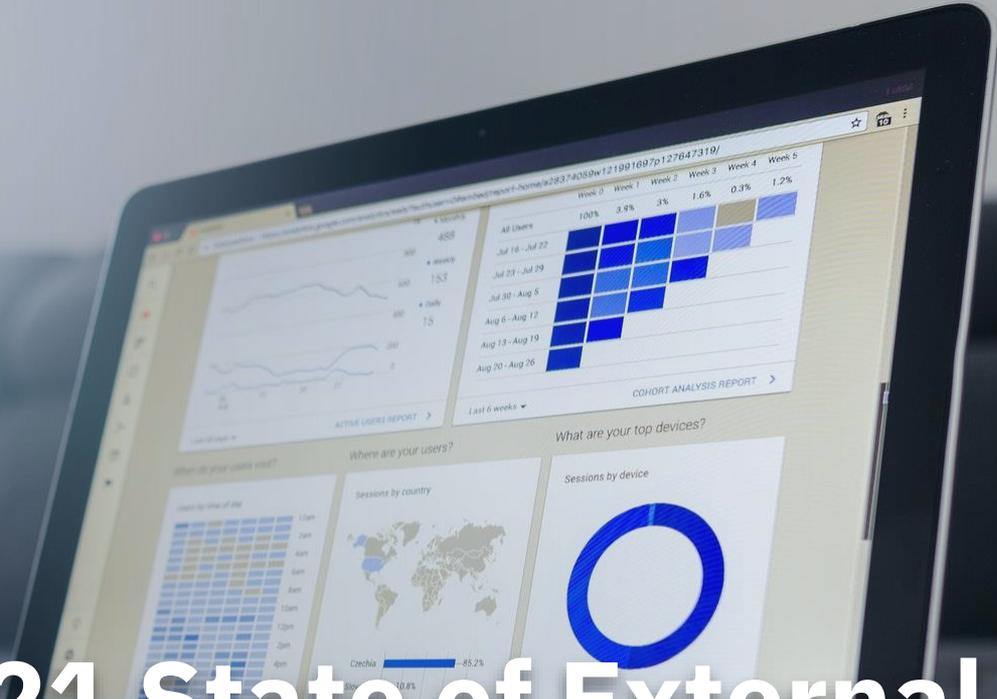




EXPLORIUM



2021 State of External Data Acquisition

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Introduction & Key Findings

Introduction

According to Gartner, “By 2023, data literacy will become an explicit and necessary driver of business value, demonstrated by its formal inclusion in over 80% of data and analytics strategies and change management programs.” ([Gartner, “Top Trends in Data and Analytics for 2021: Data and Analytics as a Core Business Function”](#), Saul Judah, Rita Sallam, Melissa Davis, Alan D. Duncan, Lydia Clougherty Jones, Published 16 February 2021).

At Explorium, we always look to stay on top of the latest trends and insights in the data community. To further that effort, we commissioned Global Surveyz to speak to 100 data stakeholders inside US companies of more than 100 employees, in industries including Professional Services, Retail, Finance, Healthcare, Utilities and more. These companies varied in size, with 43% employing between 100-500 people, 26% between 501-1000 people, and the remaining respondents from companies with more than 1000 employees. **We aimed to discover the challenges today’s organizations face when building and maintaining their data strategy, and what processes and skills they have in place to find, ingest, onboard, and integrate external data.**

The results show that today’s data-facing employees, from data scientists and data officers to management, analytics, engineering and more – often speak with a single voice. 100% of respondents see the value in external data acquisition, and just 1% do not have a budget allocated for buying external data in 2021. However, with more than 90% struggling to find relevant data and to derive the right insights, and 77% admitting that they don’t even know what to look for – something has to change.

This survey paints a clear picture. To get the promised business value and remain competitive, organizations need a data acquisition and onboarding strategy that reduces the number of data providers they work with, and a single platform that can simplify the process and ensure results and compliance.

Key Findings

01



Organizations value data acquisition, but that doesn't mean they have a clear strategy

Our respondents overwhelmingly indicated that the acquisition and onboarding of external data was important to their business, with 79% calling it “very valuable” and none saying they saw no value at all. Interestingly, less than a third of respondents actually have a strategy in place, with 26% relying on ad-hoc practices or an informal process for data acquisition. 7% of respondents find data acquisition so challenging, they don't do it at all.

02



78% of companies are increasing their data acquisition investment for 2021

It's clear that organizations are taking external data acquisition very seriously, allocating a significant budget for this task. In 2020, 81% of companies spent more than \$100k each month on external data acquisition, and 31% spent more than \$500k. These numbers only paint part of the total investment picture since almost half of respondents said they spend over 50 hours per month on external data acquisition. In 2021, 78% of respondents are planning to increase their budgets for external data acquisition, and only 1% do not have a budget in place at all. The train is leaving the station. Are you on board?

