

June 10, 2005

Primer: Master Data Management

By S. Jae Yang (Baselinemag.com)

Master data management brings together disparate, often conflicting records. Does your company need it?

What is it? A new way to correct the age-old problem in companies that the left hand does not know what the right hand is doing. The goal: Merge all the disparate, oft-conflicting records you have on customers and transactions into one authenticated master file. The challenges are to create a common method for users to retrieve the information from within all the applications they use, and to maintain an accurate font of master data.

Why the fuss all of a sudden? Ever had to reconcile the records from your customer relationship management system with those in the accounts receivable database? Why is it that Accounting says you only have 800,000 customers, but there are 1 million customer IDs in the CRM system? And as corporations automate more of their business processes, each new application introduces a dimensional leap in complexity to make all of these applications operate with each other.

Who needs it? Businesses with many applications in multiple departments would benefit. Companies formed through merger or acquisition should consider data integration to implement master data management. Most small-to-midsize companies do not have enough inter-departmental communications challenges to justify such a deployment.

How is it implemented? Master data management system integration is a multi-disciplinary project that typically involves business process analysis, data assessment, data cleansing, data consolidation and reconciliation, data migration, and development of a master data service layer. As a result, a "system of record" is produced to store a master copy of all corporate data. A successful implementation also requires a corporate mandate to prevent renegade use of applications that produce incoherent or redundant sets of data.

How does it work? Once implemented, the master data management system allows applications and users to access data in a consolidated view. An agreed-upon set of standards determines how information will be formatted and stored. For example, an address can be broken down into components such as street number, street, city, state, five-digit ZIP code and nine-digit ZIP code. Applications can then display this information in various formats, depending on users' needs. A layer of "service" software makes sure all applications look at the master data the same way, and synchronizes all updates.

How is it different from data cleansing? Data cleansing simply improves the quality of business data by eliminating redundant and anomalous entries and applying standard formats. Implementing MDM includes a data-cleansing step to standardize data formats from disparate sources.

Can I keep my legacy applications? In most cases. Depending on the implementation, the master data can be made available to legacy apps. The main goal of MDM is to allow unrelated applications to share a common pool of synchronized data.

Where do I get one? You can't go to CompUSA and pick up a box of MDM Pro 5.0. Most likely, you will have to lean on some consultants to help you pick out the right tools and tailor a system for your company.

Who are the players? There is not yet a clearly defined industry providing products and services, but according to Gartner vice president Nick Gall, Ascential (recently acquired by IBM) and Informatica supply a comprehensive set of integration tools and services.

Quiz: Is Your Data Working for You?

Does your business need to tackle master data management?
Give yourself 1 point for each True answer, 0 for each False.

TRUE or FALSE

- Our data is distributed among many systems.
- There is no rigorous policy for deploying business applications.
- We run many legacy applications with closed databases.

- Departments manage information systems independently.

Score:

- 4** You won't get the most out of your data until you get a master view.
- 1-3** Your technology managers need to assess the business benefits of MDM.
- 0** Don't worry. Your data is under control.

Source Baseline Magazine www.baselinemag.com June 10 2005