PART
04 REALIZING THE POTENTIAL

COMMON APPROACH
TO IMPACT MEASUREMENT

Linking Impact Data: How a data ontology can ease impact data collection and analysis

This series of documents explores the data ontology—a crucial part of the digital infrastructure that will be needed to improve impact measurement in the years ahead.

PART 01 — WHAT IS AN IMPACT DATA ONTOLOGY?

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PART 04 — REALIZING THE POTENTIAL

Infographic — WHAT IS THE COMMON IMPACT DATA STANDARD?

This document looks at the path from today to the widespread adoption of an impact data ontology. It specifies what benefits are available to asset managers today, with the technologies and updates that already exist, and which benefits will not be realized until more widespread adoption. We revisit proliferation challenges, linking ontology to overcoming these issues and others and how we could get there.

KEY TAKEAWAY

There are things you can do today to be ready for the Common Impact Data Standard—and we hope you do—but the full benefits are not realized until we have widespread adoption.

Key challenges to overcome for widespread adoption

RESISTANCE TO CHANGE FROM EXISTING PRACTICES

Asset managers will find it risky to stop using top-down metrics and their beloved Excel. At least initially, it will take longer to analyze the data they collect from investees. This shift moves power into the hands of investees. For the investees, they need to start treating their impact data more like their financial accounting data: one set of accounts that they share with all investors. While this should be to their benefit, saving time and giving them more direction over what they measure, they are accustomed to reporting only what their investors ask for. The burden of investor reporting demands has allowed investees to put off the difficult work of deciding what they ought to measure for their own impact management.

To overcome this challenge for asset managers,
Common Approach must demonstrate that asset managers will also benefit from the impact data ontology. We need to show that an impact data ontology, and specifically the Common Impact Data Standard, improves data quality overall and reduces the asset managers' own reporting burden. Common Approach is beginning to build and publish those case studies.

To overcome this challenge for the enterprises that receive investment,
Common Approach is grateful to and supportive of others in the impact investing space who are championing the cause of impact measurement and management. By focusing on the value of measurement for management, organizations will be able to articulate useful, relevant measures—measures that they can share using the Common Impact Data Standard.

GAPS IN THE IMPACT MEASUREMENT SOFTWARE MARKET

Softwares need to have all the functionalities to make the ontology work and make it as easy as possible for their users to use the impact data ontology. We are finding that the software options available don't meet the needs of some of the asset managers and investees who would like to use the Common Impact Data Standard. Said differently, there are gaps in the software market that make it challenging for some enterprises and investors to adopt the Common Impact Data Standard.

To overcome this challenge,
Common Approach is always meeting with new software providers. We are keen to learn about and have conversations with the providers of systems that asset managers and enterprises already use. Common Approach is also developing integration options for common spreadsheet and database systems.

THE LAG BETWEEN BETTER DATA AND BETTER ANALYSIS

By enabling investees to share rich and complex data with their investors, an impact data ontology, specifically the Common Impact Data Standard, is a necessary first step towards enabling better analysis. Better data—like that facilitated by the Common Impact Data Standard—is necessary for more interconnected, contextualized conclusions. However, there is a gap between better data and better analysis. Better analysis does not arise automatically from the data. Asset managers will need new data analysis skills to turn rich and complex data into interconnected, contextualized conclusions. Without the skills to analyze the data, rich and complex data is simply cumbersome data. This poses a challenge to adoption.

To overcome this challenge,
Common Approach is also developing tools to support investors in undertaking rich, robust analysis and storytelling. For more information on this, please see Common Approach's work on the **Common Framework**.

THE INSUFFICIENCY OF INCREMENTAL UPTAKE

The full benefits of an impact data ontology will be realized only when all of the organizations sharing data with each other are using an ontology—ideally the same one (we are, of course, partial to the Common Impact Data Standard). Enterprises will feel the value of the standard when all their investors, suppliers, and customers are also using the Data Standard. If the enterprise has only one investor aligned with the Common Impact Data Standard, they are unlikely to feel the time-saving benefits. For asset managers, the same applies. The value arises when all their investees are using the Standard as well as their own investors, regulatory bodies, industry peers, etc. This is a challenge to overcome for widespread adoption because it is individual organizations that make decisions about software and data collection.

To overcome this challenge,
Common Approach is doing two things. First, we are rolling out our work in networks of organizations. Second, we have designed simple, low-cost first steps that organizations can take to be ready to use the Common Impact Data Standard while they wait for their collaborators to also be ready. That means that there are things that you can do today to move your network in the right direction.

How to get started

The advantage of organizing and representing data using an ontology like the Common Impact Data Standard is that it can be more easily shared. When the structure of the data is consistent, and objects are named consistently, a common exchange language becomes possible.