03



Multiple vendor relationships are slowing down external data acquisition

At 98%, nearly all companies engage with at least two data providers in their external data acquisition strategy. 69% of companies engage with three or more, and a small but significant number of companies (7%) actually have five or more vendor relationships. A high positive correlation between the number of data vendors companies engage with and the money spent (0.89) and time spent (correlation of 0.64) on data acquisition validated the high complexity and costs of finding even a single external data source. Organizations need a way to make this much more effective by centralizing the process with a single vendor.

Key Findings

04



Most organizations need to discover and onboard external data at scale

When asked about the types of external data the organization was purchasing, over 50% of respondents said they are purchasing three or four types of external data, meaning the efforts and costs of purchasing a single data source must be multiplied in order to fulfill their business needs. As the number of use cases, data sources, and providers evaluated for each data source grows, this increases efforts exponentially, and so organizations must find a way to make the process much more scalable.

05



It's time to shine a light on data acquisition best practices

77% of respondents simply don't know what to look for in data acquisition, despite our earlier finding that 100% consider it valuable. On top of that, 93% say that finding relevant external data is medium to high effort for their organization, and 94% say the same about deriving insights and features from their data. Organizations need a single end-to-end platform that can discover the 'unknowns', cover gaps in skillsets, and provide immediate access to external data and relevant insights.

Who We Surveyed - Job Titles & Data Responsibility

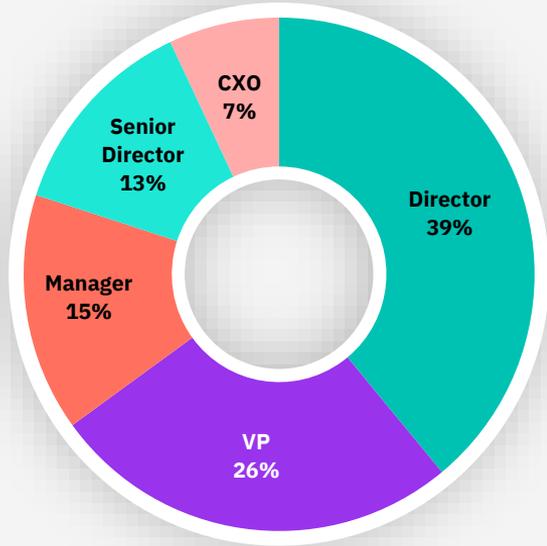


Figure 1 Job Seniority

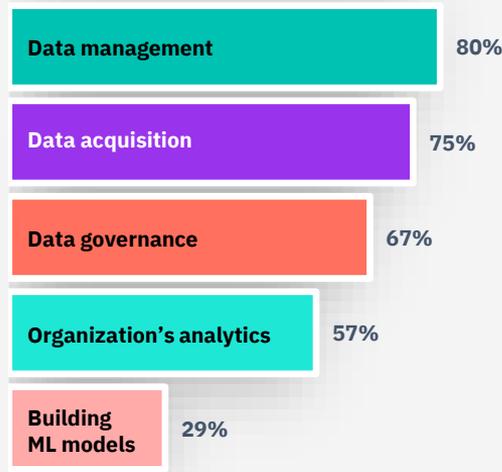


Figure 2 Data Responsibility

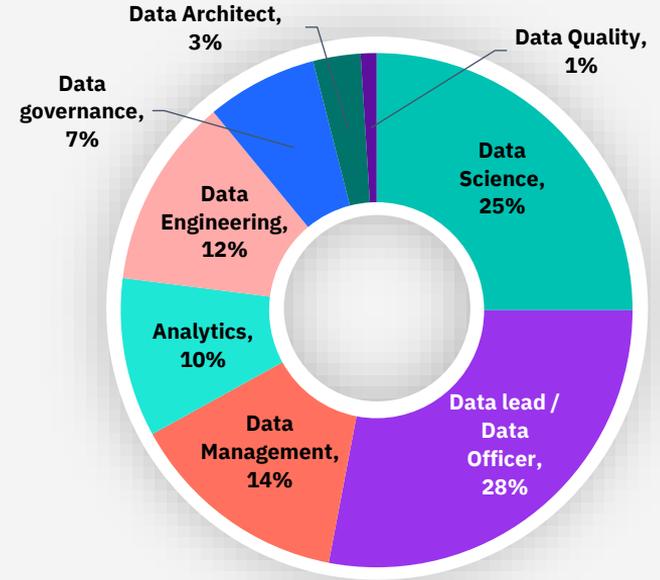


Figure 3 Job Titles of Surveyed Respondents



External Data Acquisition - Value and Strategy

The survey validates that most organizations consider external data very valuable and use it for multiple projects. This section reviews the scale of investment in external data acquisition and the types of external data purchased.

