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# Data Governance 2.0: Enabling Digitization and Analytics

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## Data Governance 1.0 Background

Data Governance 1.0 (DG 1.0), rooted in responding to the financial regulations that arose after the 2008 financial crisis, has failed us. Studying the data about data governance initiatives tells a very sad story.

*“Through 2022, only 20% of organizations investing in information governance will succeed in scaling governance for digital business.” – Gartner*

Unfortunately, this has been the same story for a long time and data governance has rarely succeeded in enabling data strategies that aim to drive digital business transformation or competitive advantage with analytics.

Data governance is more often something looked upon as a necessary hedge against legal or compliance issues, which means it's often looked upon as a burden. The pain of ineffective data governance on analytics has been obvious to those in the data and analytics community for a long time, and the challenges of COVID-19 and digital business transformation have made that pain more acute and more visible to a lot more people across the business.

Data governance supports enterprises in three primary areas:

1. Regulatory Compliance
2. Revenue Optimization
3. Operational Efficiency

**However, because the history of data governance is so rooted in compliance, the second two areas have not gotten the attention they deserve.**

As a result, despite companies spending tens of millions of dollars on internal resources, high-priced consultants, and high-tech solutions, data governance measures have failed to deliver sustainable business value. And this pattern has not been broken because those in the data governance industry (consultants, vendors, etc.) are not incented to do so. It has therefore fallen on the practitioners to break this pattern.

## Data Governance 2.0: A Better Way

**Data Governance 2.0 (DG 2.0) enables a firm's data strategy to drive revenue growth and cost optimization.** It does this by creating the foundation for digital business transformation and competitive advantage with analytics, while ensuring compliance and regulatory needs are met. In addition to bringing tangible business value, DG 2.0 focuses on a collaborative approach, bringing together business, technology, and data leaders to co-create data governance that is implementable and value adding.

As a result, DG 2.0 differs in both what it aims to achieve and how it goes about achieving it. This increase in focus and change in approach leads to business discussions of “this is how you can accomplish your goal” rather than “you can't do that.” As discussed [in this blog](#), it effectively takes governance from a policing approach to a refereeing approach. Taken together those are big changes for the better.

This is not a pipedream either — DG 2.0 is not an entirely new approach. Some firms are actively using elements of DG 2.0 in their core strategies. There are even examples of functions within large firms practicing DG 2.0 in the shadows, despite those firms' overall data governance strategies being solidly DG 1.0. This stands as a testament to the fact that DG 2.0 is achievable.

## DG 2.0 Meets Artificial Intelligence



With the rise of artificial intelligence (AI), data governance is more important than ever. **AI not only introduces new types of data and analytical processes, but it also necessitates updated policies to account for those new things.** For example, there are many traditional procedures for identifying the quality and accuracy of sales data. From outlier analysis, to comparison to ongoing trends, to validation of totals across source and destination systems, managing sales data is well understood. However, these same procedures do not transfer over to images, video, or text data.

How do you determine the quality of an image, for example? If an image is tagged as a tree, a human can look at the image and validate if that seems reasonable, but how do you automate and operationalize that quality check? Similarly, a person can listen to an audio sample and identify if it is clear and seems to not have missing portions. How can you automate and operationalize that? When building AI models, how do you ensure that only the proper data is being fed to the models?

With generative AI, how do you ensure that training data isn't leaked inappropriately to users? Finally, what tracking metrics are appropriate over time to verify that an AI model is still working as expected? Traditional analytics have well defined metrics and processes. AI does not yet have the same.

The point is that data governance processes and policies must adapt to encompass AI. This will require a lot of updates and changes no matter how you go about it. So, why not roll those changes into your push for DG 2.0? **Politically, you might get a lot more support for DG 2.0 if you position it, in part, as a way to enable AI within your organization.** This is because AI is such a high priority today. In other words, make DG 2.0 about evolving data governance to support AI and not just about updating outdated practices. The difference in positioning can have a big impact on the organization's perception and acceptance of your proposal.



