

In 2022 many of the world's most successful businesses cite their success on their capability to make quick data-driven decisions. But what does this mean? Why isn't every business doing this? What are the common barriers to becoming a data-driven company?

What is a data-driven company?

In essence, a data-driven company is one that is able to capture and utilize relevant data about its business and market, in order to help it make informed business decisions. For example, if a company can detect a surge in sales of a particular item quickly, say alcohol gel, like what happened during the early stages of the Covid-19 pandemic. Then they can react quickly, such as securing and shipping more stock into stores running low, before stores run out, and ahead of their competitors, giving them the market edge.

A data-driven company is one that has established a framework and culture where data is prized and effectively utilized to make decisions across an organization - from the marketing departments to product development and human resources.

<https://unscrambl.com/blog/data-driven-companies-examples> 2021

Whilst many companies have an ambition to become data-driven, they often encounter several barriers on their way to becoming so. Below are some of the common barriers experienced:

Inability to consolidate multiple different data sources

With the ever evolving digital landscape, companies often have dozens, sometimes hundreds of data sources. Examples can be sales transactions, customer enquiries, social media interactions, product returns, just to give a few examples. These data sources often have a range of different data types (text, numerical, financial), updated or generated at different frequencies, held in different formats, in different locations, and sometimes can hold duplicate information as another data source. Consolidating, cleansing, and standardising these data sources into a structure in which the data can be easily analysed and visualised can be extremely challenging. Both technically challenging, and potentially costly to implement. Tools such as AWS Sitewise can help reduce some of the effort.

Security and Privacy concerns and risks.

The idea of consolidating data streams into a single source, or merging data streams into a single tool in order to be visualised/analysed as a collective, triggers security and privacy concerns within many businesses. This appears to be especially the case with businesses who have a legacy of keeping data on-premises. Typically, in order to be truly data-driven it means consolidating data streams from multiple data silos, from multiple physical locations. The most secure, efficient and cost effective mechanism to achieve this is by utilising the cloud. By utilising the cloud you can make use of additional services such as powerful visualisation tools, additional computing power when needed, machine learning/anomaly detection and many other cutting edge technologies without the need for heavy expenditure.

A lot of the fear around security and privacy concerns of consolidating data is understandable. However, if managed correctly, can be more secure than most legacy approaches taken by businesses. Here's a good [white paper](#) to get you started in understanding cloud security.

Lack of data utilization culture

Sometimes one of the biggest hurdles in a company adopting a data-driven philosophy isn't financial, technical or sometimes even logical. Instead it resides in a legacy culture of not using the data available to help make decisions. Sometimes businesses make decisions largely on opinion, or market observations rather than utilizing data, even if it is available. If you have business leaders who believe they are always right and base their decisions solely on observations and their understanding of the market/business without looking at the data, this can be one of the hardest obstacles to overcome.

Skillset & Experience

If you are in a business that is passionate about becoming a data-driven company and has the C-suite buy-in, you may find your biggest obstacle comes down to having the right skillset and experience. If you don't have the in-house experience, all the main cloud providers have a resource of [approved services partners](#). These partners are validated by the cloud providers to work with you to design/implement a secure and cost effective solution.

What are the common barriers to becoming a data-

driven company?

There are many more obstacles a business may encounter on their journey to becoming a data-driven company. These are a selection of the most common hurdles encountered.

I hope you enjoyed this article and I would appreciate your feedback in the comments section below.

Share this:

- [Click to share on Facebook \(Opens in new window\) Facebook](#)
- [Click to share on X \(Opens in new window\) X](#)
- [Click to share on LinkedIn \(Opens in new window\) LinkedIn](#)
- [Click to share on Bluesky \(Opens in new window\) Bluesky](#)