Value of Data Acquisition and External Data Strategy

We asked survey respondents if the acquisition and onboarding of external data is considered valuable for their business analysis and modeling. The results were overwhelmingly positive. The results (Figure 4) were overwhelmingly positive – None of the companies said they don't see any value. In fact, 79% indicated they see it as very valuable.

While all companies see external data as valuable, when asking about their external data acquisition strategy (Figure 5), only 28% of companies actually have an external data acquisition strategy in place.

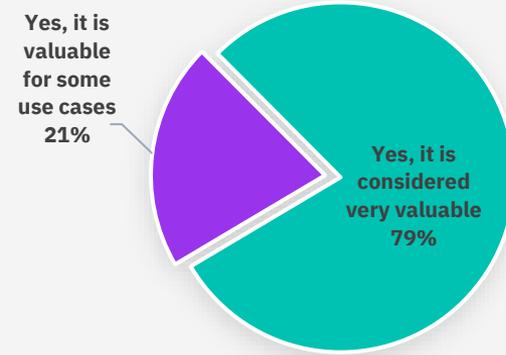


Figure 4 Value of Data Acquisition & Onboarding to Biz Analysis & Modeling

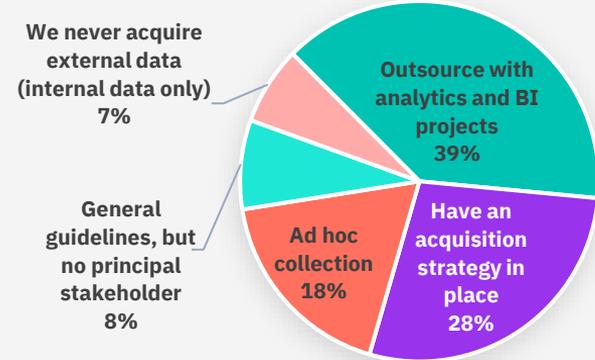


Figure 5 External Data Acquisition Strategy

Time & Money Spent on External Data Acquisition

We looked at the time and money spent on external data acquisition. We asked companies how much money they have spent on data acquisition per month in 2020, as well as how many hours they estimate their data and IT teams spent on acquiring and onboarding external data during the same period of time.

As far as time spent per month, 91% of companies report they are investing more than 20 hours per month on data acquisition and 49% are spending more than 50 hours per month.

In terms of costs, 81% of companies are spending north of \$100K per month with 31% spending over \$500K.

Only 1% of respondents report that they don't spend time and money on data acquisition.

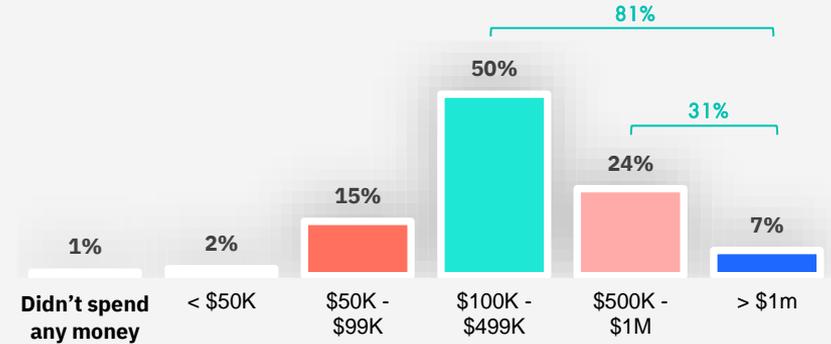


Figure 6 Money Spent per Month on External Data Acquisition in 2020

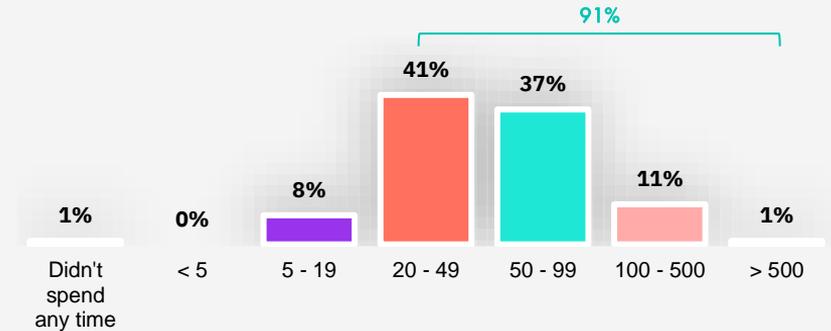


Figure 7 Time Spent per Month on External Data Acquisition in 2020

Engagement with External Data Providers

When it comes to engaging with the data providers before making an external data acquisition, companies are expending a huge amount of time and effort on multiple vendor relationships. Only 2% of companies engage with a single data provider. In fact, 98% of companies will engage with at least two data providers and 69% of companies engage with three or more.

