

White Paper



Best Practices for a Successful MDM Implementation

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Abstract

With the ever-increasing demand for cost optimization, faster product launches, more efficient compliance with regulations and differentiated business competitiveness, one of the biggest pain areas for enterprises is achieving consistent quality data. Leading to sub-optimal decision making, data misalignment within various systems is putting the brakes on organizations looking to accelerate growth.

This paper outlines the experiential best practices that can help organizations improve the odds and realize business value quickly and predictably while planning and implementing an MDM solution to solve their data issues.

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The Data Problem

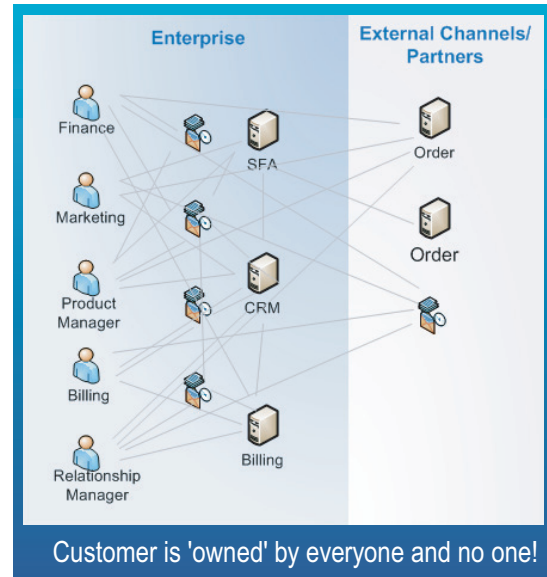
Quality data is a strategic asset for any organization. It provides a strong and secure foundation to drive business execution and differentiated services. Clean and consistent data leads to better decision making and provides agility in a competitive marketplace. Quality data also leads to improved stakeholder relationships - be it customers, suppliers or channel partners.

In a traditional organization, critical data about customers, products and partners is fragmented across myriad systems each independently trying to own and manage the data. As business-critical data passes through the complex enterprise, it may get locked up, duplicated, or worse, misrepresented and misinterpreted, obscuring the facts and compromising performance. The increasing clamor for faster time-to-market for product introductions, incremental revenue growth from the current customer base, cost optimization, and regulatory compliance have all heightened awareness of the risks of using poor quality data.

These important business initiatives offer a compelling business case for improving data quality by delivering access to a single reference that represents the 'golden record' or 'Best Version of Truth' - which can be achieved with an efficient Master Data Management (MDM) system. MDM offers a central repository to manage business-critical data on an ongoing basis. It ensures synchronization with business intelligence and operational systems by integrating data in real time and empowering data stewards with the capabilities to properly govern data across the enterprise. , this MDM enables the organization to gain critical enterprise-wide insight about customers, products, partners and so on, and facilitates more confident decision making, accurate reporting and nimble action.

How Can MDM Help?

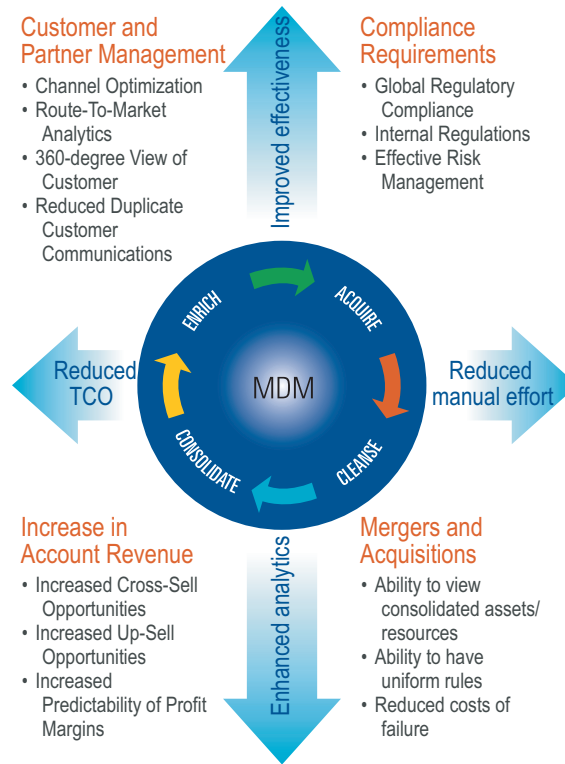
MDM is a deliberate initiative comprising of a set of methodologies, strategies, disciplines and technologies that enable organizations to acquire, cleanse, enrich, consolidate, federate, and govern data across many disparate systems. From an analytics perspective, organizations can employ quality data for reporting and compliance purposes, and to optimize and enhance partner and channel engagement. From an operations standpoint, organizations can build a centralized hub representing the best version of the truth, providing an accurate, consistent and secure copy of master data to all systems and business users across lines of business (LOBs).



Sounds familiar?

