

CHAPTER 1

New study:
Master data
management
projects on
the rise

CHAPTER 2

Focus on
business benefits
to sell MDM
to executives

CHAPTER 3

Building blocks:
governance,
metrics key to
MDM success

CHAPTER 4

MDM trends,
problems revealed
at TDWI event

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BY JEFF KELLY & HANNAH SMALLTREE

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CHAPTER 1

New study: Master data management projects on the rise

CHAPTER 2

Focus on business benefits to sell MDM to executives

CHAPTER 3

Building blocks: governance, metrics key to MDM success

CHAPTER 4

MDM trends, problems revealed at TDWI event

Master data management (MDM) can help companies better leverage their corporate data by providing internal processes and tools for ensuring that data is consistent across all systems. MDM, which often includes data governance and data quality initiatives, is known as a challenging discipline. But its focus on harmonizing master data on an

enterprise-wide basis has paid off for many early adopters. In this E-Book, learn about getting started with MDM programs, including how to sell the idea internally in order to secure funding and how to build a foundation for a successful MDM deployment. In addition, read about MDM trends and some of the challenges that companies can face on MDM implementations.

1

NEW STUDY: MDM PROJECTS ON THE RISE

CHAPTER 1

New study:
Master data
management
projects on
the rise

CHAPTER 2

Focus on
business benefits
to sell MDM
to executives

CHAPTER 3

Building blocks:
governance,
metrics key to
MDM success

CHAPTER 4

MDM trends,
problems revealed
at TDWI event

Master data management (MDM) deployments are on the rise, according to a new survey, with data quality and data governance playing a major role.

BY JEFF KELLY

MASTER data management (MDM) may be turning a corner, with not just early adopters but mainstream technology users beginning implementation projects, according to a new survey.

Of 131 companies surveyed by U.K.-based analyst firm Information Difference in early 2010, 42% said they had implemented or were in the process of implementing an MDM project. Nearly a third reported having deployed two or more MDM programs.

Less than a quarter—just 22%—said they had no plans to implement MDM.

“This suggests to me that we’ve moved past

Chapter 1

the stage of pilot projects and people are actually starting to do things for real," said David Waddington, an Information Difference analyst who

about the make-up of MDM project teams. The average team is made up of eight individuals, the survey found, with 25% of those being business staff,

“Organizations ... have to do something about sorting out their master data if they’re ever going to be able to run international or global businesses.”—DAVID WADDINGTON

CHAPTER 1

New study: Master data management projects on the rise

CHAPTER 2

Focus on business benefits to sell MDM to executives

CHAPTER 3

Building blocks: governance, metrics key to MDM success

CHAPTER 4

MDM trends, problems revealed at TDWI event

analyzed the survey’s results.

The pressures of globalization may be one of the driving factors behind increasing MDM deployments.

“Organizations are beginning to realize that they really have to do something about sorting out their master data if they’re ever going to be able to run international or global businesses,” Waddington said.

As successful businesses transcend international borders, Waddington said, they increasingly work with multiple partners, suppliers and reseller networks. That results in significantly more customer, product and other data that must be reconciled in order to run the business as efficiently as possible.

The recent economic turmoil has also highlighted the need for companies to make the most of their data assets in order to find and retain customers, he said.

The survey also asked participants

40% IT staff, and 35% consultants from third-party systems integrators.

That one in four workers dedicated to MDM is from the business side of the house is encouraging for the success of those projects, Waddington said. MDM projects are not one-time deployments but ongoing events requiring dedicated staff and resources year after year. Getting the business involved in the projects from the start increases the likelihood of sustained investment in MDM, he said.

He also said systems integrators play a key role in MDM projects, especially at companies that are implementing the technology and defining employee roles around MDM for the first time. “What systems integrators bring is experience,” Waddington said.

The survey also found that the median MDM implementation takes around six months and involves around three million master data records. Of those, the majority are

either customer or product data, though supplier, inventory and other data domains are increasingly being considered in MDM projects.

errors are costing a company can prove a compelling business case for MDM technology.
MDM, however, is much more than

The median MDM implementation takes around six months and involves around three million master data records. Of those, the majority are either customer or product data.