As expected, we found a high positive correlation between the number of data vendors companies engage with and money spent (correlation of 0.89) on data acquisition per month, and the time spent (correlation of 0.64) on acquiring and onboarding data (page 10).

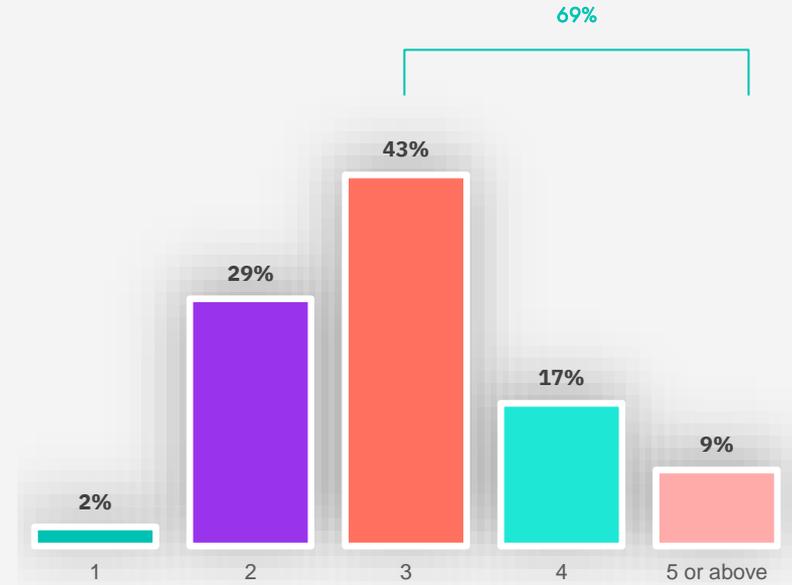


Figure 8 Number of Data Provider Engagements Before External Data Acquisition

Types and Usage Goals of External Data Bought by Organizations

The top three types of external data bought by companies are demographic data (62%), company data (56%) and financial data (56%), but the high numbers for each category suggested that most companies purchase external data on more than one category. In fact, we found that 32% of respondents purchase external data in 3 categories, 22% purchase external data in 4 categories, and 17% purchase external data from 5 categories or more.

When it comes to how this external data is used, the #1 usage is business intelligence (73%), followed by advanced analytics (72%) and machine learning and predictive models (69%). The high percentages alluded to most companies using external data for multiple purposes, and indeed 95% of respondents selected 2 options or more, and 55% selected 3 options or more. 15% of companies make great use of the external data they purchase for all practices.

As the number of business use cases grows in 2021, so will the amount of external data across all categories required to feed predictive and advanced analytics tools. Current efforts and costs of evaluating 2-3 data providers for each data sources are simply not scalable.

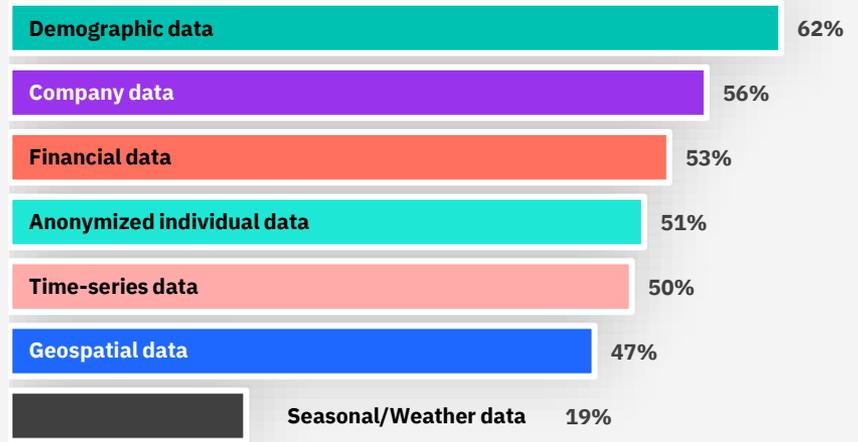


Figure 9 Type of External Data Bought by Organizations

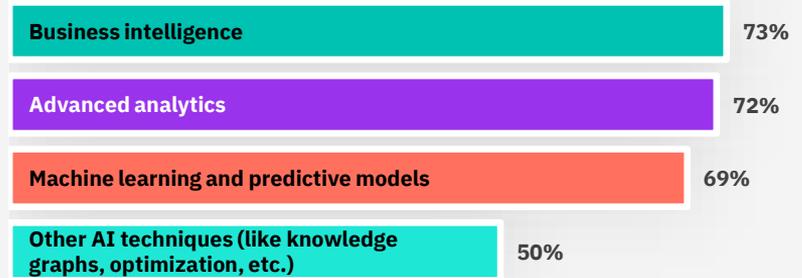


Figure 10 How Organizations are Using External Data



External Data Acquisition - Tools, Resources, Budgets & Challenges

Data leaders face a wide variety of challenges and tasks in acquiring and onboarding external data. The proliferation of tools cannot seem to make the process more effective, and a new approach is required.

