in business decision-making and operational processes is the most important metric for measuring data strategy effectiveness.
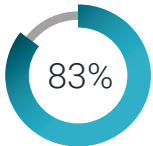
83% Data leaders who fully control their data budget are significantly more effective.
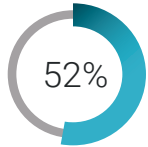
52% Data leaders cited improved governance over their data and processes as a top data strategy priority for 2023.

Strategy alignment is key: **76%** of those who reported being very or completely aligned on their data and business strategy also had complete control of their budget.

Strategies for Success: Leadership, Alignment and Empowerment

Going into 2023, data leaders face a number of clear challenges. For many, those obstacles come from within: 29% cite a lack of support from leadership as the reason they can't act on their data strategy. However, data leaders are still confident they can get the job done: **the vast majority (87%) feel empowered to execute on their current data strategy.**

87%

Leaders feel empowered to act

Strategy alignment is key here: more than 3 in 4 (76%) of those who reported being very or completely aligned on their data and business strategy also had complete control of their budget. This is significantly more than the 41% of their peers who did not have the same degree of alignment.

And when they control the budget, they are more effective in executing on their data strategy.

Eighty-three percent of data leaders who fully control their data budget are more effective in achieving their data strategy goals.

This sense of alignment directly corresponds with how empowered data leaders feel: 92% of those very or completely aligned feel empowered to execute on their current data strategy, almost 20 points more than their less-aligned peers (73%).

Those Who Are Aligned Report Complete Control Over Budget
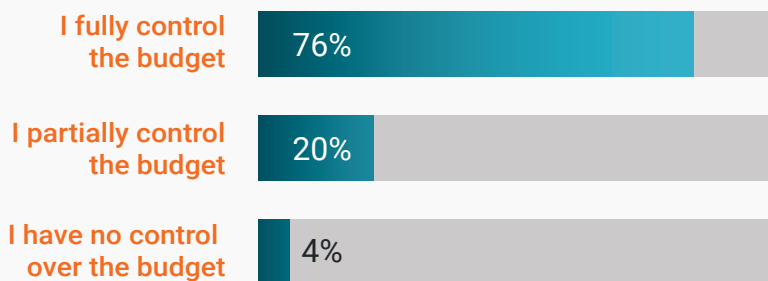
I fully control the budget	76%
I partially control the budget	20%
I have no control over the budget	4%

Eighty-three percent of data leaders who fully control their data budget are more effective in achieving their data strategy goals.

To ensure that everyone can work to achieve their goals, they need to devise strategies that ensure alignment for the entire team. Making data a priority is key.

- 63% of the data leaders who categorized themselves as very or completely aligned have prioritized data strategy as much as or more than other business objectives

- 38% of their peers who were less aligned said the same

Spotlight: Footing the Bill

Every business department can benefit from a strong data strategy. As IT is usually the department that makes the investment in data management capabilities, this is another reason for data leaders to collaborate and align on business priorities.

Distribution of Budget Ownership

Centralized IT	61%
Data management organization	53%
Line of business functions	35%
Corporate	33%
Other	2%
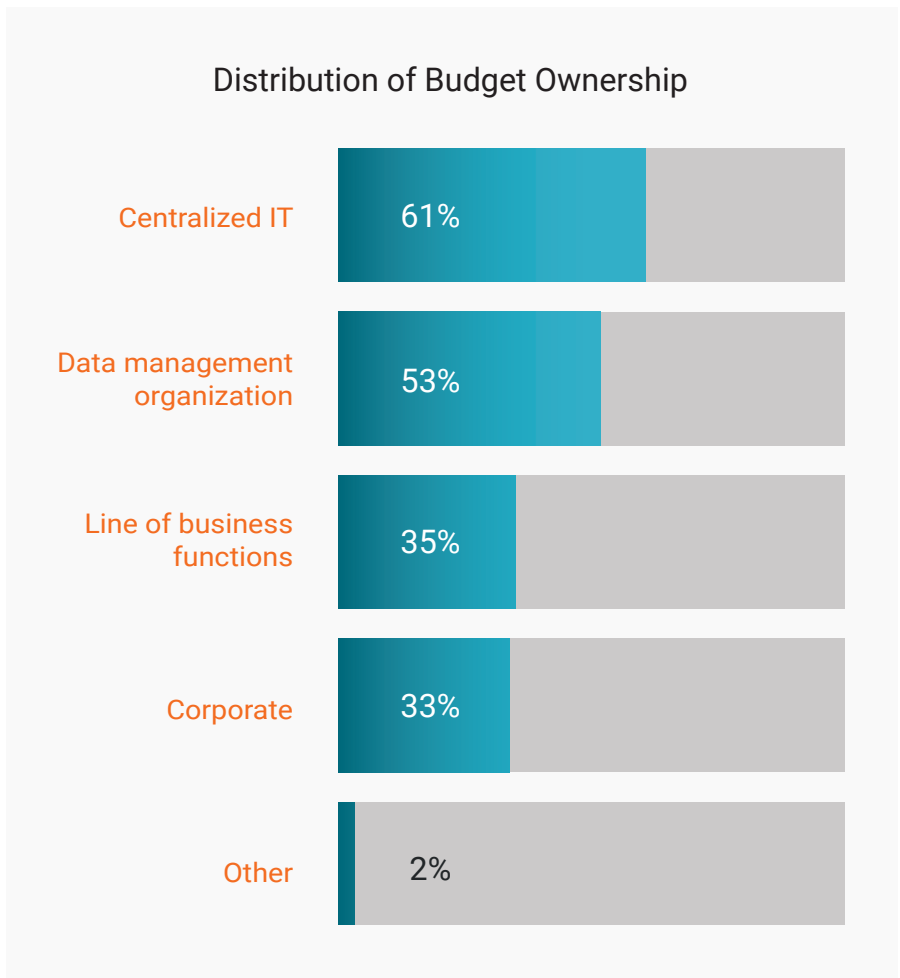
Investing for Data Democratization, Trust and Governance

