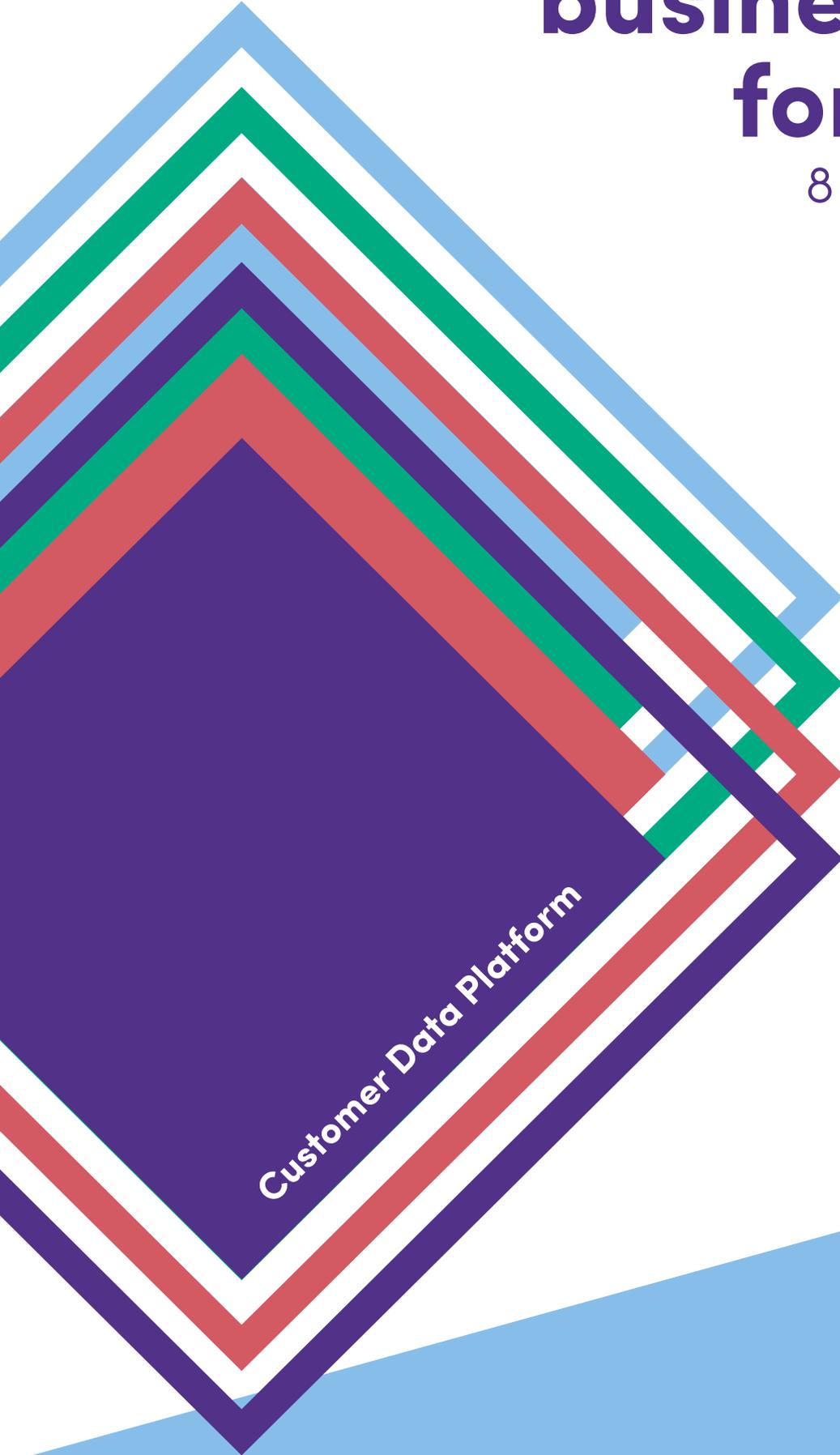# How to build a business case for a CDP

8 components to include in your business case preparation

Customer Data Platform

PURPLE SQUARE

Ready to build a business case for a Customer Data Platform (CDP) in your organisation? Purple Square are an independent Customer Experience Advisory and we're here to help. So, let's jump straight into it by looking at the components to include in your business case preparation.

CDP Business Case Components

1. Define your business problem and/or opportunity

2. A look at costs (including investment appraisal)

3. Your preferred technical options/solutions

4. Outline the benefits / ROI

5. Define the risks

6. Delivery timescales

7. Impact on operations

8. Organisational capability to deliver the project outcomes

What is a CDP?

A CDP is a centralised system for:

• Collecting customer data from across the organisation, and potentially beyond it.