- I don't know if or when my loyalty programs and campaigns have been effective
- I'm not sure if I am meeting my regulatory compliance requirements
- I look across my systems and find duplicate customers and dead products
- My reports are never consistent for the same question
- My sales channels have outdated product information
- My new product introductions take forever

My business competitiveness is jeopardized!



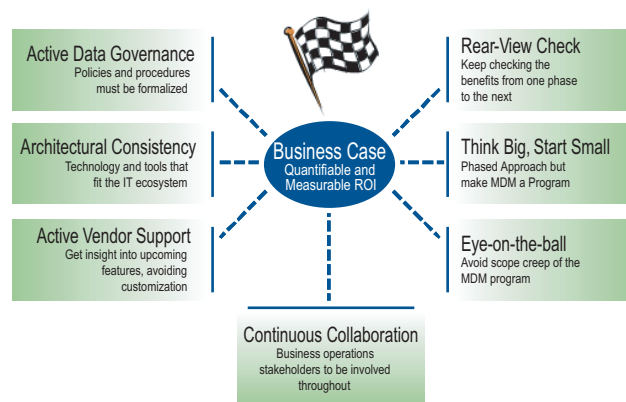
Some of the key benefits that organizations can gain by using MDM include:

- Identifying new opportunities to interact with customers and channel partners
- Realizing improved efficiency across business processes
- Enhancing business intelligence, reporting and analytic capabilities
- Optimizing the manual effort required to manage and use data across the enterprise

Putting the Best Foot Forward

With organizations across industry verticals making significant investments in MDM solutions, it is necessary to recognize and act upon the best practices that help organizations manage their MDM engagements effectively.

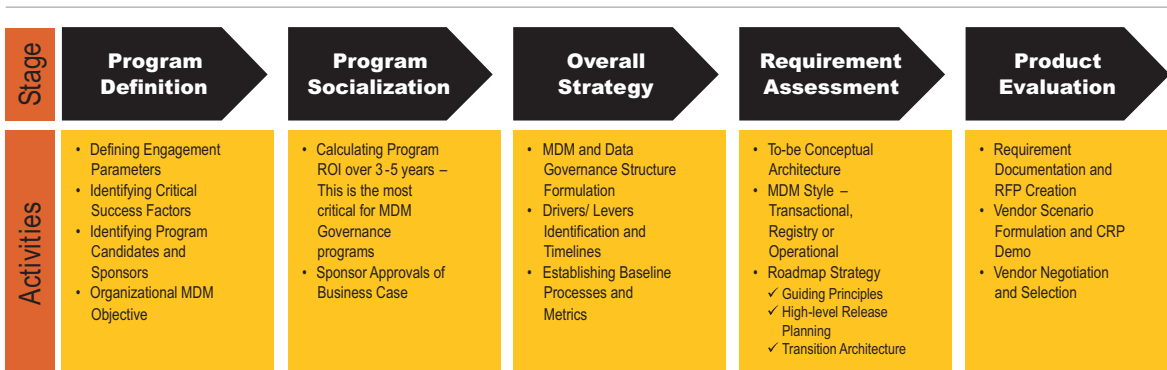
These best practices are:



Give Wings to Your Vision

Not only must an organization's master data vision align with its business vision, but it must also acknowledge master data as a critical asset. The most crucial questions to answer at kick-off are the 'Whys' of an MDM initiative - functionally, technically and financially. Identification of critical success factors along with clear achievable objectives goes a long way in establishing

early success. The business case needs to outline the ‘Whys’, ‘Hows’ and ‘Whos’ of the MDM exercise clearly. A quantifiable and measurable return on investment (ROI) is the cornerstone of a successful initiative. Business pain points and data



issues must be identified and prioritized in the business case. It is also important to gain the buy-in and approval of all key stakeholders to endorse the business case.

The strategy must be solidified and plans drawn keeping in mind the ‘To-be’ conceptual architecture and the MDM style that best fits the organization’s need. Data Governance policy discussions must be set in motion within the organization to get an enterprise-wide consensus. While doing all this, it is essential to keep sufficient lead time for product evaluations and vendor negotiations.

Think Big. Start Small. Keep Your Eye on the Ball

Master Data Assets (such as Customer, Product/ Item, Partner, Organization, Supplier, etc.) do not exist in isolation within an organization. Hence, the potential to use quality data for all master data assets is tempting for many organizations. However, it is imperative to focus only on one sub-set of master data asset at a time. Thus, an MDM initiative works best if it adopts a multi-phase approach tackling 1-2 entities per phase with the design and model being scalable for the next phases. If you ignore the scalability and future design considerations while building MDM solutions for different entities, it can lead to isolated master data silos - recreating the problem that the MDM envisioned to solve. When it comes to MDM, it’s important to think ahead and think big, but take baby steps to achieve quick wins and gain the buy in for next steps.



