What is Master Data Management?

And Why You Need It

StiboSystems

MASTER DATA MANAGEMENT

Introduction

The increasing complexity of the 21st-century global economy, including the rise of what analysts call the "age of the customer," has significant ramifications for how businesses manage and maintain the integrity of data. In fact, the need to create, manage and deliver a single version of truth is vital to enabling organizations to drive true digital transformation, such as providing a superior product, digital and customer experience. It's also more challenging than ever, given the ubiquitous use of mobile, IoT and the cloud, to manage the overwhelming amount of data produced by companies worldwide every day.

Enter master data management (MDM). While not as familiar to some as CRM and ERP, MDM offers an essential solution that serves the needs of the enterprise using a Business-first approach. It provides complete, consistent access and visibility of product, customer, location, employee and supplier data. Most importantly, MDM enables the entire organization to make data-driven decisions that provide operational agility, time-to-value and revenue generation.

Despite its increasing level of importance, you may still be puzzled by what MDM is. Perhaps you understand the concept, but don't see how it helps companies like yours. In either instance, this white paper will explain everything you need to know in easy-to-understand terms.

Your Most Critical Corporate Asset

Whether you realize it or not, your company today collects master data from more sources than ever before. For example, your customer information might come from:

- Loyalty programs.
- E-commerce sales.
- Service calls.
- Surveys.
- Third-party sources.

The same holds true for product data. You might have thousands of stores selling millions of products to millions of customers, which results in a myriad of individual details to manage—a vast deluge of streaming master data from locations, customers, suppliers, manufacturers and more.

Leveraging volumes of incoming master data provides intelligence used to improve the business—an array of assets for meeting the customer needs, accelerating time-to-market, delivering omnichannel experiences and more.

Today many organizations don't take advantage of this critical corporate asset—master data—because it's maintained in unconnected systems, which results in incomplete and duplicate records.

MDM solves this problem by providing a central repository for building and sharing a single version of truth.

MDM allows you to make faster, smarter decisions for everything from controlling product lifecycle management to rolling out new products and creating upsell and cross-sell opportunities. Moreover, MDM is foundational in developing new business.

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How Master Data Management Helps You

MDM does more than manage your data. It helps you acquire, manage and provide access to data that supports digital transformation and business opportunities. It removes duplicate records and combines incomplete data to create a "golden record," which acts as a single version of the truth that connects business systems. Ultimately, MDM enables you to create a complete end-to-end solution that drives innovation and achieves better business outcomes.

Improve data quality and lower costs. You can effectively consolidate, cleanse, enhance and govern data using MDM. If records need editing, updating or deleting, MDM changes the relevant golden record for the amendment to be reflected everywhere. The administrative savings alone are colossal. A recent study from Aberdeen Group found MDM cuts labor costs by 67%. But if your data isn't timely, accurate or consolidated across departments, the costs associated with data maintenance run rampant. In addition, it can lead to frustration on the customer side and breakdown in the supply chain.

Launch new products faster. MDM improves efficiency throughout the entire product and supply chain. You can effectively onboard, cleanse and enrich every aspect of product information while sharing, publishing and syndicating it across all critical enterprise channels. You can efficiently set product deadlines, establish milestones and handle change orders in seconds. Manufacturers, suppliers and engineers receive accurate updates on product detail changes. Everyone, from shipping to receiving, has real-time access to product specifications as they're updated.

Deliver exceptional customer experiences. Gain a complete and reliable view of customers to supply premier personalization and customer-centric targeting. MDM fuels marketing and sales strategies by giving enterprises a precise data foundation for segmentation and more. If you collect customer data from several sources, you have several variations of the same record or two different records for the same person.

An MDM solution de-duplicates customer records to avoid personalization mistakes:

- No more emails sent to the wrong name.
- No more embarrassing phone calls about a matter they've already resolved.
- No more duplicate catalogs and letters sent to the same address.

You can save up to 50% on marketing costs because you stop wasting money on duplicate messages. Moreover, MDM is proven to:

- Increase average order size.
- Boost customer retention.
- Increase customer lifetime value.
- Increase cross-sell and upsell opportunities.