## Data Governance 2.0: A New Way of Thinking and Acting

DG 2.0 is a fundamental shift in the mindset of data leaders, ensuring a focus on the problems of the business tied to revenue optimization and operational efficiency, while continuing to meet regulatory and compliance needs. This shift can seem small, but it is not. **It moves revenue optimization and operational efficiency to an equal footing with compliance, from their prior position as afterthoughts.**

It's worth keeping in mind that this myopic focus on rules-based compliance has been around for a long time and has created the feeling that data governance is a "four letter word." Thus, it's important to actively embed new guiding principles to make the move to DG 2.0.

### DATA GOVERNANCE 2.0 GUIDING PRINCIPLES

Here are the top 10 guiding principles that drive DG 2.0:

1. Embrace the mindset of "We, who work in data are partners in solving problems of the business. We lead together." And leave the mindset of "We, Data Elite, know best. You follow us."
2. Accept that there is no value in implementing practices based upon generic, foundational frameworks if they do not provide sustained business value.
3. Make data quality a core focus by understanding that data governance is not an end to itself, but a means to an end (except for narrow regulatory purposes).
4. Cultivate the innovation of all data citizens and of the data governance practitioners. Let them customize data frameworks based on relevance to organizational priorities and culture.
5. Bring in existing data producers, who manage systems of record, as partners to build policies and standards with a focus on tangible implementation. Recognize that best practices and innovations emanate across disciplines and have no hierarchical organization limits.
6. Leverage the knowledge and energy in existing producers and consumers who know the organization and data best while giving them the respect and importance they deserve.
7. Make data ownership natural by placing data stewards in business functions where business issues are understood in practice and context. Place standards and metadata tasks in a centralized supporting role.
8. Focus on people and process while adding technology as an enabler. Stop using technology as the centerpiece to data governance initiatives.
9. Provide focused support for data analytics and data science, as they are critical to the optimization of revenue and cost.
10. If there isn't a problem don't solve it. Use the power of data governance to solve problems relevant to the business. Remember that it's the business that decides what's relevant with IT as a trusted advisor.

## Data Governance Leaders: Capitalize on the Current Fascination with Data

With several major trends in business benefit, along with high-profile examples of data powering enviable outcomes, now is the opportunity for a new approach to data governance. Data governance leaders need to leverage this increasing enthusiasm for the potential contained in their company's data, while ensuring that their firms realistically understand that effective data governance isn't easy and doesn't happen overnight.

- Amazon and other digital natives are rightfully admired for their ability to monetize data, but it's critical to note that IIA benchmark surveys reveal that even at these companies, topics like "access to data" are still identified as the number one pain point for analytics professionals.
- Data is the lifeblood of digital transformation, and the acceleration of that transformation driven by COVID-19 revealed just how true this statement is. There are many companies whose failure during the COVID-19 period can be tied directly to a lack of data capability.
- As public distrust of data companies like Facebook grows, firms that have integrated privacy into their data strategy and governance initiatives are in better position to weather data missteps, breaches, etc.

## DG 2.0 DATA CITIZENS MEET A NEW BREED OF DATA INNOVATORS

With the increasing need for data to be accessible and verified to perform their business functions, data citizens, in roles like data analytics and data science, have risen up against the perceived tyrannical practices of their organizations' data governance. Still, data governance components are a universal need within data analytics and data science initiatives. So, in some firms, data governance innovation suited to data monetization has been implemented by the community outside of the official governance protocols and in the shadows of corporate DG 1.0. A revolution is slowly growing, based on the needs and wants of these data citizens.

- Data citizens require data to effectively perform their functions, and if it is locked down, it hampers their productivity. They often find ways to obtain the data they need by untraceable methods that increase data risk.
- Data citizens want to be part of the data revolution and not be told that it is for an elite few and that they don't qualify.
- Data citizens want to foster and promote innovation to fill data gaps and work with new types of data, often data from outside the walls of their firms.
- Data ownership, as it is classically defined in data governance, is not a concept data citizens accept at face value. They expect shared ownership and flexibility.

These business-focused data citizens are best served by a new generation of data governance practitioners who want to enable companies' data strategies for data monetization activities. **They are not interested in being the data police and policy document verifiers, they want to help solve business problems. They want to be data heroes to the data citizens, not villains.**

It is these data citizens that deserve a "Data Citizen's Bill of Rights."