• Joining that data

• Processing data segments and the like. The processed data can then be:

– acted on directly from the CDP

– or, passed on to other tools and departments, such as marketing, sales and services

Let's break these down.

1. Define your business problems and/or opportunity:

The first step is to put down into words what you already know; that a CDP would have a dramatic impact on your organisation's activities and bottom line.

Why? Because it would galvanise personalisation and give you much greater insight into your customers, at the right time to do something to influence their purchasing behaviour.

Typical problems we've often seen and helped organisations overcome include:

- Data from multiple sources that is siloed and difficult to get to

- Poor-quality data causing undesired risk in its usage. This includes a more traditional Data Warehouse as a CDP can become a primary feed for that source.

- New business initiatives around data struggling to gain traction due to cost resource prioritisation and availability

- Inability to get the real time, consistent 360 view of your customers, accessible to everyone that needs it. Your different teams are unable to all view the customer in the same way, leading to a confusing message

- Expensive development resource causing inability to start or continue equivalent campaigns in your organisation

- Higher than desired risk towards your current data compliance approach

Now, find a comfy spot, pour a beverage of your choice and take some time to think about all the thought leadership you've been reading about CDPs. What resonated the most and got you nodding along? This is likely to be the crux of why a CDP would most greatly benefit YOUR business.

2. A look at costs

Whilst we dearly wish it was as simple as giving you a number right away, this will be entirely dependent on your organisation's size, complexity, number of feeds required etc. as well as, of course, the CDP platform vendor. Not all vendors are priced equally!

The overall cost will include factors such as:

– CDP product cost (upfront and ongoing).

– Development effort.

– The number of users to be trained.

From a cost saving perspective, the benefits you might want to consider would include:

– Significant reductions in effort for future development.

– Data issue resolution.

– Downstream product integration.
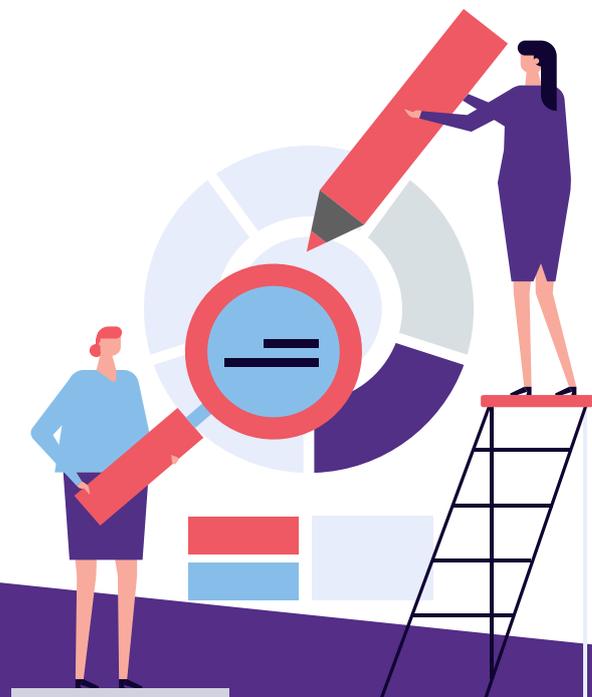
Discovering previously lost income opportunities by making better use of data you already own will add to the financial case for implementation. Put together, these should create a compelling case for a CDP when compared to building an internal alternative or making do with a Data Warehouse extension for example.

We'd be more than happy though to help provide some ballpark costings if it would help, feel free to give us a call to discuss.

3. Your preferred technical options/ solutions

We recommend you try to identify a solution that includes out of the box SDK (Software Development Kit) to help with your integration, or a standardised API (Application Programming Interface). The rise of pre-built connectors is hugely decreasing the integration effort for your data connectivity.

It is very important that you select a candidate CDP with integrations in mind. If the CDP that has caught your eye doesn't support many of your existing MarTech solutions out of the box, you may be setting yourself up for a longer and more complicated project.

This isn't always the wrong solution of course – if the key critical functionality you need from an ETL is available from a provider, then it may be worth the investment in time and money to develop some new integrations.

The solution should also allow you to easily track the quality of your data feeds, invaluable in the early days of post go-live for any new connection. Finally, it should have easy-to-use profile identification functionality to join all your disparate data together.

4. Outline the benefits / ROI

There are many potential benefits to implementing a CDP. We have summarised some of the more common ones and we recommend you select the 6 – 8 that most resonate with your businesses requirements, for inclusion in a business case.

