Informatica

White Paper

How to Get C-level Buy-in for Your MDM Initiatives

Step-by-step guide to planning a master data management strategy and winning executive sponsorship

About Informatica

Digital transformation changes expectations: better service, faster delivery, with less cost. Businesses must transform to stay relevant and data holds the answers.

As the world's leader in Enterprise Cloud Data Management, we're prepared to help you intelligently lead—in any sector, category or niche. Informatica provides you with the foresight to become more agile, realize new growth opportunities or create new inventions. With 100% focus on everything data, we offer the versatility needed to succeed.

We invite you to explore all that Informatica has to offer—and unleash the power of data to drive your next intelligent disruption.

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Executive Summary

Enterprise data is the core of your business, and every year, companies get better at ensuring that data is governed, relevant, and authoritative—in short, that it's trusted data. Data management is critical to this process. Without the right systems in place, no organization can have full confidence in its data to address pressing business challenges.

Your business initiatives rely on trusted data. Specifically, master data is a shared resource across the enterprise that you need to strategically manage to ensure your data-driven digital transformation initiatives deliver tangible business outcomes and help realize new growth opportunities.

Master data management (MDM) can unleash real cost savings and operational returns for businesses:

- PartsSource, an automotive retail chain, lowered the time required to launch new products from two hours to two minutes, delivered double-digit percentage growth in revenue, and reduced the head count needed to update product information from seven to two.[1]
- Winsupply, a residential and industrial supplier, increased online sales by 10 percent with simplified product search capabilities and remained competitive with a modern product data platform. In addition, the company reduced workload for data stewards by 50 percent and reduced time to integrate data from acquisitions to five days, versus three months.[2]
- Hyatt is able to create a trusted view of its hotel guests and their relationships resulting in measurable benefits, including additional revenue as well as cost savings on loyalty and promotion offers.[3]
- Italian telecommunications company Fastweb anticipates that its "single version of the truth," powered by MDM and data quality, will drive more agile and rewarding customer service, reducing customer churn by up to 80 percent within three years.[4]

Rising demand for master data is helping to drive this acceleration, as more people recognize its role as the foundation of business analytics. You need to trust your data before you can do anything meaningful with it—some things never change: garbage in, garbage out.

If you can't trust your data, you can't rely on insights derived from it. And you're not only risking data chaos; you're jeopardizing your chances of creating new business value.

[1] Informatica, PartsSource Customer Story, 2017.
[2] Informatica, Winsupply Customer Story, 2018.
[3] Informatica Blog, Using Data to Delight Guests: How Hyatt Wins Customers, September 2016.
[4] Informatica, Fastweb Customer Story, 2018.

With master data, you can:

- Support customer experience innovations to improve engagement and loyalty.
- Power big data analytics initiatives with trusted, governed data—for better decision-making and modernizing operational processes.
- Improve budget forecast accuracy, control enterprise risk, and ensure regulatory compliance.
- Streamline mergers and acquisitions to reap maximum returns by identifying synergies around inventory, product portfolio, and customers to identify cross-sell and up-sell opportunities.
- Launch new products quickly, before the competition.
- Improve employee productivity and leverage operational efficiency for competitive advantage.

The path to trusted data in your organization requires a strategic focus. And, today, few people know how to evaluate their data management processes or how to assess the quality of the data and its impact on the top and bottom line of the organization.

All of this means that enterprises urgently need to make sure their data is fit for what's ahead: everything from new regulations, acquisitions, divestitures, changing customer expectations, and sales team restructuring to natural disasters and other market-driven factors. In any number of scenarios, good data can help you mitigate risk, while bad data becomes a risk multiplier.

Today's organizations have their data on-premises, in the cloud, and on desktops and devices—and you need to manage all of it as a coherent, strategic asset. Doing so allows your organization to reduce costs, improve productivity, reduce risks, develop new products or markets, and build and solidify relationships.

It is difficult for businesses to understand challenges in data management and how they impact their specific departmental processes. It can be extremely difficult for IT teams to get the budget and commitment they need to make their data strategy a success and help their business partners achieve their goals. The IT department has a unique opportunity to become an important part of business decisions by leveraging data that can help unleash transformative insights.

Your Route to Trusted Data

The best way to support your organization's data-driven digital transformation is to design and deploy an MDM initiative. But you can't do it alone. You need executive buy-in, and not just to commit the necessary funds. You'll need the ongoing support of C-level sponsors who understand the business benefits and endorse your strategy. It has been shown that a tactical approach to data management does not scale and causes repetitive work. Maximizing the business impact of your enterprise data is an ongoing process, and it's crucial that IT leaders convince the business to commit fully to that journey.

To win this support, you need to demonstrate that master data will unleash real business value—and that you know how to get there.

The roadmap you develop, informed by insights and lessons from those who have taken similar journeys, will help you point the way to mastering data for value. And by showing what business value is in store, you can clearly demonstrate the commercial benefits that will help you convince executive decision-makers.

It's a business case grounded in reality, with a route marked out. And it's not an investment for your next data initiative alone: It's an asset with long-term returns. The work you do now will make things easier (and more cost effective) for many future use cases.

This paper will help you identify where you are today on your journey to master data and what steps you should take. And it will help you convince executives and stakeholders that it's not only safe for the company to follow your plan—it's absolutely necessary.

Identify Business Goals

Master data initiatives begin and end with business value. Here is how you can make sure that your efforts to master business-critical data align to business objectives.

First, to get your MDM initiative funded, you need to connect it with a business driver. You need to understand the business strategy and what your executives are trying to accomplish. For example:

- Increase customer wallet share.
- Make faster, better operational decisions.
- Deliver better patient outcomes.

