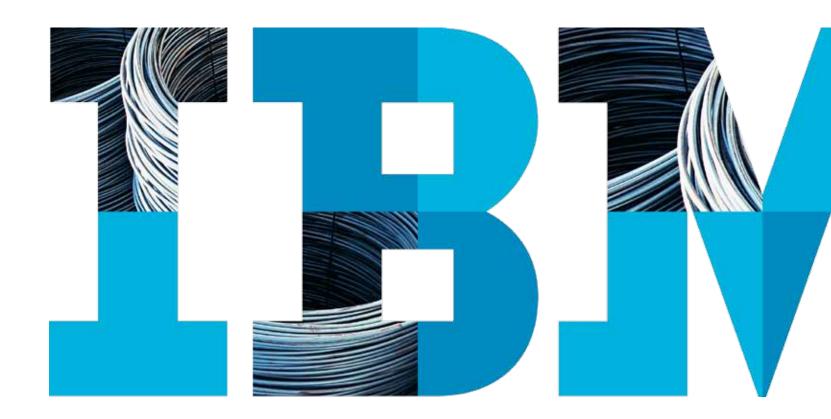
Master data management vision and value: Part 1

Develop an MDM vision







Introduction

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Introduction

- Who are your customers?
- Which products or services have they bought from you?
- What channels did they use to make their purchases?
- What do you want to sell them next?

1 Introduction

 How will you keep them from moving to a competitor? You need answers. Whether you work in sales, customer service, marketing or any other function, you need the full perspective on customer activity in order make the best business decision or take the smartest action. But chances are, your answers are locked away information silos—legacy systems that manage only one piece of the business and offer only limited insight.

Ask a single question to three different departments, and you'll get three different responses.





That's where master data management (MDM) comes in. MDM makes it possible to distill a single view of the client—or of the patient, supplier, partner, account or other critical 'entity'—from the incomplete or inconsistent bits of data that are scattered across the enterprise. The resulting view, now unified across disparate silos, provides the insight that you need to make better decisions and create superior outcomes.

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But for all its benefits, MDM is not simply another technology project. In order to create meaningful results, an MDM initiative requires buy-in from business executives, collaboration from technical leaders and commitment from the entire enterprise. Therefore, it is essential to create a business case for MDM, quantify the benefits it provides for all stakeholders, and show how it supports organizational strategy at every level.

This IBM e-book series, "MDM vision and value," provides the on-ramp for a successful MDM journey. Part 1 (this installment) illustrates how business leaders can develop a vision for MDM as part of the overall enterprise strategy. Part 2 (the next installment) explains how to determine the business value of MDM, and achieve buy-in for the business case.



Where does MDM fit into business strategy?

Master data is the information about customers, products, materials, accounts and other entities that is critical to the operation of the business. But companies hold pieces of master data in many different applications, such as enterprise resource planning (ERP) and customer relationship management (CRM) systems. Each of those source systems creates and holds the data in its own unique way. As a result, information does not match from one system to the next. Critical data elements may be missing, duplicated or inconsistent. Further, each department can only operate from within its own compartmentalized view.





"Executive management wishes to know which divisions/Lines of Business (LOBs) will benefit from the MDM initiative and how. They want to hear that divisional leadership supports the initiative and understands its benefits, risks and costs."

—Larry Dubov,

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MDM Product Strategist
IBM Information Management
Mastering Data Management blog entry:
"What MDM Stakeholders Want to Know"

MDM software manages the creation, maintenance, delivery and use of master data, both to ensure that it is consistent and trustworthy, and to make it possible to see the data in an organization-wide context. Consider an insurance company with multiple divisions: Without MDM, an agent in the auto division will offer rates to a prospective client based on the home address and ages of drivers in the household. These standard rates might be higher than those offered by a competitor.

What if the company had an MDM "hub" pulling together customer data from across divisions? Then, the agent could see that the customer already owns a homeowner's policy, and could offer them discounted, more competitive auto rates. In this simple example, MDM provides a single view of the client that empowers the agent to secure a better business outcome.





