



Agile Master Data Management[©]

A better approach than trial and error

by First San Francisco Partners



Common MDM initiative and benefit

Customer Optimization

- Improve up-sell, cross-sell and customer retention
- Access full-customer view – transactions, products and interactions
- Understand customer lifetime value
- Leverage relationships and areas of influence
- Provide customer experience equal to customer value
- Segment customers accurately
- Improve customer interaction
- Improve marketing effectiveness

Is data considered a valued corporate asset in your organization?

Many market-leading firms consider it so, and that is why master data management (MDM) is an important capability to ensure that the most widely shared data in a firm (Customer, Product and Employee, as examples) is managed as an asset. MDM helps companies leverage their information assets to strengthen competitive positions, drive business value, boost operational efficiencies and more.

MDM has quickly become mainstream as organizations deal with economic changes, globalization and the complexities of government regulations. Both IT and business managers are all too familiar with the high costs and expenses incurred by having bad data.

Adopting MDM can bring new challenges, like how to define business processes and data requirements that span lines of business, divisions and geographies. Also challenging: Data is frequently considered to be an IT domain issue, yet the business can't operate without it. Business users (often seen as the data owners) need to access and view data in specific ways. They also need the right technology to manage it.

Common MDM initiative and benefit

Operational Efficiency

- Send right marketing and compliance materials to right people in right place
- Improve reporting processes – easier, faster and more accurate
- Reduce business process exceptions from inaccurate, conflicting data
- React more quickly to events and changes

But managing data is complex and brings to the forefront questions like:

- How should data be used and in which business processes?
- How is data shared among users, divisions, geographies and partners?
- What processes and procedures allow for data to be changed?
- Who manages approval processes?
- What processes ensure compliance?

At its core, a successful master data solution requires a firm-wide effort, stakeholder buy-in and a comprehensive technology approach. The primary reason MDM projects fail is that the initiative's scope and complexity isn't recognized and/or the project plan doesn't adequately map out how to resolve and overcome the challenges.

An agile approach to MDM – one that's collaborative, iterative and focused on outcomes – is proving to benefit organizations. Rewards include more efficient usage of scarce resources, improved operational efficiencies, higher customer satisfaction and greater competitive gains.



Common MDM initiative and benefit

Risk Management

- Monitor complex fraud patterns across products, systems, divisions and geographies
- Gain visibility into customer credit risk across financial and accounting systems
- Analyze product risk across distribution channels, uses and geographies

The business value of MDM

When the topic of MDM is discussed by the C-Suite and other stakeholders, common questions come up, like What is master data? When the answer comes back that master data encompasses the firm's customers, products, services, suppliers and partners, the next question from the C-Suite is: Don't we already have systems in place to manage this data?

IT initiatives of the past (think: customer relationship management and enterprise resource planning) promised to deliver a unified view of customers and products. Given that many of these broad, expensive initiatives didn't fully deliver on their promise, this can be a point of contention among the business, IT management and the C-Suite.

Common MDM initiative and benefit

Regulatory Compliance

- Manage opt-in preferences across product lines and geographies
- Ensure privacy rules are managed
- Manage industry-specific compliance, such as Basel I, II and III and BCBS 239 (banking) and HIPAA (insurance)

Today, organizations are finding MDM holds out real promise to deliver a unified view of data across the firm. Those implementing MDM are realizing business value and return on investment (ROI) because MDM allows them to:

- Present a single face to the customer.
- Create data service platforms as part of a service-oriented architecture.
- Facilitate single sourcing of core data for operational, regulatory and analytical applications.
- Create and implement common enterprise systems and processes to govern data.

MDM's business value is commonly found where untapped knowledge resides within existing systems and can be used to improve performance, drive business value, boost operational efficiencies or address regulatory compliance — and often, a combination of these. For a pharmaceutical company, for example, industry and government regulations increasingly specify how sales representatives can interact with physicians and healthcare providers. MDM can provide insight into customer interactions to allow pharmaceutical companies to not only document physician interactions to meet compliance requirements, but also use sales performance metrics to align sales territories and better allocate marketing resources.

Case Study: MDM by trial and error

A large chemical and equipment manufacturer embarked on an MDM project to consolidate data for marketing, research and development. IT identified the primary data entities as customers, products, financial data, distributor organizations and locations. They also identified issues that impeded business performance:

- Direct marketing response rates lagged as a result of incomplete data.
- Order fulfillment was delayed with outdated product data.
- Regulatory compliance infractions and penalties resulted from data errors.
- Business managers lacked confidence in reporting and analysis.
- Customer expectations were underserved due to a lack of consolidated views.
- Business processes were unable to span organizational and geographic boundaries.

The IT project team decided to first tackle distributor master data, thinking they could prove the MDM approach within a small business area before moving onto others. Doing this, they intentionally chose to bypass process improvements that could result in higher ROI.

Though the approach seemed sound at first, business groups weren't in agreement and were unwilling to contribute resources for data stewardship. IT tried to fill the gap, but without the data domain expertise they were unable to resolve data quality issues. The lack of business buy-in further delayed deployment, because business rules and processes were being discovered along the way, rather than in advance. And the scope of the project was severely limited by excluding marketing data from external data providers and sales and customer data.

While starting small with MDM suggested less risk, IT ignored more compelling use cases and didn't get business buy-in. This caused delays in the first project and led to more delays on subsequent ones. Soon, the company switched gears to adopt an Agile Master Data Management® approach and were able to align data projects with the business — and get MDM back on track.