CHAPTER 1

New study: Master data management projects on the rise

CHAPTER 2

Focus on business benefits to sell MDM to executives

CHAPTER 3

Building blocks: governance, metrics key to MDM success

CHAPTER 4

MDM trends, problems revealed at TDWI event

RECOGNIZE MDM IS MORE THAN SOFTWARE

One disturbing survey finding was that of those organizations that had implemented an MDM program or were planning to do so, about one-third hadn't developed a business case for the project. A solid MDM business case, Waddington said, will ensure an ongoing commitment to MDM by the business side of the organization, though he acknowledged it is no easy task.

"It's still a struggle to get business people involved in these projects," Waddington said.

To help build a business case for an MDM initiative, Waddington suggests finding specific examples of how a lack of consistent master data impacts the company's bottom line. Errors in master data, for example, could result in products being shipped to the wrong customers or in inventory backlogs.

Determining how much money such

software. According to the survey, software costs accounted for only 25% of total expenditures around MDM projects. The rest went to staff and resources, much of it dedicated to improving procedures around data quality and data governance.

"If you want to get consistent data it's a lot more than just putting in some nice new pieces of glittering software," Waddington said. Fully 30% of MDM-related costs went specifically to data quality initiatives, he said.

That's not to say technology does not have a role to play. According to the survey, around 70% of MDM implementations use commercial MDM, data integration and data quality software. Just 20% developed their own custom MDM software, mainly due to the "complex nature" of MDM, Waddington said. ■

Jeff Kelly is the news editor for SearchDataManagement.com. Write to him at jfkelly@techtargget.com.

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2

FOCUS ON BUSINESS BENEFITS TO SELL MDM TO EXECUTIVES

CHAPTER 1

New study:
Master data
management
projects on
the rise

CHAPTER 2

Focus on
business benefits
to sell MDM
to executives

CHAPTER 3

Building blocks:
governance,
metrics key to
MDM success

CHAPTER 4

MDM trends,
problems revealed
at TDWI event

Data management pros must focus on the business, not the technical, benefits of master data management (MDM) when selling it to executives, according to consultant Jill Dyché.

BY JEFF KELLY

SAVANNAH, GA.—Paul Coverstone, CIO of the Washington Suburban Sanitary Commission (WSSC), knows his organization needs MDM. The trick is explaining to business executives why that is.

Executives at the Laurel, Md.-based government agency think WSSC's ERP system should suffice when it comes to master data. But Coverstone said there is plenty of data that resides outside the ERP system that justifies investment in a full-fledged MDM hub.

At other organizations, the benefits of MDM are more apparent.

Arlington, Va.-based Airlines Reporting Corporation (ARC) collects

and analyzes passenger and financial data for the airline industry. But not every airline uses the same data stan-

said. That means illustrating the bottom-line business benefits of MDM, not the technical or IT-related ones.

Illustrate the bottom-line business benefits of MDM, not the technical or IT-related ones.

CHAPTER 1

New study: Master data management projects on the rise

CHAPTER 2

Focus on business benefits to sell MDM to executives

CHAPTER 3

Building blocks: governance, metrics key to MDM success

CHAPTER 4

MDM trends, problems revealed at TDWI event

dards, so aggregating it all is a difficult task, according to Becky Briggs, a data steward with ARC. Briggs said ARC executives are beginning to understand that MDM can make their business run more smoothly.

Coverstone's and Briggs' situations are not unique. For some time, data management pros have been wishing that C-level executives would at least acknowledge master data management (MDM), if not understand its benefits.

Well, that time may have come—but be careful what you wish for.

"Executives are starting to care about master data management, believe it or not," said Jill Dyché, a consultant with Sherman Oaks, Calif.-based Baseline Consulting, speaking in 2010 at the TDWI MDM Solutions Summit. "But there's nothing more dangerous than an executive that's just read an airline article [on MDM]," she warned.

That's why it's more important than ever to educate executives and other managers about the benefits of MDM in terms they can understand, Dyché

SHOW HOW AN MDM SYSTEM WILL HELP MEET COMPANY GOALS

Instead of explaining the architecture of an MDM system and how it will make data management pros' jobs easier, for example, show executives how MDM will help the company comply with government regulations, potentially saving millions of dollars, she said.

"Good MDM hubs enforce business rules," Dyché said. So if a customer opts out of online marketing campaigns, the MDM hub should prevent a marketing manager from accessing that customer's data. But the MDM hub would also allow, for example, the billing department access to the customer's contact data to send an invoice.