The first step toward creating an MDM vision is to understand how the benefits of MDM apply across an organization. As a general rule, MDM adds value whenever consistent, accurate information is needed across business functions.

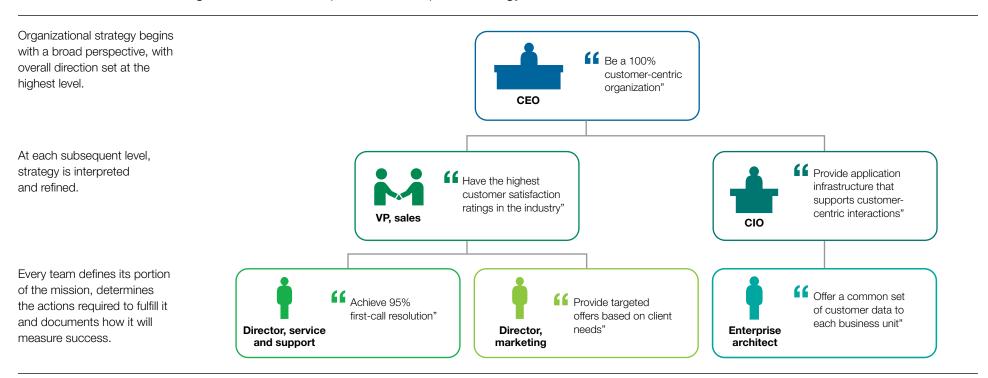
To determine where the organization needs consistent, accurate information, look at the company's mission or strategy statement. Mission statements, illustrating the organization's strategic business intent, can be found in annual reports, press releases or corporate websites.

Start with three basic questions:

- 1. What is your organization's mission?
- 2. How do various teams' activities support the strategy?
- 3. Where can a unified and trusted view of business activity help drive results?



Let's consider the following fictionalized example of an enterprise strategy:



What will it take for this organization to achieve its mission and become "100% customer-centric"? Each department has begun to map out its individual approach, focusing on "customer" as the critical entity. For example, comprehensive, consistent customer data could help service and support accelerate on-boarding of new clients to achieve their call resolution goals. That same data could give marketing the information it needs to craft finely targeted offers. With just these two departments requiring consistent information, we can identify the need for MDM as an element of the overall solution.

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Four value drivers

As you build a list of MDM opportunities and benefits, you'll see that they can be grouped into four basic categories of business value: growth, agility, spending and compliance (see Table 1).

These value drivers—growth, agility, spending and compliance—are the same elements that organizations commonly target in their overall business strategy. In fact, our sample customer-centric strategy calls for improvement in each of the four value categories. The organization needs agility to achieve its goal of 95 percent first-call resolution, and to provide targeted promotional offers to clients. Targeted offers will yield new revenue growth, but must be sustained with good spending control and support for compliance initiatives.

Table 1: MDM business value drivers and benefits		
Growth	 Determine and execute on opportunities for cross-sell and up-sell Provide a consistent experience across all customer touchpoints Identify high-value customers for priority service 	
Agility	 Speed time to market for new product introductions Enable faster and more accurate customer on-boarding Deliver customized offers based on client profiles and preferences 	
Spending	 Eliminate multiple mailings to members of the same household Consolidate duplicate customer records Rationalize systems and applications from acquired companies 	
Compliance	 Support customer opt-in and privacy preference programs Enable prompt and accurate audit reporting Synchronize with third-party data sources such as government "watch lists" 	



Make a note of how your MDM benefits map to these value drivers; the more categories you touch, the stronger your MDM vision—and ultimately your business case—will be. By connecting the dots between MDM and enterprise strategy goals, you'll be able to demonstrate how MDM drives organizational success.

One final takeaway from the strategy diagram is to see how business and IT must collaborate for success. The business units provide overall direction by describing specific business processes and metrics. For example, an account executive might say, "I need to speed up the client onboarding process from four days to 30 minutes." Then, IT can tune the applications infrastructure to make the necessary improvements.