## Data Citizens Bill of Rights

### DATA STRATEGY & GOVERNANCE - OF THE PEOPLE, BY THE PEOPLE, FOR THE PEOPLE

#### Right to make Governing Data an enabler

- Each Data Citizen has the right to be part of creating Data Management practices influencing how the data is "Governed"
- All Data Citizens, without limitation, shall have the right to a governance experience that is both natural and straightforward
- All shall be empowered to actively participate in data governance

#### Right to be a Data Innovator

- Each Data Citizen shall be permitted to use data to their strategic advantage to boost operational excellence, foster better customer and stakeholder experiences and spark innovation
- No Data Citizen shall be bound by organizational silos that restrict data without reason
- All shall enjoy the right to replace rigid rules with open collaboration to facilitate the flow of data and drive innovation

#### Right to Access Data

- All Data Citizens shall have the right to obtain data in the format that is best suited for their use

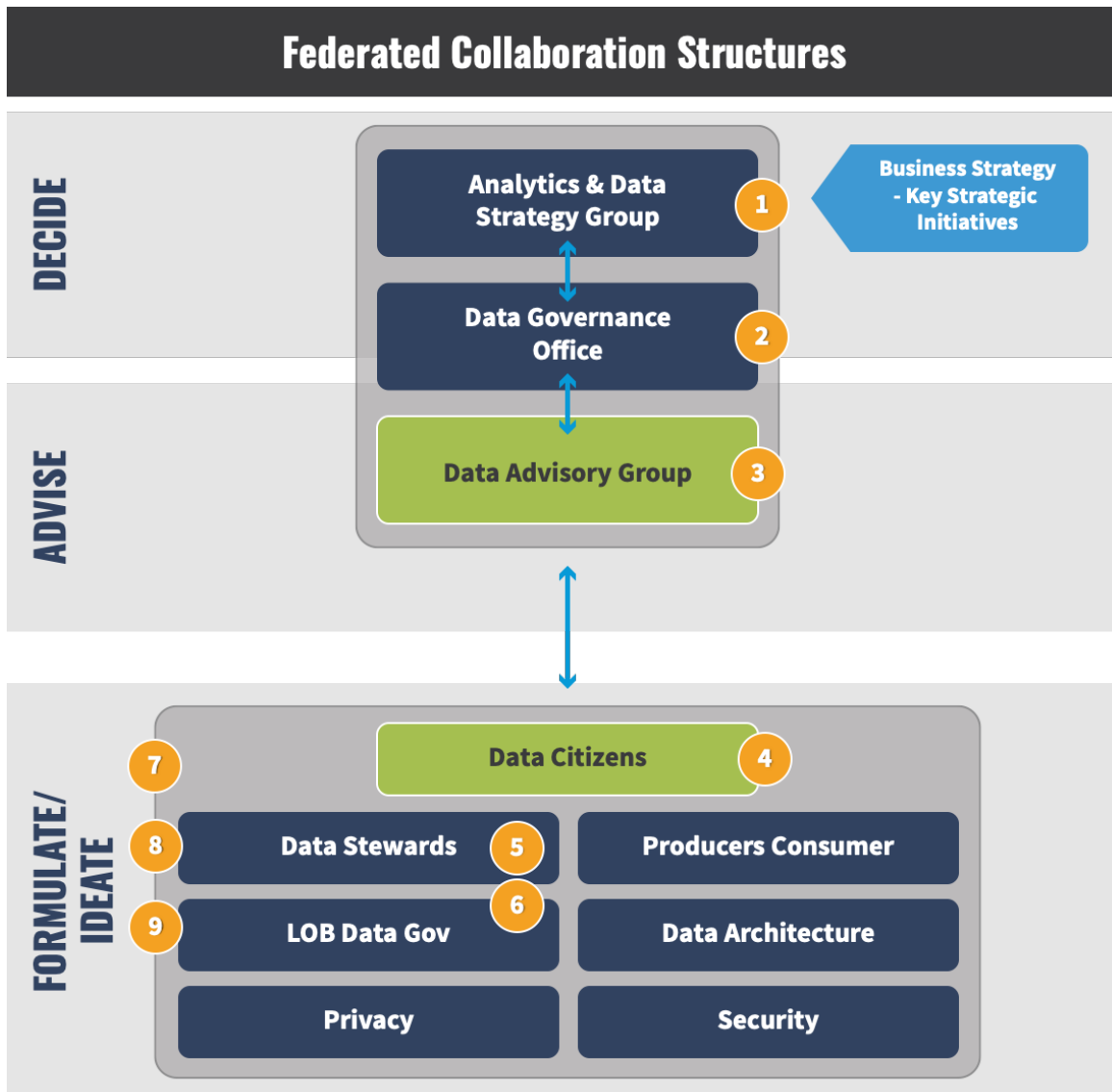
#### Right to Trusted Data

- All Data Citizens to have absolute clarity about the quality, transparency, and usability of their data
- All should be empowered to spot errors, raise issues, and fix data

#### Right to Data Transparency

- All Data Citizens have the right to understand the source of the data, the appropriate authoritative source and any data transformation





## DG 2.0 Organization Structures: Finding New Ways Together

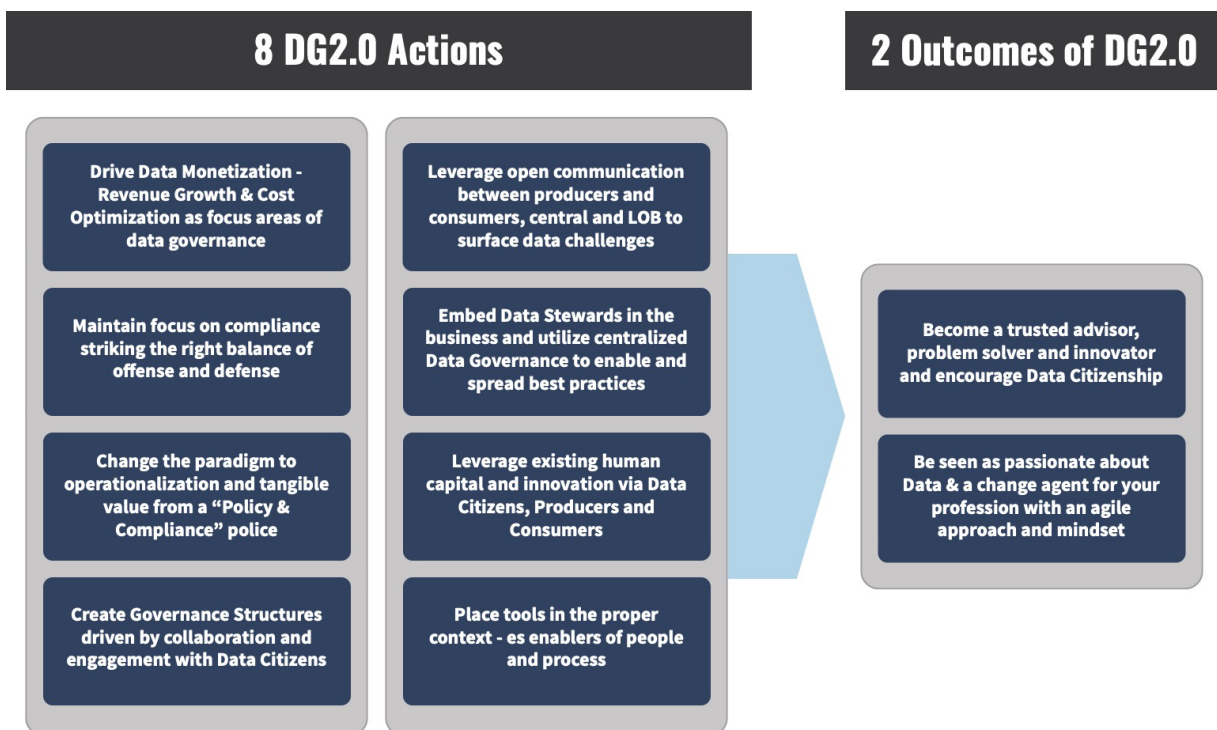
In addition to a focus on delivering revenue optimization and operational efficiency, **DG 2.0 is different for its emphasis on operationalizing data governance by creating usable, worthwhile assets.**

Instead of top-down mandated data governance replete with versioned rulebooks and 200-page slide

decks, DG 2.0 calls for federated collaboration and an iterative approach where practices are lightweight, co-created and updated frequently.