Top Inhibitors to External Data Acquisition

We asked survey respondents what they consider to be the biggest inhibitors to their external data acquisition. The top three, accounting for 62% of challenges were lack of a strategy (24%), lack of an established process (19%), and lack of skill set (19%). Additionally, 15% said they lack a strong team, which is also related to skill sets and experience.

Although only 6% responded that the lack of potent tools is an inhibitor, existing tools cannot address inhibitors around lack of process and skills because they are focused on a specific step in the data onboarding process, such as data preparation or data quality (See Figure 15: Proliferation of Tools used for Data Acquisition and Onboarding).

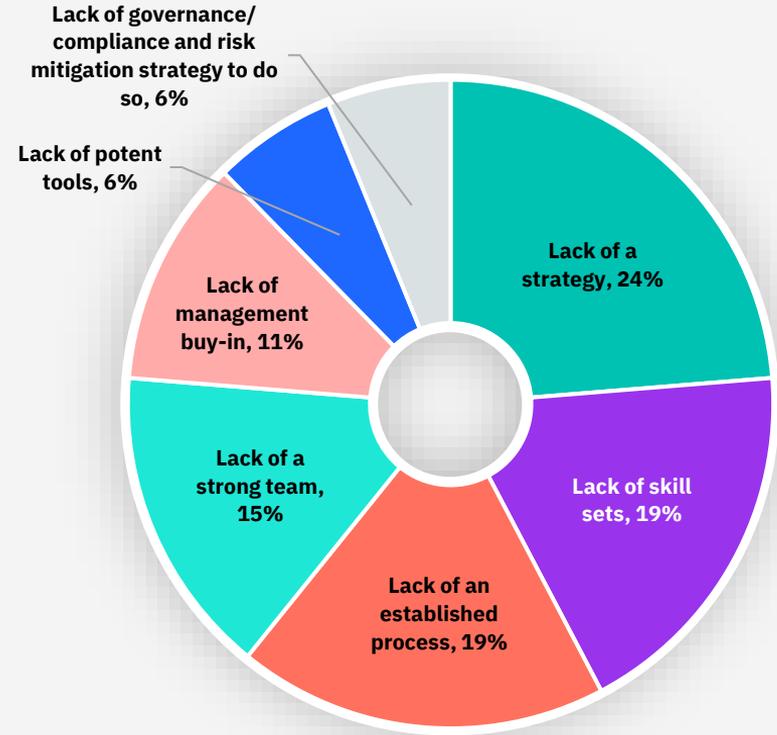


Figure 11 Top Inhibitors to External Data Acquisition

Challenges Acquiring and Onboarding External Data

When asked about the challenges of external data acquisition and onboarding, we found that most organizations face all potential challenges we listed as significant or somewhat of a challenge. Only 11% of respondents replied that regulatory constraints are not a challenge, and less than 20% of respondents are not facing challenges of delays, costs, skills and resources.

The #1 challenge indicated by 46% of respondents as significant was not being sure what to look for. This was followed by regulatory constraints (44%) and data preparation and integration being too effort-intensive (43%).

