Gartner Peer Connect Perspectives: Different Approaches to Establish the Need for Master Data Management in Your Organization

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While MDM is most impactful when applied to all the organizational master data, the expenses and risks of an organizationwide effort can be difficult to justify in some cases. Peer Connect members discuss how they established the need for MDM in their respective organization.

Overview

A Peer Connect member's organization is building a master data management (MDM) strategy and planning to implement an MDM solution. He seeks advice from peers on how they approached the MDM strategy in their respective organization. He also questions how they ensured business buy-in or built a business case for MDM.

Peer Connect members share different approaches for establishing the need for MDM in the organization. According to them, successfully implementing an MDM solution requires efforts from the entire organization. You need to align business outcomes and pain points, identify critical business drivers, and demonstrate the ROI.

Peer Strategies

Many organizations today have multiple CRMs and ERPs where data from different departments can easily become duplicated, fragmented or outdated. Therefore, to manage such data and keep it updated, they turn to MDM. In simpler words, MDM provides better control and a holistic vision of organizational data. Peer Connect members discuss different ways to promote the need for MDM in the organization.
Include MDM in Your Organization’s Overall Data Strategy

As organizations continue to leverage their data optimally, MDM has become a key focus area.

A Peer Connect member’s organization included MDM in the overall data strategy to link all the critical data to a single reference point using data integration. The first step was to build a business case for different business units by highlighting the benefits of a data-driven approach before making them formal data owners.

He adds, “We provided different business functions with details of processes and templates to get a clear picture of where they are today in terms of processes, applications and data.” He further mentions that MDM is also a part of his organization's data reference architecture. He states, “We see that MDM can be introduced when large systems of record such as CRMs and ERPs need to be replaced or introduced.”

Master Data Governance Should Be a Key Priority

For the above peer’s organization, data quality is of the utmost importance. His organization does not focus on getting new MDM tools to meet business goals. Instead, they implement governance of business processes, data and product owners to keep the data protected, and ensure it’s integrated and usable. He adds, “We leave the usage of MDM tools to data engineers, data stewards and other people who are subject matter experts (SMEs) at an operational level.”

Strong master data governance can drive better accuracy and consistency of data. Without adequate master data governance, there is limited data accountability and ownership, which can lead to higher compliance risks and revenue loss.

The thread initiator's organization is also planning a three-step approach to MDM in the following order:

- Assessing the impact of bad data
- Getting leadership buy-in to set up a governance model comprising data stewards
- Implementing an MDM tool
Demonstrate Strong Business Outcomes to Build a Compelling Business Case for MDM

Some Peer Connect members suggest tying MDM to business outcomes to create a solid business case. A data and analytics (D&A) leader says, “I would not suggest trying to create a business case for MDM only on its benefits. That has tended to be difficult and challenging to get support.”

While aligning your MDM initiative with your organizational objectives is challenging, getting business buy-in for a resource-heavy project such as MDM is even more difficult. Therefore, you will need to demonstrate how your MDM initiative can actually help you meet your business outcomes down the line.

According to a lead enterprise architect, it is difficult to build a business case for MDM projects in an organization that is not data-driven. He also suggests tying MDM to business outcomes. He adds, “The key areas that I used to drive business buy-in linked to business outcomes for MDM were as follows”:

- **Regulation**: For customer data, I focused on understanding the macromarket shifts and how it meant that we need to ensure that we are better at managing first-party customer data. In Europe, we have the General Data Protection Regulation (GDPR) and fines associated with mishandling first-party customer data. Additionally, the decline of third-party cookies means existing ways to trigger and track digital marketing have to change. Again, I support a drive to better manage and use first-party data to support fine avoidance and increase marketing campaign effectiveness.

- **Privacy**: Customers have new expectations in the way firms manage and use their data. Being clearer on what, why and how data-based value exchanges can drive increased customer engagement and marketing relevancy is another business outcome.

- **Automation**: As mentioned above, if we improve the base data, we have better opportunities for delivering savings through automation. Automation will only be as good as the data that it is fed with.

- **Service Deflection**: Where customer data is correct, we have a greater opportunity to automate more service outcomes through digital journeys and bots. Again, increasing customer Net Promoter Score (NPS) and reducing the overall service cost.”
According to him, tailoring the above approaches to your industry and the business outcomes that rely on data quality will be the key to success.

**Get Buy-In From Different Business Functions**

A section of Peer Connect members suggests getting buy-in from different business functions, especially in cases where justifying the MDM initiative using a business case is difficult. According to them, MDM helps in solving business-related challenges and should be actively driven by the business. Therefore, they suggest including representatives from different business functions in the organization’s overall MDM strategy.

An IT enterprise applications architect found it challenging to sell a proper MDM strategy to his organization. He states, “In our organization, if the funding is not coming from the business functions, no big investments are possible. We cannot take it from our IT budget and just get started. We did spread the MDM concept to our key business stakeholders last year without great buy-in.”

He is now assessing the need for MDM in the supply chain and sales functions.

Another Peer Connect member did not build a business case to justify the need for organizational MDM and got buy-in from different business functions. He says, “We started by having the IT community being convinced enough to have a budget and the CIO agreement.”

He also got buy-in from two other recognized business directors from the finance and indirect purchasing functions. He prototyped and built the first datasets with them. He adds, “The reality is that when we started the project, the buy-in was very low. It took one year to show the first concrete results and then increase the scope progressively.”

In his organization, the MDM initiative was recognized after almost three years and then became a standard process.
Key Take-Aways

- Organizations need MDM for managing datasets around key areas, such as customer, organizational structure and products.

- MDM business cases and investment decisions typically drive the overall MDM strategy based on the priorities that are associated with business efficiency, cost reduction, revenue growth and risk mitigation. However, MDM priorities are also influenced by the analytical needs, business process requirements, executive buy-in and IT roadmap.

- An impactful MDM strategy has a business-driven imperative and operates within an established data governance program. Data governance and MDM together can accomplish much in the way of data accuracy and data trust across business divisions.

- Many MDM initiatives fail because of weak business cases. Therefore, you should tie MDM to potent business outcomes to create a strong business case.

- For MDM to be successful, leaders of different business units must participate in the development of the strategy and be regularly involved in ongoing governance talks.

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