Data management professionals should also explain to executives that the number of relationships a customer has with a company is directly proportional to the customer's business value to the company, Dyché said. A customer who does banking, investing and retirement planning with a financial services firm, for example,

is more valuable to the firm than a customer who just has one savings account.

And valuable customers who have multiple accounts with an organization are likely to have their data spread out among multiple systems. An MDM hub can centralize that data to ensure that the valuable customers receive consistent and accurate service no matter which business unit they deal with.

For Boeing, the Chicago-based aircraft manufacturer, the need for an MDM program came into sharp relief when the company tried to implement an enterprise data warehouse, according to Andy Tran, an enterprise data architect at Boeing. The difficult part, Tran said, is getting Boeing's various business units to agree on common data standards. MDM will help with this job.

CREATE AN "ELEVATOR PITCH" ON MDM BUSINESS BENEFITS

Data management pros shouldn't just settle with one business driver for MDM either. The more business initiatives there are that can benefit from an MDM project, the better the chances of getting executive funding and continued sponsorship, Dyché said.

It is also important to communicate with executives in as simple a way as possible. That's what Laura Tumperi, senior vice president of enterprise information at Health Care Service

Corporation (HCSC), is teaching her staff to do.

HCSC, a Chicago-based health insurance company that runs several state-based Blue Cross Blue Shield insurance programs, has been struggling with MDM and data governance for a number of years as the company has grown through acquisition, Tumperi said in an address to attendees at the TDWI MDM Solutions Summit.

To help sell MDM to HCSC executives, Tumperi challenged each member of her 400-person staff to come up with an "elevator speech," a one-minute speech on the business benefits of MDM. The goal, she said, is to "tell a story in one page that you can use with your constituents" to educate them on MDM.

Dyché made a similar point during her presentation. Organizational clarity on the business case for MDM is crucial, she said, "because as soon as you hang the MDM shingle, people are going to start asking questions."

Another tactic is to turn the selling of MDM on its head. Once you have laid out to executives the business benefits of MDM, challenge them to say why the company shouldn't go ahead with the project.

Finally, start small. Start an MDM project with a small, strategic business initiative to show success early. Then it will be easier to move on to larger projects.

"We don't have to solve world hunger with MDM in one day," Dyché said. —**Jeff Kelly**

CHAPTER 1

New study: Master data management projects on the rise

CHAPTER 2

Focus on business benefits to sell MDM to executives

CHAPTER 3

Building blocks: governance, metrics key to MDM success

CHAPTER 4

MDM trends, problems revealed at TDWI event

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3

BUILDING BLOCKS: GOVERNANCE, METRICS KEY TO MDM SUCCESS

CHAPTER 1

New study:
Master data
management
projects on
the rise

CHAPTER 2

Focus on
business benefits
to sell MDM
to executives

CHAPTER 3

Building blocks:
governance,
metrics key to
MDM success

CHAPTER 4

MDM trends,
problems revealed
at TDWI event

Before embarking on an MDM initiative, organizations must lay the foundation for success, including developing data governance rules and business-centric metrics to measure results.

BY JEFF KELLY

BY NOW most organizations understand the concept of master data management (MDM). After all, vendors have been pushing the MDM message for years.

What most organizations don't understand, however, is how exactly to get the initiative under way, according to John Radcliffe, an analyst with Stamford, Conn.-based Gartner Inc.

"They sort of get the idea of MDM in terms of the need to get more consistency in the data ... but then they struggle with two things," Radcliffe said. The first is building a sustainable business case for MDM, and the second is laying a sustainable

foundation for the initiative.

Without both elements, most MDM initiatives are bound to fail. If the business doesn't recognize the benefit of MDM—and without comprehensive data governance and an accurate and

■ DOCUMENT THE MDM STRATEGY

If the MDM vision explains the “what” and “why” of MDM, the next building block—an MDM strategy—answers the question of “how,” according to

An MDM strategy should explain which master data domains and use cases will be addressed, when and how, said John Radcliffe, analyst, Gartner Inc.

CHAPTER 1

New study: Master data management projects on the rise

CHAPTER 2

Focus on business benefits to sell MDM to executives

CHAPTER 3

Building blocks: governance, metrics key to MDM success

CHAPTER 4

MDM trends, problems revealed at TDWI event

transparent way to measure MDM effectiveness—support and funding will inevitably dwindle, Radcliffe said.