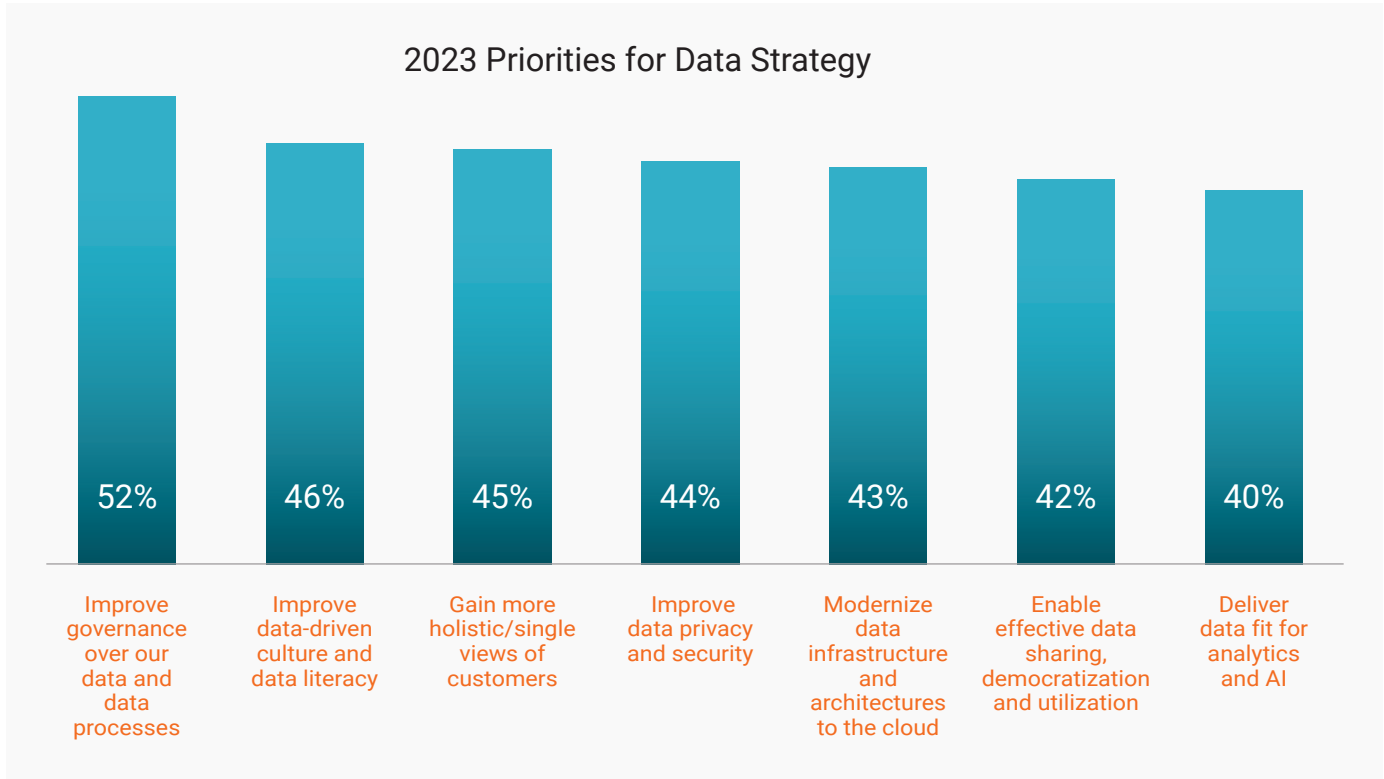It's shaping up to be a monumental year for data. Leaders want to ensure alignment, and prioritize the right data management investments to intelligently manage and harness the full potential of their data. **These priorities include improving data governance and processes (52%) and improving data-driven culture and literacy (46%).** Clearly, data leaders realize the importance of a unified approach, both in data management processes as well as in the strategy behind those processes.

