How you think about data likely has a lot to do with what kind of business you own. "Our research tells us that only those whose businesses are closely linked to an IPR (intellectual property rights) competitive advantage will worry about data as an asset," says Joe Carella, assistant dean at the University of Arizona's Eller Executive Education program. Pharma, biotech, software and similar businesses may recognize the inherent asset value of their data, but most business owners tend to be much more concerned about other assets, such as hardware and inventory, because they are seen as having a more-direct day-to-day impact, he says.

Business owners are generally aware that their data--especially proprietary data--has "an element of worth," suggests Stephane Ibos, CEO of Maestrano, a global cloud services business management platform, but they struggle with the idea of categorizing it as an asset. They know that data costs time and effort to gather, and that it somehow contributes to the fundamental worth of their business, but since it does not find its place in most companies' balance sheets, it is rarely recognized as a tangible asset.

Such thinking in the current business environment is simply unacceptable, and it promises to become even more of a liability going forward. That's because data is already an incredibly valuable business asset, and it's becoming more so. "It is critical that organizations change how they view data," insists Peter Aiken, associate professor of information systems at the Virginia Commonwealth University School of Business. Business owners should be moving "as fast as possible from the current perspective of data as technology detritus to data as an organization's sole, non-depletable, non-degrading, durable strategic asset."

Changing the way you think about data should start with a determination of what data you have and how it provides value to your business, and that will vary depending on the nature of your industry. One way to evaluate relevance and importance is by asking the question, "What data would I need to improve my (fill in the blank) business function," suggests Vibhanshu Abhishek, assistant professor of information systems at Carnegie Mellon University's Heinz College. "For example, in firms that are very operationally or production oriented, these data would be supply chain data, data from production processes. In firms that are consumer-facing, this can be CRM data." Continued ...
As a general rule, says Edward Kaplan, president of the Institute for Operations Research and the Management Sciences (INFORMS), the more a specific type of data helps guide a business owner in decision-making, the more valuable that data becomes. "Getting owners to see that data can drive new efficiencies and effectiveness, challenging others in the organization to produce quality information, and seeking and seizing opportunities to make improvements--even in areas that one wouldn't typically consider--can be challenging, but it will also have the greatest return on investment," he says.

Sadly, many businesses discover the true value of their data only after it has been breached, accidentally erased or otherwise compromised. In her book "Prepare for the Worst, Plan for the Best: Disaster Preparedness and Recovery" (Wiley, second edition, 2010), small business preparedness expert Donna Childs recounts examples of firms driven to the brink of destruction because of lost data. The best protection against that threat is a data management and security protocol that includes redundancy through regular backups and robust anti-cybercrime measures, she says.

As Marc Rind, vice president of product development & chief data scientist at payroll and HR outsourcing firm ADP, points out, virtually all data is potentially valuable these days. "We now have the ability to connect large amounts of data and store it at a decreased price so that all the data is accessible and can be used even for reasons we are not currently thinking about."

Given the considerable value--both existing and potential--that data provides to businesses in the modern economy, it's a no-brainer that it should be protected like any other business asset.

http://www.inc.com/carbonite/watch-your-assets.html