Check Your Rear-View Mirror

The business case must articulate broadly the parameters and metrics needed to measure progress in quantifiable terms. After each phase of the MDM program, the organization needs to measure the ROI. Since MDM stakeholders belong to multiple departments within the organization having diverse objectives, it is essential to have a pre-defined and objective MDM success criterion to establish confidence in the initiative. For example, after implementing the customer domain MDM, ROI needs to be checked in terms of increase in cross-sell, up-sell and the benefits that have accrued due to the quality of reporting available. If the MDM initiative involved the phasing out of legacy systems, the cost of change management must also be captured while calculating the ROI.



Don’t Forget, It’s a Collaborative Exercise

MDM is a data governance, quality-oriented and businessdriven initiative for master data assets, which usually involves the adoption of new

technology. Hence, MDM initiatives usually span various units across the organization. The success of the initiative depends on the level of collaboration among the units coming together to provide input and designing the end-solution. This also provides the stakeholders a sense of continuous involvement with the MDM program. It is also a good idea to have a change management anchor identified for the MDM program who can socialize the developments and happenings of the program to the stakeholders and champion the cause of data awareness within the organization.

Look at Architectural Consistency and Product Fit

Organizations need to do thorough due diligence of the target architecture and the MDM-enabling technology or package. The architecture style needs to be discussed and firmed up while working on the business case. The various styles of architecture are Registry, Transaction Hub and Co-Existence. Each style has its own set of pros and cons along with cost impact (both in terms of investment and performance). Most organizations tend to opt for Co-existence as it gives them the edge to meet all their business objectives at an optimal cost. The MDM technology solution supports both analytical and operational processes in real-time/ batch in both the Coexistence and Transaction architecture style. Hence, it is important that the technology blends with the organization's overall IT architecture and ecosystem.

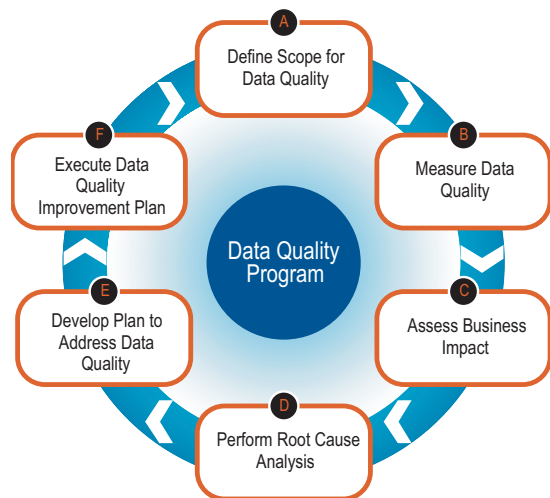
Small wins at definite phases help increase MDM adoption

One of the key architectural points to note is the Service Oriented Architecture (SOA) support by the MDM package. While evaluating MDM products and technologies, it is essential to pick one that closely supports the universe of use cases from all master data assets to avoid custom development in implementation.

Embrace Data Governance

MDM is not a one-time technology implementation or a one-time data cleansing exercise. Its primary purpose is to enable a 'Be-Clean-and-Stay-Clean' data asset across the organization. The business owners within various departments and units must own the data along with the business processes. The data governance process needs to identify, measure, capture, and rectify data quality issues in the source system itself. To keep the wheels of the MDM initiative well-oiled and turning, a formal model to manage data as a strategic resource - comprising of well-defined business rules, data stewardship, and data control and compliance mechanisms - needs to be in place.

The technology provides the tools to manage master data assets. However, the data governance model must be built to support analytical and operational processes. The governance aspects of data need to be treated as part and parcel of the daily job responsibilities of the users, rather than a one-off initiative. For any MDM initiative to succeed, it is imperative that effective data governance is supported by senior management.



Ensure Active MDM Vendor Support

MDM is a rapidly growing area in terms of technology. There are numerous product vendors who offer best-in class MDM products with broad features such as Match, Merge, Trust, Survivorship, Front-End Data Governance Graphical User

Continuous Improvement is the key to an effective MDM implementation

Interface (GUI) and Integration with thirdparty information agencies such as Experian. Once your organization selects an MDM product that fits your IT architecture and ecosystem, it is important to involve the product vendor throughout the MDM program in an oversight role and have regular requirements discussion sessions. Each business has its own nuances and a way to optimally meet its requirements. A regular session with the product vendor can lead to mutually beneficial action points or product enhancements, minimizing custom development. Organizations benefit immensely from partnering with vendors who have demonstrated prior MDM expertise.

CONCLUSION

Organizations need to take a holistic data management perspective. The right data management model helps the business immensely across a range of activities - from reporting, cross-selling and up-selling to decision making and compliance. The chances of an MDM initiative being successful increase significantly if organizations:

- Consider MDM as a program within their foundational structure rather than a one-time project
- Focus on ROI right from business case formulation through to post implementation
- Ensure the continuous involvement of senior management
- Provide an organizational structure to address governance issues at regular intervals

About the Authors

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