Data leaders are investing in capabilities that will promote better control, trust, utilization and a unified understanding of their data. For 2023, leaders identified their prioritized investments in data quality (42%), data protection (40%) and democratizing and sharing data via self-service data marketplaces (39%).

Data leaders also identified other data management capabilities of interest. These include master data (35%) and data discovery and cataloging (31%).

2023 Priorities for Data Strategy

52%	46%	45%	44%	43%	42%	40%
Improve governance over our data and data processes	Improve data-driven culture and data literacy	Gain more holistic/single views of customers	Improve data privacy and security	Modernize data infrastructure and architectures to the cloud	Enable effective data sharing, democratization and utilization	Deliver data fit for analytics and AI

Unfortunately, the ability to invest in these capabilities — or to catch up with competitors — may not be easy. While 73% of those who currently are very or completely aligned on data strategy predict an increase in data management investments in 2023, just 53% of their less-aligned peers say the same. You find a similar gap when you compare those who predict an increase in cloud investment in 2023 (76% vs. 55%). And because technology evolves and strategies mature, if a company wants to keep up (or advance) the time to act is now.

Spotlight: Trendspotting

Data strategies evolve just as quickly as the technology used to advance them, and 2023 is no exception. Data leaders identified data mesh/data fabric, ESG and sustainability, data observability and data marketplaces as the top trends in data strategy. And each of these trends require optimal data visibility and governance.

Other trends these leaders foresee include AI governance and ethics (the top trend among U.S. data leaders) and applied AI. Putting CDOs in control means realizing more benefits.

Top Trends When Thinking About Data Strategies

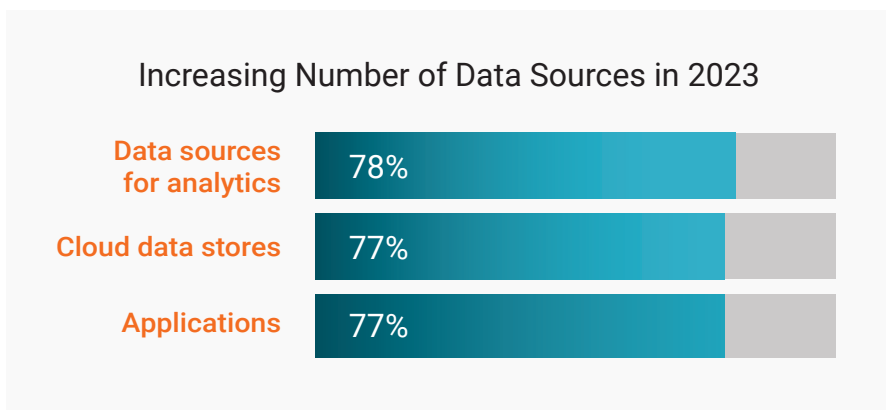|		
35% Data mesh / data fabric	**35%** Data observability	**32%** ESG and sustainability
32% Data marketplaces	**32%** AI governance / ethics	**31%** Applied AI

The most-cited metric for measuring data strategy effectiveness is improving how data is utilized in business decision-making and operational processes (**45%**).

Continuing Complexity Drives Greater Need for Data Management

More than half of data leaders (55%) report more than 1,000 sources of data at their organization. While this glut of data could represent an embarrassment of riches for some, a company that cannot manage that kind of volume cannot harness any of the benefits. **And this lack of a complete view and understanding of the data estate is the obstacle that more data leaders (32%) cite as the reason they cannot execute on their data strategy.**

Increasing Number of Data Sources in 2023

|	
Data sources for analytics	78%
Cloud data stores	77%
Applications	77%

In a close second is the increasing volume and variety of data, a problem set to worsen in 2023: **91% predict increases in data sources, including 78% who predict they will come from data sources for analytics, 77% from cloud data stores and 77% from applications.**

Both of these challenges point to the need for a united strategy that aligns teams behind shared priorities.

