

Transform the customer experience, and build brand and business value through data collaboration.

Data Collaboration Is the Future, and the Future Starts Now

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Introduction

Enterprises are generating record amounts of data, and data-driven decision making has never been a higher priority. Brands, publishers, and retailers have tried to gather as much first-party data as possible about their customers. They hope to capture their likes, dislikes, habits, and hints of background and behavior so that companies can create engaging marketing and customer experiences for them. Today's problems revolve around maintaining privacy while accessing this rich data, making sense of the varied data at a high velocity, and creating a shorter path to value from the various sources available.

For the areas that enterprises cannot directly "see," they have transacted for data by using cookies and buying third-party data. These practices cannot continue as they have in the past, as consumers are becoming more concerned about their data and privacy. With changes already implemented by Apple and others, along with those in process with Google, more than 51% of cookies had been deprecated by April 1, 2024.

In the face of two strong forces — a record level of data and privacy-related changes — how can enterprises maintain or even improve their level of consumer intelligence? The answer is data collaboration. This process starts inside the enterprise. It requires changing attitudes, tools, and incentives to make the most out of the organization's first-party data and eliminating data silos across marketing, sales, and customer support. Collaboration can also extend to sharing data and insights with current partners. As a further enhancement, new insights could be derived from collaborating with members of a broader ecosystem or even with companies in unrelated industries and functions.

However, this vision for the future cannot happen without rethinking how data is safeguarded and shared on a policy and technological basis. Enterprises need to protect their sensitive and valuable data through both policy and fit-for-purpose data clean room technologies as appropriate.

AT A GLANCE

KEY TAKEAWAYS

- » Data collaboration, combining first-party with trusted partners, maximizes value.
- » The new data clean room technology is available to foster secure and privacy-preserving collaboration. Leading enterprises have found early success.
- » Partnerships are key to obtaining the best results; choose technology and data partners wisely.

Definitions

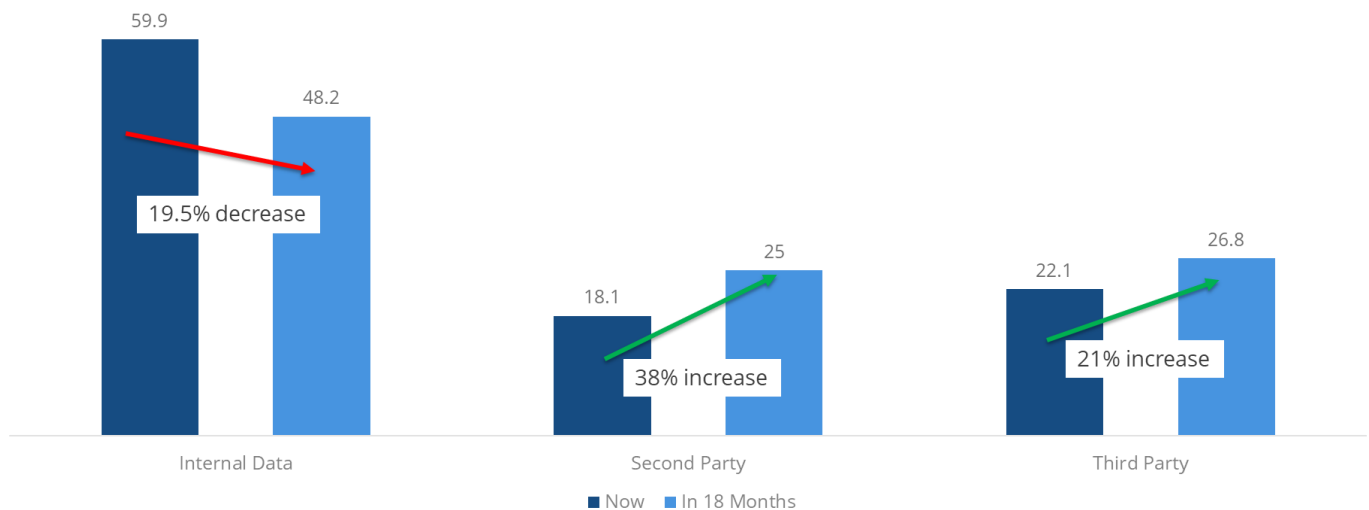
- » **Data sharing:** This involves providing another party with access to or a copy of data.
- » **Data collaboration:** This is defined as working jointly with one or more internal or external partners, within privacy parameters, to create insights and/or actions from shared data.
- » **First-party data:** This is data collected directly by a company about its customers, prospects, or audience. It can be collected and compiled from customers themselves or derived from website visitors, interactions, or public information.
- » **Second-party data:** This is data collected by a trusted partner of an enterprise during its operations. Most second-party data relationships involve both parties sharing data for mutual benefit (e.g., a brand and a retailer).
- » **Third-party data:** This is data collected by professional data collectors and aggregators to provide a larger dataset. The data may be compiled from a number of sources and can be purchased by multiple companies.
- » **Data clean room technology:** To be considered a data clean room technology in IDC's research, the technology needs to facilitate the combining of multiple parties' private data and may include the option to add third-party external data. In addition, it needs to be a technology platform that is available for sale/license and cannot be a space where one entity is offering data clean room functions with only their private "walled garden" data.
- » **Cookies:** These are text files made up of bits of information that websites use to collect user data. Cookies typically store user data such as web surfing details, shopping cart contents, personalization preferences, and tracking information. First-party cookies are those created by a site owner to improve the user experience and personalization on their website/domain. A third-party cookie is a cookie that's placed on a user's device by a website from a domain other than the one the user is visiting to track browsing history and activities across the internet.