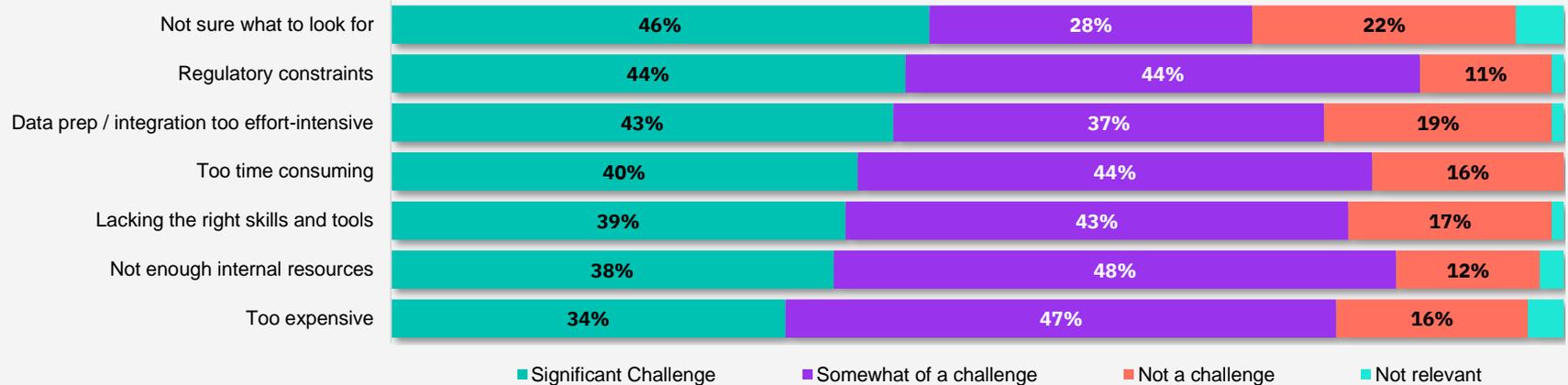


Figure 12 Challenges Acquiring and Onboarding External Data

Data Acquisition Tasks Ranked by Effort & Complexity

We also asked survey respondents to rank the effort/complexity of data-related tasks at their organizations, and just like with the challenges above, most respondents indicated that almost every task in the process was a medium to high effort/complexity. Data acquisition and onboarding is a complex project across industries and only the minority indicated that any of the tasks below were a low effort.

Organizations need a solution that will reduce the complexity and efforts around each of the tasks, and automate the process from finding and acquiring data, through data preparation and normalization, all the way to integrating the data into production and deriving the right insights and predictions.

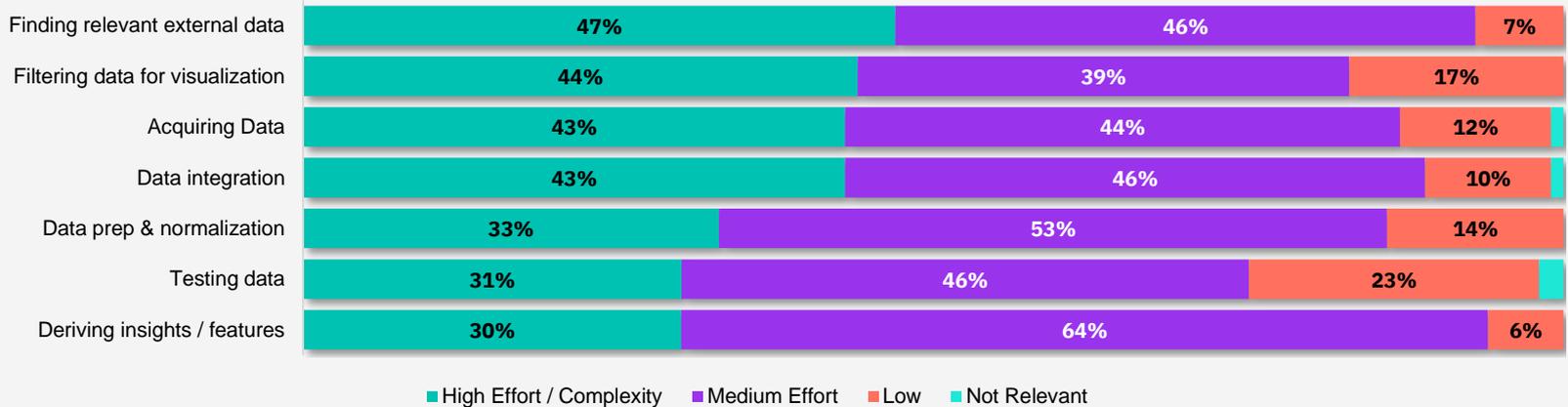


Figure 13 Rank of Effort / Complexity of Data-related Tasks

Use & Plans for Data Acquisition Tools & Platforms

We asked survey respondents which tools or platforms they are already using, planning to purchase or which they want to purchase but are unable to, due to high costs and the lack of skills to operate.

Over 50% of respondents said they are already using tools for each step of data onboarding and deployment, and in some cases more than one tool. The top three used tools and platforms were data preparation (65%), data quality profiling (64%), and data integration (61%).

As far as organization's plans to buy, the top three tools or platforms were ML / Automation (33%), data visualization (30%), and data ingestion (26%).

Only 12% or less of respondents indicated they do not have the budget to purchase the tools they want.



Figure 14 Use & Plans for Data Acquisition Tools & Platforms

Data Acquisition Tools Proliferation

As part of the question on tools and platforms (page 17), we found that in some cases, organizations are using multiple tools for the same task.

35% of companies are using more than one tool for data preparation and 32% use multiple tools for data quality/profiling. Over 20% of respondents said they use multiple tools for data visualization and for machine learning (ML).