Spotlight: Fragmentation Frustration

As data sources grow, many respond by adding tools in an attempt to increase visibility, leading to an unsustainable and costly fragmentation of data capabilities across toolsets. **Fully half of data leaders (50%) predict they will need five or more separate tools to support their data management priorities in 2023 — even as 45% say they plan to prioritize gaining more holistic or single views of customers or business entities.**

50%
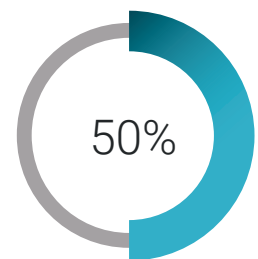
Will use five or more tools to support data management priorities in 2023

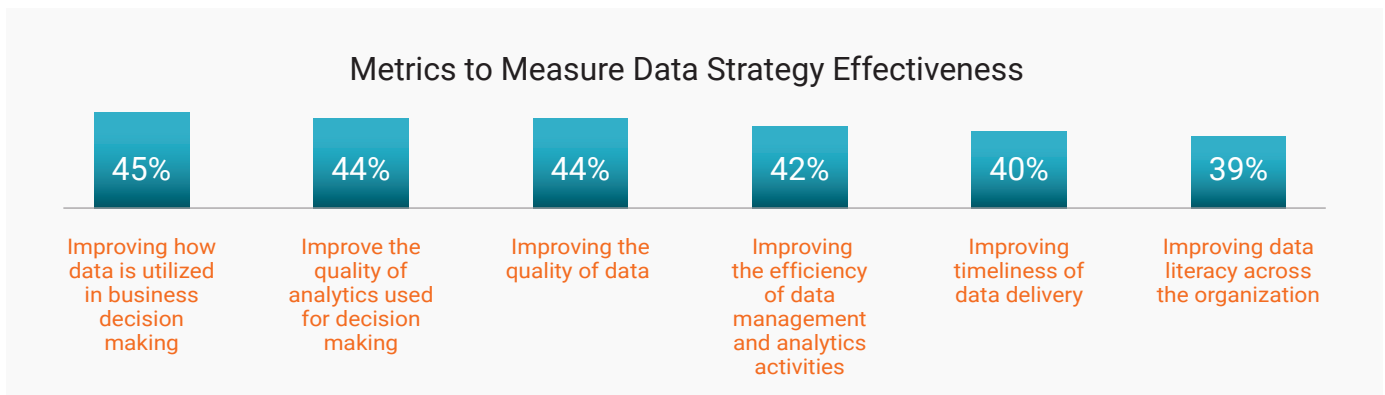# Measuring What Matters to Deliver Business Outcomes

As data leaders bring strategies and tools together to deliver data-driven business outcomes, they are looking to a variety of metrics to ensure they are doing so effectively. **The most cited metric for measuring data strategy effectiveness is improving how data is utilized in business decision-making and operational processes (45%).**

This metric is particularly popular among leaders who are very or completely aligned on their strategy (48%, compared to 37% of their less-aligned peers). Tellingly, this metric is the one most closely associated with real gains from data leaders' strategies and investments, indicating this is about more than data for data's sake: it's about generating real value.

But leaders are not limited to one key metric. Other metrics include improving the quality of analytics used for decision making (44%), improving the quality of data (44%) and improving the efficiency of data management and analytics activities (42%).

Improving the efficiency of data management and analytics activities is one of the top-cited metrics among leaders predicting an increase in data management investments this year (47%). This metric may prove particularly important in 2023 for leaders looking to gain an edge in the middle of a challenging macro business environment.

Other important metrics include improving data literacy across the organization (39%) and ensuring the security of data (37%). While regulatory compliance risk is cited by 32% of data leaders overall, data strategy once again plays a major role: 35% of those very or completely aligned cite this measurement, a 10-point difference over their less-aligned peers (25%).

Metrics to Measure Data Strategy Effectiveness

45%	44%	44%	42%	40%	39%
Improving how data is utilized in business decision making	Improve the quality of analytics used for decision making	Improving the quality of data	Improving the efficiency of data management and analytics activities	Improving timeliness of data delivery	Improving data literacy across the organization

Conclusion

The speed of business change is requiring companies to operate at a faster pace. This research finds that top-performing data leaders focus on business, strategy, capability and organizational alignment.

Align data strategy to business strategy
Data leaders who align data and business strategy are better able to get and control data management budgets.

Align organization structures to data strategy
Data leaders who align their team and the larger organization more effectively execute on their data strategy.

Align data management investments to business use cases
Data leaders who align data management investments to business use cases are better able to demonstrate return on investment.

Align tool selection to enterprise standards
Data leaders who align the selection of data management tools to enterprise standards are able to reduce costs and speed time to value.

Methodological Notes

The Informatica - Wave 2 Survey was conducted by Wakefield Research among 600 CDOs, CAOs and CDAOs from the US, Europe and APAC, November 9–22, 2022, using an email invitation and an online survey.

Results of any sample are subject to sampling variation. The magnitude of the variation is measurable and is affected by the number of interviews and the level of the percentages expressing the results. For the interviews conducted in this particular study, the chances are 95 in 100 that a survey result does not vary, plus or minus, by more than 6.7 percentage points in the US, Europe and APAC from the result that would be obtained if interviews had been conducted with all persons in the universe represented by the sample.

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