Best Practices

Today, many enterprises rely very heavily on first-party data, even if that data sits in silos across the enterprise. Most envision a future where collaborations across second- and third-party data sources play a larger role (see Figure 1). Whether because of cookie deprecation or the sheer realization of the power of collaboration in its own right, second-party data collaborations are set for a substantial increase.

FIGURE 1: **Counter to Expectations, Enterprises Believe Value Will Shift to More External Data over the Next 18 Months**

Q **Insights from customer data is a key driver for improving customer experience. Which type of customer data is of the most value to your organization today and in the next 18 months?**



n = 357 (finance: 119; manufacturing: 124; education: 56; and government: 58)

Source: IDC's Future Enterprise Resiliency and Spending Survey, Wave 1, February 2023

The best practices are as follows:

- » First and foremost, enterprises need to get their own data foundation in order.

Many powerful insights are trapped in silos across the enterprise. The departments that create the data and their technology support counterparts tend not to think about how else their data could be used across the organization. In fact, varied data sources are needed to deliver key business outcomes. The potential of internal data is still under-realized. More sharing and collaboration should be the starting point. When an enterprise has a firm grasp on its data, it is in a better position to work with external parties. This creates a stronger customer data foundation.

With increasing regulation, concerns about privacy, and the deprecation of third-party cookies and other signals, the popular guidance has been for enterprises to create their own internal stock of customer/consumer data — but that is not enough. Fear can inhibit the willingness to try. Of course, there are many valuable types of data that an enterprise cannot gather on its own or that would be cost prohibitive to gather. Examples include a consumer packaged goods brand being able to access consumer purchases at retail or acquire mobility data.

Looking beyond the enterprise boundaries, it makes the most sense to begin external data collaborations with an engaged partner.

- » Enterprises will need support to seek out data partnerships and formalize them through technologies such as data clean rooms and other methods of data collaboration.
- » The quality of the relationship and relevancy of the data are key to gaining organizational buy-in and willingness to invest in a data clean room solution.
- » It is important to select a technology that fits the persona(s) of who will be involved with these use cases in the long term, not just for a trial period. Is the key constituency and user persona a data scientist who is comfortable with a particular query language? Or is the constituency primarily business users who would desire a more traditional and graphically appealing user interface?
- » Begin with an end in mind to make measurable changes to process metrics and/or outcomes. The team needs to know what they are trying to achieve so that the collaborating parties share a vision of success and how to hold each other accountable for those results.