While realizing all the benefits of establishing a **common exchange language** will take time, the sooner we get started, the better.

WHAT ACTIONS CAN ASSET MANAGERS TAKE TODAY?

Asset managers can ensure they are equipped to receive reports from investees in the Common Impact Data Standard format. This means that if an investee is aligned with the Common Impact Data Standard, the asset manager is equipped to receive it. For some period of time, asset managers are likely to have a mix of data collection modalities: forms, spreadsheets, PDFs, and Common Impact Data Standard formats (we know which one you will prefer!)

HAVE A SOFTWARE YOU LOVE THAT ISN'T ALIGNED? WE SUGGEST YOU SHARE THIS PAGE WITH THEM, AND INTRODUCE THEM TO US!

To be ready, an asset manager needs only to talk to their software provider about aligning with the Data Standard. The process is straightforward.

Common Approach provides support to any relevant software (for impact measurement or any other activities such as project management, customer relationship management, financial performance management, etc.) interested in aligning with the Common Impact Data Standard.

If you are not currently using a software, consider looking into it. Future-you is not nearly as excited about your impact measurement spreadsheet as today-you. Their format limits the complexity of data that can be stored, which limits the analysis that can be done.

You can start by reviewing the software providers that are **already aligned with the Data Standard** and beginning to consider what your organization's software requirements will be (see Figure 4.1).

WHAT ACTIONS CAN INVESTEES TAKE TODAY?

COMMON APPROACH'S COMMON FOUNDATIONS

COMMON FOUNDATIONS SELF-ASSESSMENT TOOL

A great first step is to ensure your impact measurement practice is built on solid ground. **Common Approach's Common Foundations** outline the five essential practices of impact measurement. It is a great place to start.

The **Common Foundations self-assessment tool** is a series of yes or no questions designed to help you determine whether your organization meets the minimum standard. Getting to "yes" is meant to be easy—you do not have to be doing this step perfectly; if you're doing it at all, answer "yes"!

Ensuring you've met the Common Foundations minimum standard will help you get more out of using software that is aligned with the Common Impact Data Standard.

Next, if you are not already using an **aligned software**, look into doing so. We suggest you talk to your investors about submitting reports in the Common Impact Data Standard format. If you're tired of filling out forms and surveys, the Common Impact Data Standard will help!

THE BEST PLACE TO START: USING SOFTWARE

For both investors and investees, the benefits of impact measurement software suited to an organization's specific needs and budget outweigh the time and effort required to implement that software.

There is a solution out there for every organization—even small ones! To get you started, we've put together a list of requirements to consider when choosing a software.

Data	• Is this software **aligned** with the Common Impact Data Standard? • What types of data (quantitative/qualitative) need to be managed in your software? How interconnected is this data? How many fields? How often does it change? • What level of data granularity will you require (project level, SPO level, portfolio level, fund level, etc.)? • What external standards should the software incorporate (e.g. SDGs, IRIS+, etc.)?
Visualizations, Analysis & Reporting	• What types of reporting and analysis do you need the software to support? • What are your funder and stakeholder reporting requirements? Does your wholesaler have specific requirements?
Users	• How many users will you have? How many people on your team will need to enter or retrieve data? This is an important factor in cost and functionality.
Storage	• Does your organization have particular data security and privacy requirements for impact data? For example, must all data be stored in Canada? Do you require Indigenous ownership?
Resources	• What is your budget for the implementation of the new software, and what are the ongoing licence fees? • Given your team's existing data analysis and software expertise, how much onboarding support will you need?
Integration	• What other internal tools or systems would you like the software to interoperate with? (For example, CRM, financial software, project management software, etc.)

Figure 4.1

No one knows your organization as well as you do—this list is a starting point; you will likely have other requirements to consider when choosing the right software for your organization.

Fully realizing the potential of a data ontology like the Common Impact Data Standard will take time—but there are also benefits now, if investors work with their investees to get started.

It's like the invention of the telephone, which made communication across distances simpler and easier. Simple and easy communication is only valuable to you if the people that you want to talk to also have a telephone. Being able to simply and easily share impact data will begin to be valuable when investor and investee organizations who need to share data are both using software aligned with the Common Impact Data Standard.

The more widespread the adoption of the Common Impact Data Standard becomes, the more everyone will feel the benefits of impact data collection and reporting becoming less tedious, the more data quality will improve, and the more robust insights and analysis will made possible.

RETURN TO:

Infographic WHAT IS THE COMMON IMPACT DATA STANDARD?

Overview LINKING IMPACT DATA: HOW A DATA ONTOLOGY CAN EASE IMPACT DATA COLLECTION AND ANALYSIS