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Whitepaper: The Need of The Hour- Master Data Management (MDM)

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Many companies do not have a single clear view of their customers. Master data management (MDM) is a technology-enabled discipline in which business and IT work together to ensure the uniformity, accuracy, stewardship, semantic consistency, and accountability of the enterprise's official shared master data assets. (Gartner)

Many years ago, a major soft-drink company engaged in soft drink bottling came up with a slogan that claimed "things go better with" their product. Who can really say what the positive effects of a soft drink are, by considering the various tangibles and intangible factors but we certainly know that it is much better now than before?

Quite recently, a global distributing company lost a key distribution plant to an unforeseen event. It was a big cyclonic storm that occurred in the Island nation that it was located. The CEO, who was eager to maintain profitable relationships with customers, decided to send a letter to key distributors and stockists letting them know why their shipments were delayed— and when service would return to normal.

He wrote the letter and asked his executive team to "make it happen." Organizations need intelligent systems that can improve efficiency, productivity, and sales. So, they went to their CRM, PeopleSoft, ERP, billing, and logistics systems to find a list of customers. The result? Each application had returned a completely different list, and no single system that was used held a true view of the customer. The CEO learned of this confusion and was understandably wild and angry. What kind of company is this? It does not understand who its customers are?

As the saying goes, the following are the three most important reasons why MDM is at the heart of future data projects.
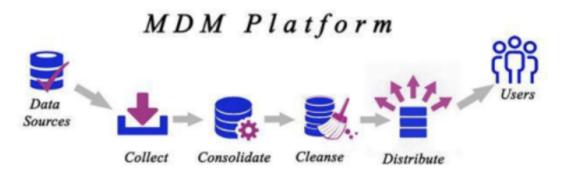
Figure 1: Typical MDM approach

First things first

Customer Experience

Give customers a great experience, and they will buy more, be more loyal and share their experience with friends. That is what every company strives for. Yet so many consumers seem disappointed. Call it an experience disconnect: companies tout the latest technology or snappy design but have not focused on—or invested in—the most meaningful aspects of customer experience. (Merritt, 2018)

MDM is at the heart of digital transformation

Fundamentally, it is because most digital technologies provide possibilities for efficiency gains and customer intimacy. But if people lack the right mindset to change and the current organizational practices are flawed, DT will simply magnify those flaws. (Behnam Tabrizi , Ed Lam , Kirk Girard and Vernon Irvin, March 13, 2019)

Data quality - Poor quality data costs around 3.1 trillion (IBM/Harvard's report).

But here is another number: $3.1 trillion, IBM's estimate of the yearly cost of poor-quality data, in the US alone, in 2016. While most people who deal in data everyday know that bad data is costly, this figure stuns. (Thomas, 2016)

More than ever, the ability to manage torrents of data is critical to a company's success. But even with the emergence of data-management functions and chief data officers (CDOs), most companies remain badly behind the curve. Cross-industry studies show that on average, less than half of an organization's structured data is actively used in making decisions—and less than 1% of its unstructured data is analyzed or used at all. More than 70% of employees have access to data they should not, and 80% of analysts' time is spent simply discovering and preparing data. Data breaches are common, rogue data sets propagate in silos, and companies' data technology often is not up to the demands put on it. (Leandro and Davenport, May–June

2017)

Most corporations have not got a view regarding their customers, products, suppliers, inventory or maybe workers.

Enterprise companies have grown to depend on multiple systems: ERP, warehouse, e-commerce, call center, CRM, accounting—the list goes on.

Each system operates in silos to manage and master single domains such as customer, product, supplier, and location. Without establishing appropriate connections and relationships across domains, organizations are creating deeper silos of fragmented data instead of utilizing cross domain intelligence to give them a competitive advantage. Unfortunately, most corporations have not got a certain read regarding their customers, products, suppliers, inventory or maybe workers. Whenever corporations add new enterprise applications to "manage" information, they inadvertently contribute to associate overall confusion with a few corporations overall read of the enterprise. As a result, the construct of master information management (MDM)—creating one, unified read of associate organization—is growing in importance.

Figure 2: Typical MDM framework

Let us NOT build Another Data Silo

Today if you are embarking on MDM implementation, think well before you pursue it.

It is well said that in the pursuit to achieve "one version of the truth" from their growing volumes of corporate and customer data, many enterprises are still struggling to implement successful master data management (MDM) initiatives today. Nearly eighty to ninety percent have observed losses and often termed as failures.

MDM projects are not only complicated, but they are expensive. The data structure, data flow, people, and process aspects of implementing an MDM solution will likely derail the project before the technology fails.

Conclusion:

It is time to Change- How MDM enterprises operate and deliver value to customers.

MDM first needs to become a permanent part of the data strategy and reliable data accelerates your data-driven digital transformation.

Next, it requires consistent long-term governance and sponsorship from the top management, as well as persistent efforts from information stewards of IT/CDO departments. It also requires data stewards of the business department, a guiding vision for your data transformation journey, holistic, and a business-driven approach to MDM.

Internal politics will not be brought under control without a governance framework, and without a metrics structure, there will be no way of objectively defining what success looks like and it is difficult to understand what we have achieved.

The crux is not the problem of inconsistent master data across silos, but a lot of the challenge is with *people and politics, not technology*.

Therefore, as you embark on your MDM journey, carefully consider how you will implement the technology, the best processes, and the practices that will best maintain, grow, and transform your business.

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