



COMBINING MDM AND DATA GOVERNANCE: ALL YOU NEED TO KNOW

Abstract

Master data management (MDM) and data governance work together to provide high-quality data that complies with applicable laws – internal or external. Before a business dives into implementing the MDM system, the decision-makers must appreciate the different uses and interdependence of MDM and data governance.

By adopting an incremental rather than a big-bang approach, businesses ensure that the enterprise-wide change is successful. It also gains more trust and acceptance among the stakeholders, leaders, and staff.



Statistics show that 54% of businesses consider data quality and completeness a key driver for effective marketing and enterprise decision-making. However, 57% of marketers have low-quality data, which

results in diminished results. This is where master data management (MDM) and data governance play a crucial role.

MDM forms the foundation of all key business decisions. However, businesses

must understand how data governance enhances MDM and how they work together for a successful implementation strategy.

What is master data management?

Master data management (MDM) is a way to create a single source of truth. This entity could be a place, person, or thing from internal and external resources and systems in an organisation. The MDM system de-duplicates, reconciles, and enriches the information to make it consistent and reliable.

Once you create the master data, it acts as a trusted source for the information

you can share across the business. This promotes accurate reporting with lower redundancy and errors, which helps your staff make better decisions.

Common MDM domains into which we classify the master data are –

- Customer master data
- Product master data
- Supplier master data

- Reference master data
- Location master data
- Asset master data
- Employee master data

Other specific domains could be accounts, beneficiaries, patients, contracts, claims, vehicles, projects, movies, airports, and more.

When to use master data management?

According to a survey, poor data quality or inability to share it between systems affects business decisions and costs them an average of \$13 million annually. Master data management increases a business's decision-making ability.

It could be in response to a need for cleaning up and standardising the systems

for monitoring accuracy, synthesising information, and standardising formats.

For example, consider the impact of a sales call with incomplete and inaccurate information. Probably, the customer's location and address have changed. It will definitely help your agent to stay updated on the products the customer owns and

whether there are any open service items. Businesses deploy master data management to reduce IT costs by eliminating siloed systems. The master data management team focuses on improving the data quality rather than enforcing the rules and compliances.

Importance of master data management

Each outcome focuses on better decision-making and lower costs within the organisation. The importance of master data management is –

- **Reduced workload** – Without such a single source of truth, every department would be investing time in collecting and maintaining the data. Multiple departments could be fetching and working with the same data. Consider the amount of workload in the case of a large company with multiple departments and geographical locations.

Master data management has a governance process that collects each piece of data only once. All the departments can access the information from a single source and reduce their workload.

- **Better data quality** – When every department maintains its source of truth, the data quality remains low. This impacts

cross-functional reporting and process execution. Master data ensures superior data that is correct and most up-to-date.

- **Data compliance and governance** – Having all the data in a single location makes the governance and compliance process easy. Master data management systems also define structured data responsibilities. Businesses know who among the team will handle and manage the data at which point.

- **Lower time-to-market** – A central master data management system reduces the time-to-market for any solution, functionality, or system. Instead of manually setting up the master data in a product, your team can connect to the MDM system and directly fetch high-quality data.

- **Business process efficiency** – One can improve efficiency with a single source of truth to support business processes.

Employees can access a vast amount of data over mobile MDM applications and make quick decisions.

- **Better decision-making** – With MDM, the decisions are not only quick but also better quality, thanks to the holistic, comprehensive, and complete data. The decision-making across the company relies on identical, fact-based, and the latest data. While dynamic data fuels your decision-making, MDM is the source that drives it.

- **Eliminate manual processes** – Manual master data management depends on excel sheets that are tedious. Such data leads to wrong decisions, drives up inefficiency, and causes failures. It is difficult to synchronise excel sheets with other systems to automatically exchange data.

Master data is easy to manage and has a wide range of integration possibilities with other systems.

What is master data governance?

It is important to understand this crucial difference between master data management and governance. While master data management focuses on improving the quality of the data,

governance makes it comply with organisational standards and regulations. Governance takes care of data acquisition and storage, quality, and security.

A data governance program has clear policies and procedures to manage it in a controlled and consistent manner.



When to use master data governance?

Robust data governance is important to control the data throughout its MDM journey. Data governance is essential in highly regulated industries

such as financial services, healthcare, manufacturing, etc. In such industries, data accuracy and completeness are paramount for its security.

These organisations always need to supervise their data with the ability to track, control, and audit it at any time.