"During economic downturns, we see more focus on the operational efficiency. When the economy grows quickly, MDM initiatives tend to focus more on enabling new business opportunities and processes."

Larry Dubov,
 MDM Product Strategist
 IBM Information Management
 Mastering Data Management blog entry:
 "Business Processes and MDM Drivers"



From big picture to MDM vision

The "MDM vision" emerges when leaders understand that their business challenges are essentially MDM problems. The experience of a leading European telecommunications firm is a good example: When asked about the organization's strategic vision, the chief marketing officer (CMO) described the need to improve market penetration by better understanding, targeting and marketing to key client segments. He wanted to leverage the company's CRM system to analyze the market and initiate more impactful marketing campaigns.

But as the IT team probed, they discovered more fundamental requirements. In fact, the company could not run targeted marketing campaigns because it did not know which clients owned which products. The business problem, at its heart, was an MDM problem. The company needed an MDM strategy that would draw information from across disparate silos (not just CRM, but also shipping, billing, inventory and many other systems), and present the single, unified view of the client required to build an effective "customer intimacy" program.





The company's MDM vision could then be expressed in a single sentence: "We will leverage a single, trusted view of our clients to deliver the products and services they desire, when and how they want to purchase them."





Examples from other industries abound. A global bank aims to manage risk by better understanding total loan exposures across affiliated companies. A major retailer seeks to improve marketing impact by determining which sales promotions are most effective for different types of buyers. Or, as we've already seen, an insurer wants to cross-sell property/casualty and life insurance to its auto policy clients.

How can you create an MDM vision that empowers the organization's strategic objectives? Start by addressing the following questions:

Business leaders

- What person or entity does the strategic initiative target? Customer, location, asset, product?
- Which of your key business processes involves that entity? How do you measure the success of that process?
- How well does your business process work today? Where is it broken? Do you have a complete and accurate view of the underlying information?
- If you could fix the problem, what good things would happen? What would your metrics look like?





IT leaders

- Which applications or systems support the business processes outlined above?
 What are the points of interaction between them?
- Today, how do you measure the effectiveness of those applications?
- How many systems do you have to use in order to complete the process? Where do you have to look up information, or re-enter it from one system to the next?
- Where is the end-to-end process broken?
 What's the impact?

 If you could fix the problem, what good things would happen? What would your metrics look like?

Finally, bring the business and IT teams together to create the shared MDM vision. Ensure that each team member understands the vision and can describe it effectively. As more people communicate the vision across teams and functions, support will inevitably grow.

"How many of you would feel confident in discussing the revenue impacts of poor billing addresses and be able to use real metrics to back up your assertions?"

-Marty Moseley,

Information Agenda Architect, Healthcare IBM Information Management Mastering Data Management blog entry: "Nerd Appeal or Boardroom Fare?"



Resources: Keep the conversation going

By now, you are familiar with the concept of master data management. You understand that MDM is about business strategy, not just technology. And you've created (or at least begun) a vision statement that maps MDM to the success of your organization's strategic mission.

In our next installment, we'll describe how to document the business case for MDM and how to achieve executive buy-in for your vision.

Click here to download part 2, "**Determine** the business value of MDM."

Meanwhile, check out these resources for more information:

"Building an MDM Roadmap" blog series by Larry Dubov

"What ARE Master Data" blog post by Marty Moseley

"Nerd Appeal or Boardroom Fare?" blog post by Marty Moseley

IBM® Master Data Management Solutions: ibm.com/software/data/master-data-management

The IBM MDM portfolio delivers a single, unified, trusted version of truth about an organization's critical entities—customer, supplier, product and more. Armed with this single, trusted view, organizations can make better decisions and improve business outcomes—which can lead to higher revenue, better customer satisfaction, lower cost and lower risk.

- IBM InfoSphere™ MDM Server
- IBM Initiate® Master Data Service®
- IBM InfoSphere MDM Server for Product Information Management



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