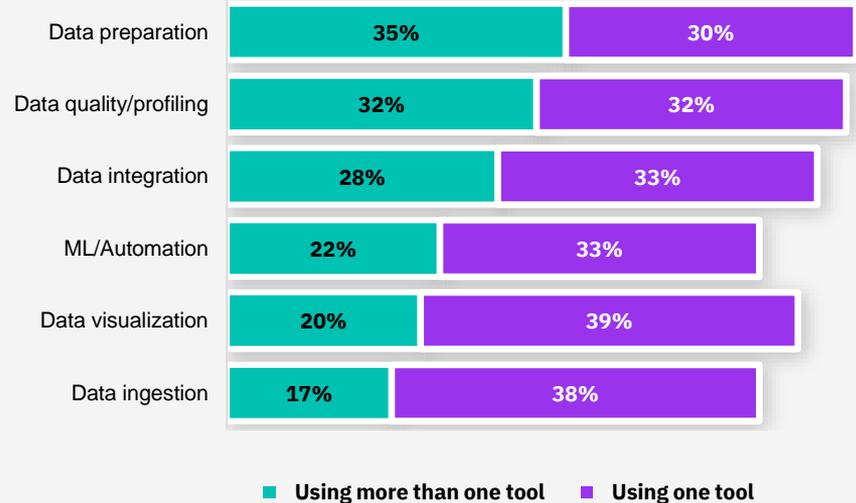


Figure 15 Data Acquisition Tools Proliferation



External Data Acquisition - Future Plans

With the growing volume and variety of external data it is not a surprise that most organizations plan to increase their investment in data acquisition in 2021. Having the right strategy in place is essential to make that investment more effective.

External Data Acquisition – Plans for 2021

We asked survey respondents what best describes their data acquisition approach for 2021.

While 1% of companies do not plan to acquire external data in 2021, 23% are planning to expand the use of external data to more use cases, and 14% will extend it to all use cases. While 39% of respondents said they outsource external data acquisition in 2020, only 26% will continue to outsource data and analytics projects in 2021.

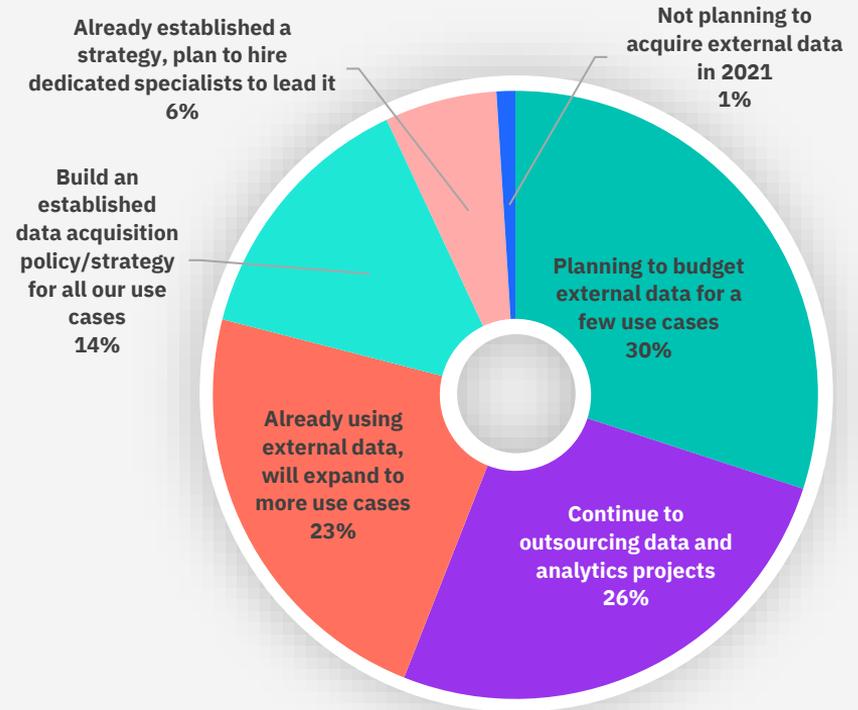


Figure 16 Which Best Describes Your Plans for External Data Acquisition in 2021

External Data Budgets (Acquiring & Onboarding) - 2021 vs. 2020

As for budget planning in 2021, only 1% of companies do not have planned budget for external data acquisition in 2021.

78% of survey respondents are planning to increase their budgets in 2021 (compared to 2020), with 40% of respondents increasing budget by over 25%.