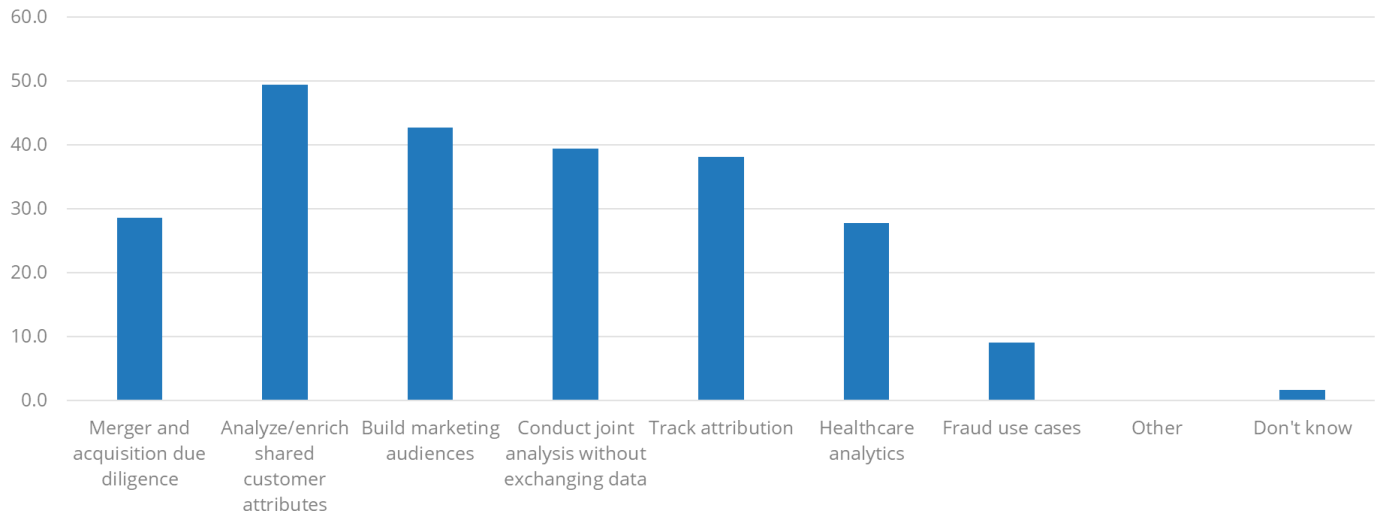
Trends

IDC has observed the following trends.

- » **Growth in the use and applicability of data clean room technology:** Much of the initial push for data clean room technology has come from the deprecation of cookies and mobile ad device identifiers (MAIDs) and has been applied to creating audiences and examining overlap. Some of the most attractive applications today aim to enhance measurement, optimization, and other analyses that help brands attribute sales to advertising and budget more effectively. With data collaboration via clean rooms, there is the possibility to combine data in new ways and gain more insight than was possible in the cookie and MAID-based environment.
- » **Incorporation of generative AI:** From technical roles to business roles, all end users are keen to simplify their work and become more productive by using generative AI. Data collaboration technology is no different. The earliest adoption is to help less technical users write effective queries and descriptions for their use cases without needing to code. These capabilities are evolving into being able to ask natural language questions of the collaborative data sets and have generative AI suggest new types of analyses, KPIs, and alerts after it inspects the underlying data.
- » **Proliferation of data platforms:** Enterprises have data on premises, in private clouds, in public clouds, and in cross-cloud warehouses. Any potential collaboration partner also has data sprawl. This multitude of platforms can make utilizing a data clean room difficult without replicating or moving data. Recognizing this trend, many providers of data clean room technologies are working to become interoperable across clouds to allow data to remain in place. Minimizing data movement has other benefits, such as reducing risk, reducing cost, and simplifying data governance.
- » **Consideration of data clean room technology for areas beyond marketing and advertising:** With success in the marketing or advertising functions, enterprises are also realizing the utility of data clean room technology for other use cases (see Figure 2). This can be an opportunity for technologists and analysts to recommend new ways for other parts of their enterprises to prosper.

FIGURE 2: *Use Cases for Data Clean Room Technology*

Q For which of the following reasons are you considering or using data clean room technology or private data exchanges?



n = 241

Base = Respondents who are using or considering data clean rooms or private data exchanges

Notes:

The data is managed by IDC's global primary research group.

The data is not weighted. Use caution when interpreting small sample sizes.

Source: IDC's Data-as-a-Service and Data Marketplaces (worldwide/North America external data users), April 2023

Considering LiveRamp

LiveRamp has offered its data clean room technology in some form since 2017, and it is now available within the LiveRamp Data Collaboration Platform. RampID is the company's widely used, privacy-centric identifier for connecting the digital and martech ecosystem. RampID is integrated into the company's data clean room technology. However, the clean room can be used with other identifiers or methods of matching key columns of data if that is what the collaborators desire. The company also has proprietary data products and provides access to many more trusted third-party data sets.

