



The Business Case for Master Data Management

MDM Research finds key drivers for investment

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Summary

Improving the consistency and accuracy of business data from which to generate relevant, actionable information is not easy. Typically it requires investments of time and money. Master data management (MDM) is a valuable process and technology for achieving this goal. To be certain that investing in MDM will be worthwhile (and will gain the approval of management), a designated team should build a business case that ascertains the potential value of the investment. Ventana Research, which recently completed research on MDM, sees it not as a project but as a continuous investment, and therefore believes it requires development of a business case that outlines the benefits to be achieved, defines timelines for reaching them and specifies costs associated with it.

View

A successful business case for investing in MDM is one that convinces management that the business needs it. In July 2006 Ventana Research conducted MDM research, sponsored by IBM and SAP and by media partners ASCET, BI Review, BusinessIntelligence.com, The CFO Project, ICCM, Intelligent Enterprise, IT Business Edge, Manufacturing.net, SearchDataManagement.com, SearchOracle.com, SearchSAP.com and Technology Evaluation Centers, that analyzed responses from 515 qualified organizations in manufacturing, services and public sector industries. An objective of the research was to gain insight into the business drivers that cause organizations to focus on master data management.

The largest proportion of respondents (33 percent) adopted MDM to reduce time spent in reconciling data from disparate sources; the next most popular reason was that no one in the organization was accountable for the quality of information (17 percent); third was difficulty in determining which spreadsheet had correct data (12 percent). That our research found these to be the top-priority problems indicates that organizations are striving to generate consistent business information faster. The rising costs of errors in data also is a factor driving MDM adoption and should be part of building an effective business case.

The top benefits of investing in MDM cited by our respondents involve business effectiveness, efficiency and control. The benefit most often cited as already having been achieved in MDM deployments was to increase the accuracy of reporting and business intelligence (42 percent). It was followed by improving the operational efficiency of processes and of customer service, and by gaining control over information needed to market and sell products more effectively. Overall, our research shows that MDM touches and can improve just about every business process and function from which a company can derive quantifiable benefits within a specific timeframe.

Assessment

Our research in MDM found that organizations are still in the early phases of the maturation of MDM; for example, the top driver respondents identified was not improving business performance but rather reducing data reconciliation. It is understandable that organizations first must fix problems in processes and technology. Over time they can reasonably expect to experience the broader benefits of adopting MDM. Ventana Research recommends that organizations consider both immediate and longer-range goals to strengthen the business case for continuous investment.

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MDM research finds diversity of operational and analytic systems

[Master Data Management Helps Fulfill Responsibility for Data Governance](#)

MDM research finds lack of accountability for data

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