For organizations to avoid this fate, Radcliffe has devised a framework of MDM building blocks, published in a recent report, which he says should serve as the foundation of a successful MDM initiative.

■ DEVELOP AN MDM VISION

Every organization has a business vision, but they also need to develop a related MDM vision that clearly articulates its business benefits, Radcliffe said. At a bank that strives to offer the lowest prices, for example, the MDM visions should explain how consistent master data will help achieve that goal. “It’s not some esoteric IT infrastructure plumbing thing,” Radcliffe said. “It’s really hardwired into achieving your business goals.”

Radcliffe. An MDM strategy should explain which master data domains and use cases will be addressed, when and how, he said.

■ DETERMINE BUSINESS-RELATED MDM METRICS

Linking MDM to business value is key to success, Radcliffe said, and so is developing a set of metrics to measure and illustrate MDM's impact on the organization. Such metrics should be business focused, not IT focused, he said. For example, metrics which show that MDM helped increase the accuracy of customer data by 10% aren't likely to impress management, but metrics which show that customer retention or cross-selling rates increased as a result of MDM will. “Those are the things that keep [executives] up at night,” Radcliffe said.

■ CREATE MDM AND DATA OWNERSHIP-RELATED RULES

Most MDM initiatives that fail do so for data governance and organization-related reasons, Radcliffe said. That's

■ DETERMINE THE MDM TECHNOLOGY STRATEGY

Finally—after the MDM vision, metrics, governance and processes have been determined—comes the tech-

“Striking the right balance between technology and governance... is key to success.”—JOHN RADCLIFFE

CHAPTER 1

New study: Master data management projects on the rise

CHAPTER 2

Focus on business benefits to sell MDM to executives

CHAPTER 3

Building blocks: governance, metrics key to MDM success

CHAPTER 4

MDM trends, problems revealed at TDWI event

because, at its heart, MDM is about people sharing data. At the early stages of the MDM processes, then, establishing rules among stakeholders as to who makes what decisions, who is responsible for what data, and who will consume the data is a must. “If you don’t have something like that, you might get some pitched battles internally,” Radcliffe said. Or worse, certain people or departments might refuse to share their data, defeating the whole purpose of MDM.

■ PRIORITIZE PROCESSES

Once governance and organizational rules are established, the processes to create and actually consume master data should be articulated. “There must be a step-wise, prioritized focus on different data domain areas, source systems and consuming communities,” Radcliffe wrote in the report. “Prioritization is vital to determining which processes are ‘nice to have’ and which are ‘must have.’”

nology. Organizations have the option to buy MDM-enabling technology, build their own, or do some combination of both, Radcliffe said. The important thing is not necessarily which approach an organization takes but that it supports the other building blocks of the MDM initiative. “[Because, in the end,] if [MDM] was just IT led and concentrated purely on technology, it would never get off the ground,” he said.

Radcliffe urged organizations to keep their eye on the MDM big picture and not to artificially overemphasize one element of the initiative over the other. Each MDM building block he has identified has an important role to play, he said.

“Striking the right balance between technology and governance,” he wrote, “as well as ensuring that the MDM strategy aligns with the business vision and can be measured via a set of metrics, is key to success.”

—Jeff Kelly

4

MDM TRENDS, PROBLEMS REVEALED AT TDWI EVENT

CHAPTER 1

New study:
Master data
management
projects on
the rise

CHAPTER 2

Focus on
business benefits
to sell MDM
to executives

CHAPTER 3

Building blocks:
governance,
metrics key to
MDM success

CHAPTER 4

MDM trends,
problems revealed
at TDWI event

TDWI's master data management event revealed adoption trends—and a key MDM implementation task that early adopters say can take more time and money than expected.

BY HANNAH SMALLTREE

SAVANNAH, GA.—A city where stylish new golf resorts mingle with historic architecture seemed a fitting background for The Data Warehousing Institute (TDWI) to hold its first Master Data Management (MDM) Insight event. Attendees learned about new practices for aging IT infrastructures and heard about common problems that MDM early adopters have encountered—some unexpected, some par for the course.