- Faster time to market e.g., generate a commercial outcome based on customer activity

- Improved cross-sell and up-sell activity

- Increase in marketing spend efficiency

- Increased audience reach

- Uplift for referral marketing

- Cost reduction in new vendor integration with easier POC (proof of concept)

- Cost reduction in engineering time saved per year (fewer manual integrations prone to change)

- Decreased risk in processing bad data that leads to bad outcomes (e.g., complaints)

- Savings from paid media wasted cost avoidance

- GDPR consideration including consent and DSR (Data Subject Requests) handled much more simply, with significantly reduced risk of non-compliance

- Cleaner and more consistent pipelines of marketing data, with ability to see, in real-time, what is landing into your CDP for action

- Much easier to close the loop on campaign performance and attribution, leading to greater pushes on improving click rates

- Shared toolkit leads to more efficient team collaboration across departments

- Avoidance of MarTech vendor lock-in for integrations – always ensure the CDP you choose is independent and major vendor agnostic

5. Define the risks

While this isn't what vendors would tell you, it is a fact of life that implementing any MarTech solution is not without risk, and to suggest otherwise would undermine the credibility of a business case.

Key risks that we have seen time and again include:

- Corporate buy-in

- Departmental adoption

- Data centre region not available for your localisation / infosec needs

- Your organisation is known to traditionally struggle due to data volumes or complexity.

    Conversations will be required to understand where the issue might lie:

    – Unusual or extremely complex data profile requirement

    – Extremely high volumes that might require additional system resources

With a well-established product and vendor, an agile project delivery method and the benefit of an experienced partner who can anticipate and avoid the pitfalls, the actual running of the CDP implementation project becomes a risk that's easier to manage than you might expect.

6. Delivery timescales

With the correct platform chosen, and using in-built development tools, your implementation time should be much reduced when compared to an equivalent program of activity built and maintained internally.

As with cost, there are several factors that would drive planning around expected delivery times. We always advocate an MVP / phased approach to ensure that value is iteratively delivered to your business in a matter of months, or preferably weeks, rather than a black box of frantic activity for a year or more that often produces an outcome that is suboptimal due to the lack of ongoing feedback. For more on project approaches, read our blog Big Bang vs Crawl, Walk, Run.

7. Impact on operations

After the initial learning curve, the CDP tools you should consider are all geared up to enable rapid integration and real-time testing. We strongly recommend you ensure your chosen platform has a well-designed, consistent, and simple to use interface that you are comfortable with. Don't be afraid to ask for demo's if you like the sales pitch but you haven't yet seen behind the curtain.
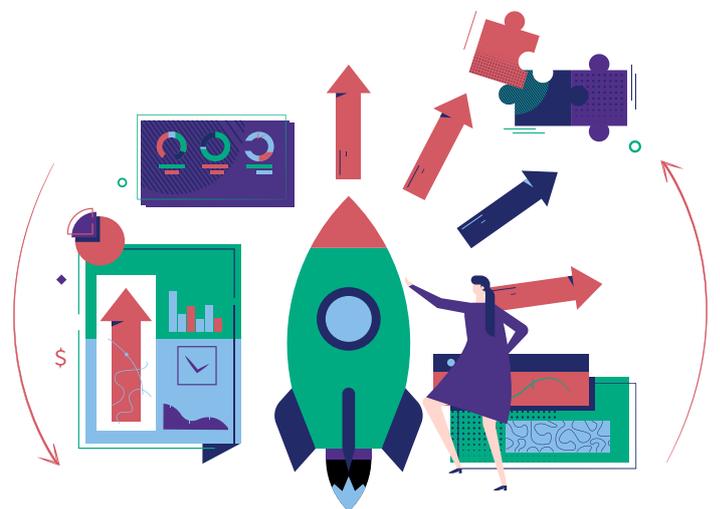
On the positive side, but still an impact, your organisational data consumers will have access to data faster and with better quality so you will need to ensure your organisation is ready to take full commercial advantage of new opportunities and initiatives. There is nothing worse than creating the conditions for a significant uplift of profit, only to find that the operational teams are so maxed out on service messaging they cannot create new actionable customer journeys.