Problems of ungoverned master data

Master data governance is an administrative and compliance requirement that directly impacts the business's ability to scale and achieve its goals. Some of the problems of ungoverned data are –

- Spend valuable time on manual processing and firefighting
- Poor customer experience and loss of reputation and loyalty
- Missed opportunities to cross-sell or upsell to a customer
- Wasted time in correcting and re-processing the data
- Suppliers are duplicated so many times that it is difficult to negotiate purchasing discounts.
- Loss of web sales due to inaccurate sizing data
- Low visibility of the supply chain. This includes sourcing and manufacturing methods, and subcontractors
- Lack of compliance with data standards such as the GS1 standards and government trade regulations
- Lack of confidence in data analytics
- Decisions are based on opinions rather than data-driven facts

How does managing master data help you govern it?

By managing master data, you can ensure high quality throughout its lifecycle. The data owners can always work with

accurate data and define permissions and tasks for users. Rules and gates enable

audit trails to track any unauthorised access or usage.

What are the benefits of central data governance?

By using MDM, you can centralise heterogeneous systems into a single source from where you can distribute it across the enterprise. Some of the benefits are –

1. Standardise definitions and business rules with consistency, anytime and anywhere.
2. Route the workflows to the right people and notify them.
3. Integrate data governance with processes for de-duplication and validation.
4. Simplify regulatory compliance with audit trails.
5. Update a large volume of data with real-time insights. Pinpoint the changes and verify them before activating.
6. Import or export .csv or Microsoft Excel files for offline analysis and processing.



Why do many data governance projects fail?

While data management and governance are useful, the implementation projects fail in more than 87% of the companies with low business intelligence (BI) and analytics. The top 5 reasons for the failure are –

Disconnect with the business value

Failing to connect data strategies governance to business outcomes is the main reason the projects are unsuccessful. You need clear accountabilities of data ownership and processes and systems to support the business.

Without establishing a connection with business value, the data governance program will have poor acceptance. Stakeholders lose trust in data quality and accuracy, and in many cases, the projects are cancelled.

No change management

Companies require significant cultural change for successful data governance.

This happens not only through policies and standards but also with the active involvement of stakeholders and change management.

A well-trusted and collaborative data governance model considers the experience and role of everyone and, thus, leads to better results.

Big bang approach

Businesses must take data governance as an iterative project, not a big bang. It starts small with a specific area to deliver a certain business value. It then proceeds incrementally to other parts of the business.

Big bang approaches are often too complex to handle and may fail due to the sheer amount of change required. New data policies and standards need to come in as top-down or bottom-up approaches in day-to-day operations.

Lack of communication

Having adequate, decisive, and insightful communication throughout the data governance project is necessary. This impacts people's roles and responsibilities and brings value to the operations.

By not understanding the value of good governance and not balancing the current responsibilities with the program's needs, the project is bound to fail.

No education and training

Those involved in data governance decisions often do not have sufficient education and training to make effective decisions. For an effective data governance program, the team needs training and the right literacy level. Even if the implementation is successful, a lack of education and training will make the data governance project fail.

How to approach a master data governance strategy?

Data governance works together with master data management to establish trust across business divisions. You must engage the business leaders from the early stages of the implementation. A good implementation strategy will have a dispute resolution and escalation system. The steps to approach a successful data governance program are as follows –

- Define a starting point and plan the program expansion for later stages.
- Introduce the best practices in enterprise-wide data integration and accessibility.
- Create accountability which improves the trustworthiness of the data.
- Enrich the data quality by profiling it with pre-defined metrics.
- Monitor the data regularly for validity and accuracy.
- Have an enterprise-wide multi-domain MDM for effective data governance.
- Introduce a feedback mechanism for assessment and improvement.

Conclusion

Good data governance provides clarity, and technologies such as artificial intelligence (AI) and machine learning (ML) streamline

digital transformation. A good [MDM and data governance technology partner](#) provides the right guidance, data quality

management, and digital transformation to deliver maximum value in your efficiency and effectiveness.

* For organizations on the digital transformation journey, agility is key in responding to a rapidly changing technology and business landscape. Now more than ever, it is crucial to deliver and exceed on organizational expectations with a robust digital mindset backed by innovation. Enabling businesses to sense, learn, respond, and evolve like a living organism, will be imperative for business excellence going forward. A comprehensive, yet modular suite of services is doing exactly that. Equipping **organizations with intuitive decision-making** automatically at scale, actionable insights based on real-time solutions, anytime/anywhere experience, and in-depth data visibility across functions leading to hyper-productivity, [Live Enterprise](#) is building connected organizations that are innovating collaboratively for the future.

For more information, contact infosysbpm@infosys.com



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