**DG 2.0 structures differ by moving data decisions closer to the business** and putting enterprise data governance in an enabling role. The graphic below illustrates a suggested approach, and several of the bullets that follow are tied directly to the item with the corresponding number. Guiding principles are geared toward operationalization, including:

1. Establishment of an “Analytics and Data Strategy Group,” not “Data Governance Councils,” to distinguish the new approach and to focus on understanding and solving business problems identified in larger corporate initiatives as part of a true partnership across the organization.
2. The Data Governance Office drives collaboration and best practices across the firm, focusing on iterating, adapting, and improving best practices, not creating entirely new approaches.
3. Establishment of a “Data Advisory Group.” This is a forum to obtain support and feedback from data citizens. These are collaborative bodies, distinct from DG 1.0 bodies aimed at imposing controls.
4. A people-centric approach leveraging existing human capital in the organization versus over-reliance on external vendors to drive data direction. These are collaborative bodies of data citizens, not “Data Governance Councils.”
5. Embedding data stewards in the business and focusing enterprise data governance on providing operational resources to support data stewards.
6. Empowering data stewards to lead data quality from a line-of-business (LOB) perspective ensures a fit-for-purpose data quality approach improving the connection to business operations and analytics.
7. A fundamental shift in the role of business data stewards driving more than the enterprise glossary, additionally leveraging their expertise and knowledge to formulate and ideate on big topics like data literacy and data culture.
8. Taking a building blocks approach to integrate an overall data strategy with tangible data asset creation by partnering with data producers and consumers in conjunction with data stewards.
9. Ensuring that LOB data governance structures are equal partners in establishing best practices and reusing existing practices and data assets.





## EIGHT ACTIONS TO FOCUS ON FOR TWO IMPORTANT OUTCOMES

To change the way data governance is perceived in companies, data leaders need to act differently. To be perceived as key players in the larger digital efforts of their companies, data leaders should quickly and collaboratively focus on the eight activities and ways of working highlighted the graphic. These eight activities bring together all the themes discussed throughout this brief and put them into a specific action plan.

**Over time these efforts will signal a new era in data governance and enable stakeholders across the company to see data governance, and those who lead it, in a new light** as reflected in the two boxes on the right side of the image.



## Final Thoughts about Data Governance 2.0

**DG 2.0 is not a basic extension but a fundamental reimagining of the philosophy of data governance.**

It is not for the fainthearted as it goes against the grain of the industry accepted best practice of pushing “universal best practices” from a top-down perspective. It is for those tired of following “frameworks” created by nonpractitioners. It is for the pioneers using DG 2.0 components to solve tangible problems for the business and seeing real success.

Hats off to the data innovators taking this journey for thinking differently and questioning “what everyone knows” instead of accepting the common approaches as gospel. These innovators know how important data is to their organization and are willing to put their credibility on the line for their company’s success.

Like the earth-centric leaders of the Middle Ages who called Galileo heretical and insane, many will question you when you first start pushing DG 2.0 and be confident that you will be proved right in the end as Galileo was. Once you succeed in driving the transition, people will have a hard time remembering why they ever resisted it!



### PETER KAPUR

Peter Kapur is a data strategy, data governance, metadata and data stewardship industry leader and visionary, having led the operationalization of data analytics and data governance for organizations such as Deutsche Bank, Goldman Sachs, Credit Suisse, DTCC, and AIG. Kapur is currently at CarMax, responsible for partnering with the business to mature enterprise data governance and data quality to drive data as a strategic enabler across all domains.



### DREW SMITH

With over 20 years of experience, Drew Smith has worked on both the business side of analytics, leveraging insights for business performance, and on the delivery side of analytics, driving the use of enterprise analytics. Smith is currently the chief data and analytics officer at OhioHealth and former head of IIA's Analytics Leadership Consortium, where he engaged with analytics thought leaders and top analytics practitioners in the IIA Community to deliver impactful meetings and valuable content.

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