Another challenge may be that with more joined up data, the thinking, planning and execution around data usage will also need to be more joined up as well. This is particularly important if you think of your organisation as being particularly siloed with uneven, or even unknown data consumption between different departments.
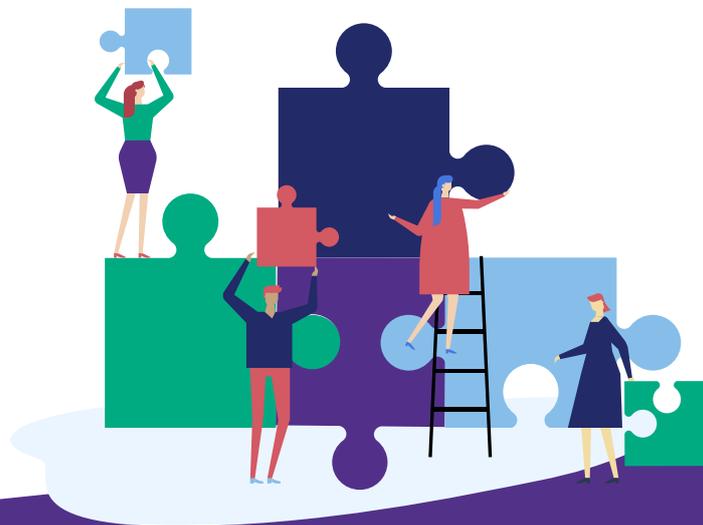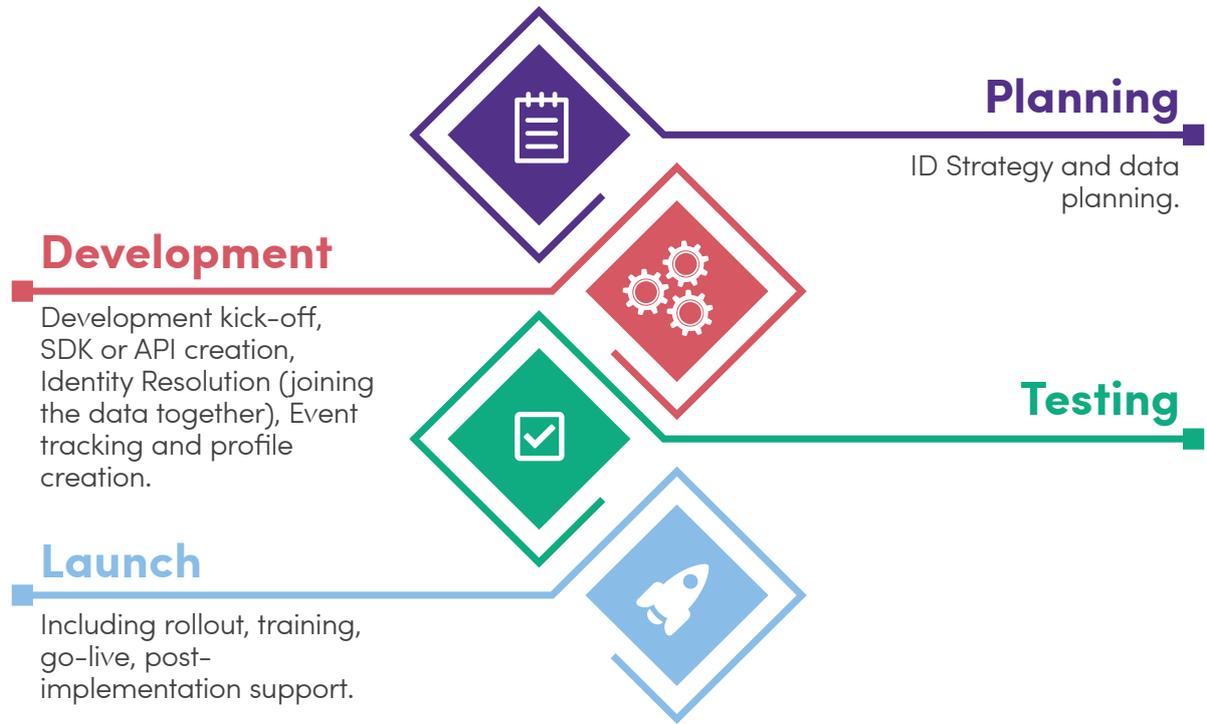
8. Organisational capability to deliver the project outcomes

You are the visionary, or frankly you wouldn't have downloaded the whitepaper and made it this far.

No-one will understand better than you, how your organisation has typically performed in the past with major initiatives. However, with the correct platform vendor and implementation partner you can ensure that the project delivery runs smoothly.

Once you have decided that a CDP is the right approach for you, what then would an expected project look like?

Planning

ID Strategy and data planning.

Development

Development kick-off, SDK or API creation, Identity Resolution (joining the data together), Event tracking and profile creation.

Testing

Launch

Including rollout, training, go-live, post-implementation support.

Keep learning about CDPs

For further reading, and to see why Purple Square have you covered for your CDP needs, including any business case preparation then please follow these links:

Is CDP a line-item in your marketing budget?

Demystifying CDP, the next stage in the Marketing Data [R]evolution

How do you pick a good CDP?

We'd love to hear from you to discuss your needs in this area, why not get in touch with us today at letstalk@purplesquareconsulting.com

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