Deliver outstanding service. All of your relevant departments see the customer information at a glance and your online chat/telephone support staff discuss the customer's problem with confidence by viewing data instantly. In addition, customer support data is automatically shared and viewable with departments in sales, marketing and other functions. For instance, if a customer is transferred to another department, they won't have to answer the same questions again. According to Accenture, knowing a customer's purchase history makes them 65% more likely to choose you.

Achieve regulation and compliance. MDM helps meet various mandates, including General Data Protection Regulation (GDPR) compliance, because customer, location and other information are accessed, deleted or edited from a single point.

GDPR creates some specific issues including:

- **The scope of coverage:** the definition of personal data now includes general details as well as possible items like photographs and social media content.
- **Right to be forgotten:** customers can ask for their personal data to be deleted when it's no longer required for its original purpose.
- **Guaranteed data portability:** customers can request their personal data be transferred to competitors.

The Global Embrace of MDM for Achieving Success

Some of the world's largest leading brands successfully use MDM for all of the use cases mentioned and more. The remarkable benefits of MDM are proven, which is why companies using it today include:

Here are some examples of where MDM has made an astonishing difference to businesses in many industries.

Master Data Management in Retail

Retailers must keep product details accurate and up-to-date. Marks & Spencer (M&S) has 1,035 stores in the United Kingdom, and another 428 in 56 different countries, with over seven million registered users on their website.

With all these users and products, relaunching their website on a new platform was going to be a challenge. They couldn't afford to lose users or sales due to an inefficient process, and they needed to keep track of all their 20,000+ online products while making the transition to a new platform.

M&S also had to:

- Tailor product availability for international versions of the website

- Save money by making their internal system simpler

- Remove pain points

The company used MDM to bring product information into one place and create a single, authoritative source, which was especially challenging since they had 585 different product attributes spread across eight international websites using five languages.

Product details are updated in seconds. They only do it once, with the new information published on their websites, stores and apps. And supply chains have real-time access to an accurate, updated set of product details.

MDM also allows M&S to:

- Use rules to control their data. For example, clothing can't be published online until all the sizes have appropriate labels.

- Tailor products for each country. If they don't have the license to sell in a particular country, the product doesn't show on the relevant website.

- Manage all of the content in English. MDM automatically flags products which are sold internationally – only the text is sent for translation.

> "
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> **A single, well-managed source of data and increased automation have resulted in a system with reduced input error that's capable of dramatically reducing the time it takes for M&S to publish products on its website."**
>
> Rebecca Chamberlain, M&S.com

Master Data Management in Manufacturing

Manufacturers must work to exacting standards across:

- Design
- Safety
- Building
- Testing
- Compliance

If a manufacturer can't access the correct information, or worse, obtains the wrong information, they could face severe delays. This   was the challenge for one of the world's largest spark plug manufacturers. Every stage of the manufacturing process was divided across different countries and continents.

MDM brought the company's data to a single dashboard so that:

- Bill of material changes can be handled in a few clicks. All the relevant parties – including external suppliers – are notified automatically.

- Every stage of the manufacturing process meets compliance because all of the relevant legal information is available and up-to-date.

- Product specifications are updated in real-time. Everybody across your supply chain, logistics and marketing have the exact information they need.

If you frequently switch suppliers or add new SKUs, this could be the most compelling reason to consider an MDM solution. According to Seller Insights, each new supplier, after selecting, managing and processing, costs an average $20,091 to recruit. As mentioned, this can cut labor costs by 67%. That's a potential $13,460.97 saving every time you onboard a new supplier.

An MDM solution supplies maximum value from a product's entire lifecycle. It is shown to reduce time-to-launch up to 75%. You understand customers better, meet their needs at a lower cost and outperform the competition.

Master Data Management for Your Customers

Perhaps more than anything, the future of business success involves delivering exceptional customer experiences.

Imagine a business with ten million customers that:

- Line up to visit a new store on the day it opens.
- Request more store locations.
- Give you an annual revenue of $6.8 billion.