Many of the 104 attendees at the three-day event had little experience with MDM, though all plan to start an MDM implementation within the next year

or two (a qualification requirement for attending the hosted, travel-expenses-paid conference in 2008). The event confirmed that MDM is still in the early-adopter stage, but the pace of MDM adoption is picking up signifi-

during the “peer-to-peer” sessions. After keynote sessions from industry luminaries Jill Dyché and Evan Levy, analyst presentations, panel discussions and MDM case studies, attendees were arbitrarily assigned to small

MDM is still in the early-adopter stage, but the pace of MDM adoption is picking up significantly.

CHAPTER 1

New study: Master data management projects on the rise

CHAPTER 2

Focus on business benefits to sell MDM to executives

CHAPTER 3

Building blocks: governance, metrics key to MDM success

CHAPTER 4

MDM trends, problems revealed at TDWI event

cantly, according to Wayne Eckerson, conference co-chair and director of research for Renton, Wash.-based TDWI. There are many business drivers fueling MDM interest, he said, and a diverse array of ways to accomplish it.

“There’s such a range of potential domains for MDM. The most popular are customer, product and supplier—but we’re also seeing interest in using MDM for financial hierarchies and organizational hierarchies, as well as data warehouse dimensions,” Eckerson said. “But people are struggling to get the business to justify and fund these projects that most people ‘in the trenches’ view as vitally important to ensure the success of various business endeavors.”

MASTER DATA MANAGEMENT PEER DISCUSSIONS REVEALING

Frustration around building a business case for MDM was indeed evident among many attendees, especially

groups of about 20, with a moderator and a few discussion topics. One group’s discussion flowed naturally from how to handle executives constantly reprioritizing IT projects (making it hard to get MDM projects off the ground) to commiserating over the oft-heard irksome contention that a department’s “data is different and special” (and shouldn’t be part of an MDM initiative) to sharing ideas for getting started with MDM.

One organization getting ready to take the MDM plunge is South Carolina Federal Credit Union, based in North Charleston. Bonnie Karst Ciuffo, chief information officer, and Elizabeth Brown, vice president, planning, enterprise architecture and quality, and their team, were originally working on a data warehouse evaluation, they said, but discovered that MDM would be an important part of that project. The event was well timed, Ciuffo said, since they’ll be putting their requirements together by April, selecting a

vendor by August, and planning to start an implementation in 2009. The credit union's main concern is keeping MDM costs under control, Ciuffo said, so she was glad to learn about common challenges.

"We don't like to be on the bleeding

MDM implementations.

"It's similar to the problems we face in data warehousing," he said, "which is you don't really know what's in that source data, yet your goal is to reconcile and standardize it so you can make it available to other sys-

CHAPTER 1

New study: Master data management projects on the rise

CHAPTER 2

Focus on business benefits to sell MDM to executives

CHAPTER 3

Building blocks: governance, metrics key to MDM success

CHAPTER 4

MDM trends, problems revealed at TDWI event

Understanding the data destined for an MDM initiative is a huge time and cost sink.

edge, but we like to be on the leading edge," she said. "Evidently, other people have already 'bled'—hopefully, we won't have to suffer those wounds."

THE UNDERESTIMATED MASTER DATA MANAGEMENT IMPLEMENTATION CHALLENGE

One MDM challenge emerged consistently, according to TDWI's Eckerson. Cross system analysis, or understanding the data destined for an MDM initiative, is a huge time and cost sink, according to early adopters. Case study presenter Barry Briggs, chief technology officer of Microsoft IT, reported that 10 people spent 100 days working on source system data analysis, while presenter Miguel Albrecht, director of the European Patent Office, said he had 60 people working on it. It's not really a new issue, Eckerson explained, but the task may be particularly underestimated in

tems. In MDM, you need to do that work so you can reconcile semantics and create a golden record, or at least a link between records, so that other operational systems can access it."

This is especially challenging in MDM, Eckerson explained, because operational source systems tend to have just enough data to run adequately in their own silo, but that data proves to be inadequate or incomplete when organizations try to reconcile and match it with theoretically similar data in other systems. The good news is that data-profiling and data-discovery tools are available, which can make the job easier, Eckerson said. He added, however, that the problem seemed to be an eye-opener for many attendees, who hadn't fully considered the time and money investment required for source system analysis. ■

Hannah Smalltree is the Editorial Director of SearchDataManagement.com. Write to her at hsmalltree@techtargget.com



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