Case Study: Agile Master Data Management

In another case study, a European retail and commercial bank had great success using Agile MDM. Early on, the bank defined its business objectives and stakeholders and linked these to requirements. Then they developed metrics for project success and set up an on-going process for reviewing, tracking and reporting.

The Agile MDM team then developed a communication plan to address:

- Who needs to receive MDM updates?
- Who from the project team will communicate these?
- What information is important to share and what will resonate most?
- How frequently should people be updated, and what is the best method for doing so?

With a communication plan in place, the project team was able to manage expectations and reduce stakeholder concerns with regular updates. At the same time, the project team was able to capture new and changing requirements. Another benefit for sharing frequent milestones is that it helped to maintain stakeholder enthusiasm and interest, which helped to ensure continued funding of the project.

This example speaks to essential principles of Agile MDM:

- Cooperation among business stakeholders and IT
- Keeping projects simple while growing them incrementally
- Frequent and regular iterations producing rapid results
- Importance of knowledge transfer

Agile Master Data Management defined

At first glance, Agile MDM principles may seem like standard best practices for business application and IT projects. So what's unique about Agile MDM?

Agile MDM encompasses four preliminary stages or assessments:

Agile Master Data Management® benefits

Start smart: Begin your MDM initiative with projects that deliver business value.

Reduce project risk: Link business objectives and stakeholder technology requirements to assure the right solution is delivered to the right people at the right time.

Optimize costs and time: Minimize rework and miscommunications with a clearly defined roadmap developed from assessment activities.

Work toward a common goal: Ensure the initiative's scope and schedule are aligned with stakeholders' expectations with a communication plan and a business value focus.

Data governance

Because data governance provides business context and involvement for MDM, this stage identifies the current and desired future states and the gaps between the two. Details that need to be gathered include: policies, processes and standards; dependencies; business-identified issues and opportunities; and roles like data creators, consumers, owners and stewards. Supporting processes and technology solutions that facilitate the process are considered and compared to governance best practices. The output of this stage is a roadmap that's both realistic and implementable and identifies the accountability for a sustainable MDM program.

Architecture

During this stage, the Agile MDM team can gain a clear understanding of the current architecture and systems infrastructure and the firm's ability to absorb an MDM hub. The first step is to identify current-state architecture — platforms, databases, systems and data sources. With this in-hand, along with knowing future-state goals and data model requirements, the next step is to develop a vision for future-state architecture. This includes a gap analysis and recommendations for how to reach future state. This assessment further highlights areas of risk and concern and the needed cost-saving areas and architectural improvements.

Data

During this stage, the team reviews the current data landscape, risk areas, other concerns and areas for improvement. Some of the most pressing questions to be answered at this stage are:

- What are key issues with the data?
- How is data created and maintained and by whom?
- What is the current quality of the data and what is the desired quality?
- What are the in-scope data flows?
- How is data related, and what are the dependencies?

The output of the data assessment includes recommendations for how to address data quality and completeness, based on business priorities and business value. Recommendations could include how to streamline existing efforts and processes and what technology is required to achieve desired outcomes.

Prototyping

Once the four preliminary stages are complete, it's time to begin prototyping. The goal of the prototype is to rapidly demonstrate a functional MDM hub, where risks and miscommunications are uncovered early on to ensure solutions that align with business goals. Also, by establishing an early partnership between business and IT, this helps secure a higher level of ownership.

You can measure the prototype's success against these factors:

- Business requirements are clearly understood.
- Data quality and data management issues are identified.
- The business and IT are willing to work in an iterative way to build the MDM hub.

Alignment workshop

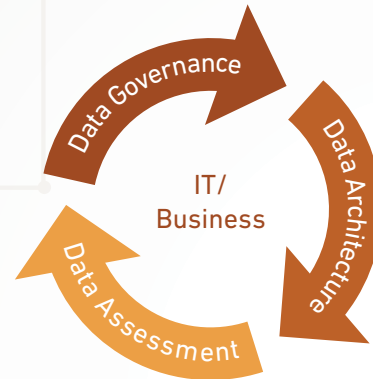
A big challenge in MDM is to align different and sometimes competing groups who need to work together to meet the long-term vision. The Agile MDM alignment workshop identifies common goals across departments and lines of business, prioritizes impact areas and quick wins and sets the stage for stakeholder buy-in. The workshop helps the project teams think globally about the organization and MDM, while acting locally to prioritize projects.



Agile MDM™

Assess and Align

- Current State Discovery
- Stakeholder Analysis
- Alignment Workshops
- Gap Analysis
- Recommendations



Strategize and Plan

- Business Case and ROI Development
- Data Governance Strategy
- MDM Roadmap
- Architectural Planning
- Technology Evaluation Assistance



Implement and Measure

- MDM
- Data Governance
- Data Quality
- Monitor and Adjust



Our proprietary Agile Master Data Management™ approach provides you with a working solution in the shortest amount of time and with the lowest amount of risk.

Summary

How does Agile MDM ensure success? It comes from data analysis, identifying business objectives, securing organizational alignment and prioritizing goals by their value to the business. An Agile MDM approach helps deliver more efficient use of scarce resources, as well as increased operational efficiencies, improved customer satisfaction and greater competitive advantages.

If your firm has already embarked on an MDM project, it's not too late to adopt Agile MDM – an iterative and collaborative, process-driven initiative that helps you better manage data making it a valued corporate asset.



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Kelle is Founder and CEO of First San Francisco Partners. A veteran leader and accomplished advisor in the information management sector, as well as a speaker and author, Kelle is passionate about helping organizations apply data and intelligence to gain a true competitive advantage.

*Put your data to work.
Contact us to get started.*

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