This is not Apple. It's Wegmans — voted the top U.S. grocery store every year since 2006 by Consumer Reports subscribers. Wegman's has 92 physical stores and its digital website. But their customer data was held in five different systems, one for each of Wegmans' five lines of business. They couldn't provide a personalized shopping experience

and their loyalty program contained poor quality data.

Wegmans turned to MDM take data from its five separate systems and create one complete, golden record for each of Wegmans 10,000,000 customers. MDM cleaned the data and consolidated duplicate records. The data from incomplete records were used to populate the relevant golden record, and then the incomplete records were deleted to avoid duplicates.

Now Wegmans has:

- A single, accurate customer record shared across all systems in their five lines of business.

- A personalized shopping experience for every customer.

- A loyalty program fueled with robust, accurate data.

Wegmans plans on adding an estimated one million new customers annually using MDM, as well as manage data for their 70,000 products, locations and suppliers.

Master Data Management for Your Online Sales

Selling online has one major problem: customers cannot hold the product before they buy it. It's why e-commerce stores rely on mountains of product data.

- Photos that zoom and rotate.
- Detailed product descriptions.
- Videos.
- Social media reviews.

With 3.4 million active customers, bol.com is the largest e-commerce store in the Netherlands. Their website features millions of products, each with complex sets of data to manage.

MDM integrated all of the company's product data to a single, approved source. Now when product details are added or changed, the fresh information is published all across of their relevant channels. Customer service personnel are automatically updated.

Since using an MDM solution, bol.com now introduces new product categories 80% faster.

> **"**
> **That's a crucial capability that translates immediately into sales."**
> Menno Vis, software development manager, bol.com

3% Only 3% of companies met basic data standards.

$3.1 Trillion

And according to IBM, the cost of this poor data quality is staggering: $3.1 trillion every year just in the United States.

A World Without Master Data Management

Imagine how the previously mentioned companies would have managed their challenges and opportunities without MDM. For Marks & Spencer, migrating seven million registered users and 20,000+ products to a new web platform would have been an arduous, time-consuming process. The additional duties of managing these products over eight websites would have been more complicated and laborious.

Let's consider a problem that costs many companies revenue. In a recent study, the Harvard Business Review found that only 3% of companies met basic data standards. And according to IBM, the cost of this poor data quality is staggering: $3.1 trillion every year just in the United States. Possibly the worst kind of poor quality data is the information you have about your customers. Why? Compared to a new customer making their first purchase, your existing customers are four to eight times as likely to buy from you again.

Poor customer data won't just annoy prospects and buyers; it will turn them away from your brand, costing you sales, damaging your profits and eroding your brand's reputation.

For example, any of the below actions can result from poor customer data:

- Distributing an email that includes an incorrect name or other personal details.
- Offering irrelevant discounts based on incorrect purchase history or geography.
- Emailing an offering twice to the same person.

With MDM, none of these activities will happen. Each customer will have a single golden record stitched together and reconciled from all of your existing data, no matter where it was captured or maintained.

With quality customer data, your business will:

- Trust that email you send to customers will have the correct details.
- Extend only relevant offers to the right prospects.
- Send one communication to the right customer.

Conclusion

Leading digital transformation, supplying superior products and meeting increased customer demands has never been at a higher premium. It requires a flexible and comprehensive approach that starts with data but ends with business outcomes. That's the role of MDM. It allows you to replace costly manual data methods, remove data silos and improve processes.

MDM helps bring the right product at the right time to the right person and in the right channel. It supplies comprehensive, end-to-end product lifecycle management. And it creates a complete and comprehensive customer view—a 360° customer record—for delivering experiences that consumers crave. Moreover, MDM scales to include multiple domains across products, customers, stores/locations, employees, suppliers, digital assets and more.

Your company can leverage MDM to develop new business models and processes where interaction between systems is a prerequisite. You can also deliver operational information to every point in the organization. Ultimately, you make better, faster decisions that lower costs and increase ROI.

Learn more about the benefits of MDM: please email **info@stibosystems.com** or visit **www.stibosystems.com**.