LiveRamp has integrated Habu into its Data Collaboration Platform, integrating RampID and further enhancing its clean room capabilities. The platform includes privacy-enhancing techniques to mask and protect data. All these functions help to create insight while also preserving data privacy. Users can select from a vast library of prebuilt natural language queries, use a generative AI-powered question builder to build and convert new queries into SQL, or write them natively in SQL or Python. This provides flexibility for different personas. In addition, users can iterate on their analytics. The platform's integrated generative AI capabilities also provide suggestions for new use cases and alerts to end users and help to implement them. LiveRamp's platform offers an integrated business intelligence (BI) environment to build interactive reports, charts, and dashboards, as well as connections to popular BI tools for additional visualization options.

With broad partnerships and interoperability, including AWS, Azure, Databricks, Google Cloud Platform, and Snowflake, the LiveRamp Data Collaboration Platform can work for most brand marketers, enabling data collaboration between advertisers, media networks, TV, social media, and walled gardens. There's also potential for internal and co-marketing collaboration, as well as new clean room use cases in financial services, healthcare, and more.

Challenges

LiveRamp has become synonymous with its powerful RampID. While enterprise identity is very useful in a clean room environment, potential data clean room users do not have to use RampID to make the data clean room use cases work. LiveRamp may have some challenges with getting the broader market to understand this.

LiveRamp cannot escape the dynamics of the overall data clean room technology market. There is a constant and ongoing need to educate enterprises about what data clean room technology can enable and the importance of getting the details of cooperative partnerships and culture right between the parties that intend to share the data clean room space. Today's end users report that the technology is much simpler than managing the interpersonal and cross-enterprise relationships. In addition, there is a proliferation of data clean room technologies available and no common standard that serves to make them all interoperable.

Conclusion

Enterprises are facing a pivotal moment in data management and customer intelligence because of the surge in data generation and privacy concerns. The deprecation of cookies and heightened privacy regulations challenge traditional data collection methods, urging a shift toward data collaboration. This approach emphasizes the importance of leveraging first-party data within enterprises and enhancing its utility through partnerships and broader ecosystem collaborations. Data clean room technologies emerge as a critical tool in this landscape, enabling secure and insightful data sharing and collaboration. Best practices suggest starting with internal data optimization, gradually expanding through partnerships, and selecting technology that aligns with privacy requirements and user needs. The growth of data clean room technology, alongside the incorporation of generative AI and the proliferation of data platforms, signifies a broader applicability beyond marketing into operations and across various industries. The LiveRamp Data Collaboration Platform is part of this evolution, offering advanced capabilities for data privacy and insights. Enterprises are advised to embrace data collaboration, leveraging technology to navigate privacy challenges and unlock new insights, thereby radically improving customer intelligence and operational efficiency.

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About the Analyst



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Lynne Schneider is research director, leading IDC's data as a service (DaaS) and location and geospatial intelligence market research and advisory practices. Ms. Schneider's core research coverage in DaaS includes data sourcing and delivery services from traditional and emerging data providers along with evolving data aggregation and dissemination platforms.

MESSAGE FROM THE SPONSOR

About LiveRamp

LiveRamp is the data collaboration platform of choice for the world's most innovative companies. A groundbreaking leader in consumer privacy, data ethics, and foundational identity, LiveRamp is setting the new standard for building a connected customer view with unmatched clarity and context while protecting precious brand and consumer trust. Their best-in-class enterprise platform offers complete flexibility to collaborate wherever data lives to support the widest range of data collaboration use cases — within organizations, between brands, and across a global network of premier partners.

LiveRamp's 2024 acquisition of Habu brought together two leaders in the recent [IDC MarketScope: Worldwide Data Clean Room Technology for Advertising and Marketing Use Cases 2023–2024](#). The LiveRamp Clean Room, powered by Habu, offers the industry's only interoperable platform for data collaboration across all cloud, walled garden, and media partners globally.

To learn more about LiveRamp's expertise in data collaboration, visit liveramp.com.



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