Why is Open Data useful?

Open Data in a business context can, at first, appear at odds with the idea of economic value creation, particularly when publishing Open Data.

Organisations make profits and financial returns by creating and selling goods and services. Their outputs are limited in number and have a use value that is desirable to customers.

In a digital age, an organisation's value is underpinned not necessarily by its capacity to manufacture physical goods, but its data assets; data that has been collated, processed and analysed, and sometimes used to create additional new data sources, metrics, or services.

There is often a cost to collecting data. Sometimes data can be scraped for free, but even then, developing a digital service involves expenses, whether paying for marketing, equipment, or employee and contractor expenses. Even small start-ups have overheads, they're just smaller and you may be paying 'in kind'.

In order to be sustainable, organisations need to be able to profit from their activities and this can be achieved through selling proprietary data in the digital economy.

So why do organisations want to publish Open Data – isn't this the same as giving your (data) products and profits away?

The motivations may not always be straight forward or obvious, but using Open Data can increase revenue by introducing efficiencies, innovation and business growth when carefully planned.

The benefits can emerge in two main ways.

- First, when using an external organisation's Open Data (inbound).
- Second, by publishing your own Open Data externally (outbound).

We'll quickly look at some of these business benefits, then explore them in more detail later:

Inbound Open Data benefits

- Innovate: You can develop new products and services using novel Open Data sources that you couldn't access before, as it wasn't available for purchase. This may involve incremental alterations to existing products, or the development of radically new products and services.
- Price efficiencies: Save money by avoiding the purchase of proprietary data sources. Simply use free Open Data, where relevant.
- Organisational efficiency: Use external Open Data from other organisations or competitors to benchmark your own key performance indicators and use it to drive internal change.

- Experimentation (inbound): Develop new potential products using free Open Data, reducing innovation costs. If the product or service is not viable (due to technical or market considerations), the unsuccessful development costs are reduced. This provides more scope to experiment with more new product and service ideas, if you have limited R&D resources.

Outbound Open Data benefits

- Experimentation (outbound): Enable potential collaborators or customers to experiment with your data, to see if they could develop a partnership with you, using your data products and services. This may be a limited or long-term publication of Open Data.
- 'Freemium' opportunities: Provide people with free access to your Open Data to attract them to your services. You can then charge a them if they decide to make heavy downloads of your data sources and use it frequently, or use 'value added' features.
- Low resource growth: Grow the business using collaborators and third party affiliate partners who have access to your Open Data. They can develop new apps or websites with no or limited expense to you, using your Open Data. They can then pass web traffic and customers directly to you, in exchange for a fee, or pay per click.
- Internationalisation: As above, but involving international markets and overcoming some of the challenges in creating apps, microsites or subsidiaries to attract overseas customers.
- Transparency: If you have a regulator, or stakeholder that requires transparency and scrutiny, then publishing Open Data can address those requirements
- Philanthropic activities: Organisations can supply NGOs and charities with access to their Open Data to assist their missions. Alternatively, providing access to Open Data can help entrepreneurs to develop new start-ups.

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