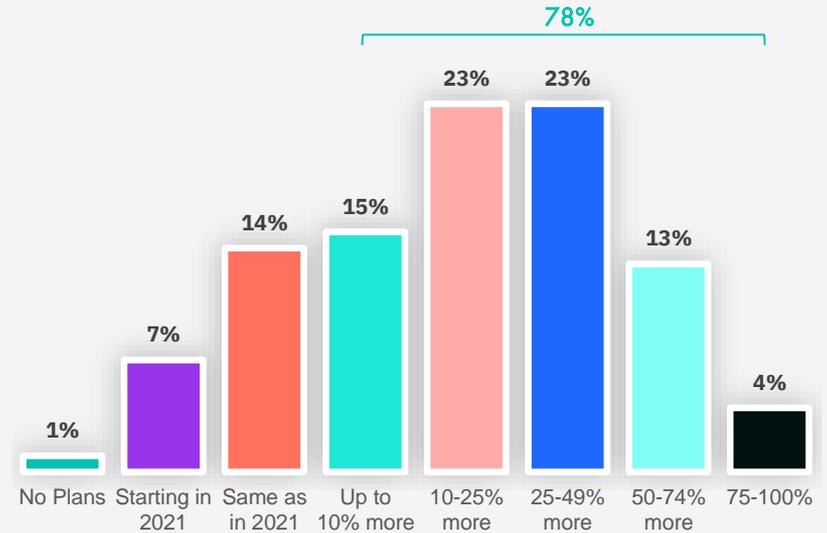


Figure 17 External Data Budgets (Acquiring & Onboarding) - 2021 vs. 2020



Demographics

Industry and Company Size

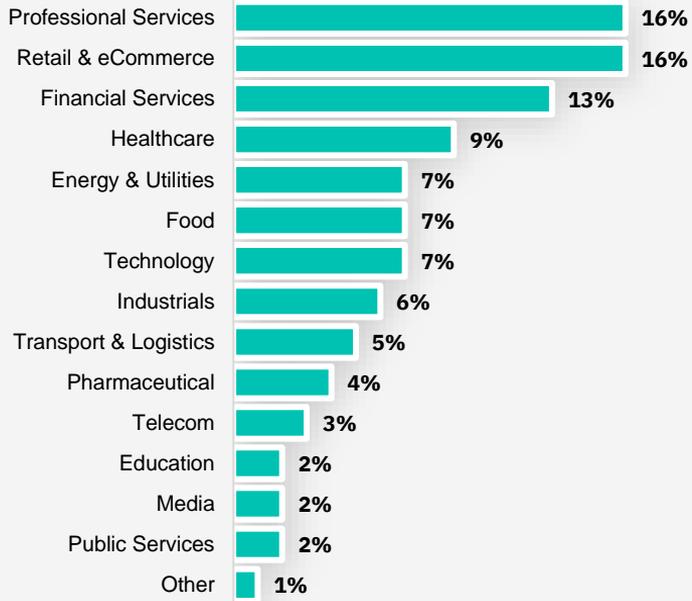


Figure 18 Industry

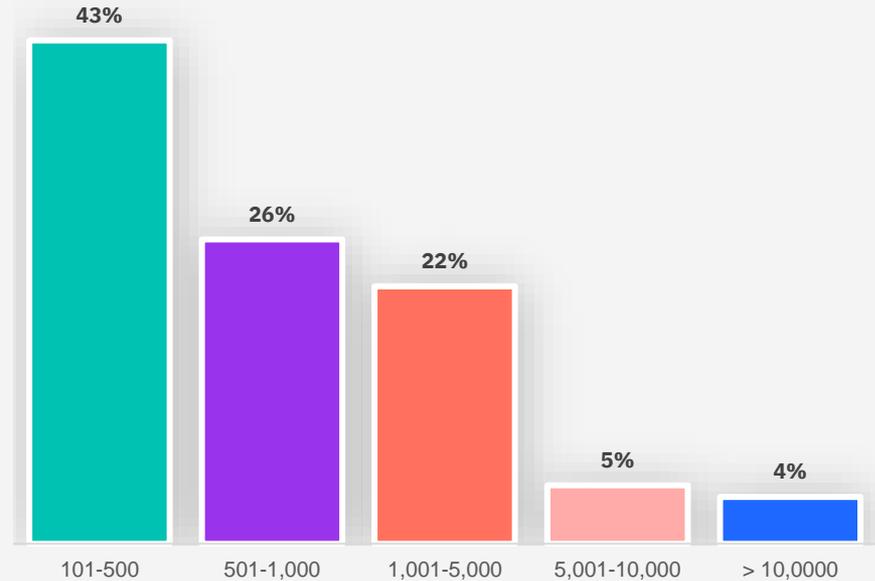


Figure 19 Company Size (Employees)

[Request a Demo](#)

For more information, please visit us:



About Explorium

Explorium offers a first of its kind end-to-end automated external data platform for advanced analytics and machine learning. Our unique all-in-one platform automatically connects and matches internal enterprise data with thousands of relevant external data sets to accelerate your ML investment, ROI, and help solve complex problems. The Explorium platform empowers data scientists and business leaders to drive decision-making by eliminating the barrier to acquire and integrate the right external data and dramatically decreasing the time to superior predictive power.