Second, you must understand the key performance indicators (KPIs) your executives use to measure the success of this business initiative.

And lastly, figure out how MDM can contribute to business success. The importance of an effective IT-business partnership cannot be overstated, so make sure you cultivate a productive, collaborative relationship with your key business stakeholders from the start. Keep communication open and flowing and, where useful, make a distinction between internally and externally communicated goals.

Establish Business Value Drivers for Your Master Data Efforts

To prove the value of master data, you'll need to align your master data efforts to the business value drivers that are unique to your organization.

The following list shows some of the examples you may want to understand as you drive toward master data. They're not necessarily sequential or cumulative, but they do outline a general progression of capabilities:

- Improve order completion rates by reducing failure due to bad data.
- Understand customers' unique needs and deliver products faster across online, mobile, retail, and point-of-sale channels.
- Deliver consistent and improved customer experiences to grow your customer base and increase wallet share with existing customers.
- Improve campaign conversion rates by gaining trusted insights about customers.
- Optimize supply chain processes, ensure compliance, and reduce supplier spend by negotiating better pricing and payment terms.
- Automate regulatory reporting to ensure compliance and avoid risks and fines.
- Implement consent management to comply with the General Data Protection Regulation (GDPR).
- Streamline mergers or acquisitions to identify customer overlaps to boost growth opportunities.

Get Your Bearings: Your Roadmap to Master Data

When you're trying to convince budget holders to fund your program, it pays to know exactly where you are today and where you need to go tomorrow.

Where are you today? It's not a simple question. In fact, it amounts to a health check on your enterprise data across systems and capabilities:

- Where is the data you need to understand captured, managed, and stored?
- Across how many applications is your data spread (whether it's customer, product, asset, location, associate, contract, or any other kind of data)?
- How fast do these applications grow and how well-governed are they?
- How much of your data is structured and how much unstructured?
- What is the quality of your data? What is its timeliness, completeness, uniqueness, and accuracy, and how standardized is its representation?

- How much time do you spend manually wrangling data as opposed to automating data management?
- How is new data onboarded during new system acquisition (e.g., as a result of a merger or acquisition)? How long does it take?
- What modernization would be required to achieve your proposed architecture?

How you answer questions like these will help determine where you are today and how far you need to go. Many departments take data from an enterprise resource planning (ERP) or customer relationship management (CRM) system, manipulate it in spreadsheets, and put the data back into those systems. This overhead happens often enough to create a case for managing some of this data in a flexible system that ensures data quality. You can also avoid unauthorized access and ensure accountability by securing and applying appropriate controls to sensitive master data.

Where do you need to go next to achieve your goals? The next steps on your journey to trusted data should take into account your current business environment (e.g., whether you're expanding into new markets, heading into a merger, or facing a new competitor). For a useful resource to help get your bearings, take a look at this business opportunity assessment tool.

In addition, ask yourself which of the following steps have you completed and what challenges remain on your road to master data:

1. Harmonize metadata and the business glossary and standardize the data in your front-line applications and business analytics.
2. Discover and profile application and analytic data to evaluate and benchmark the quality of the data.
3. Verify, cleanse, and enrich your enterprise data with high-quality internal and external third-party information for additional insights. For example, incorporate GS1 standards for products and use B2B data enrichment from Dun & Bradstreet.
4. Reduce duplicates and master records across business applications and analytics. This might include customer, product, supplier, partner, material, parts, location, asset, and other business-critical data areas.
5. Drive collaboration between IT and business teams with the right tools for setting data governance policies and actions for customers, suppliers, assets, and product data.
6. If part of your architectural vision, deploy clean facts, dimensions, and match rules into your big data environment and collect and relate multiformat data records around equipment usage and faults, error codes, and so on.
7. Operationalize actions by setting triggers based on complex event logic to service, alert, prioritize, and schedule maintenance and update records and permissions, and so on.
8. Deliver clean data to both operational and analytical systems, such as enterprise data warehouses and data lakes, so business users and data scientists can leverage master data to glean insights and deliver great customer experiences.

Remember to measure performance before you start your data improvement initiative so you have a baseline against which to track the impact.

Plan and Conduct Stakeholder Interviews

Of course, no one expects you to answer all of these questions on your own. You'll need to gather intelligence from many sources when you're identifying business goals, establishing metrics, and getting your bearings on the road to master data.

To get the full picture, you'll need to talk to people in the trenches. These include application and process owners, business analysts, operational managers, and anyone who is responsible for fixing—or consuming—the data. The business owners take a holistic view of business priorities. Spend some time thinking about the best stakeholders to speak to on both the IT and business sides, take your groundwork to them, and supplement it with their insights.

Stakeholders usually include business process owners and data managers. The rules and levels of involvement vary depending on the scope and type of data initiative:

- **Customer data** – Heads of sales, service, marketing, and finance
- **Product data** – Heads of R&D, manufacturing, marketing, sales, service, logistics, and finance
- **Supplier data** – Heads of supply chain, procurement, and finance
- **Employee data** – Human resources and finance

If your corporate culture is open to it, it's always valuable to learn from the same executives you're targeting, if they can articulate their data-related challenges or opportunities. Knowing their current level of understanding will help you to "right-level" the message when you return with a business case. However, it also pays to approach a variety of stakeholders, including the people who use the data every day to perform their jobs. And remember that while quantifiable return on investment (ROI) metrics are always the most effective proof, at this stage, qualitative and anecdotal information is also useful.

Your goal is to identify the data transactions or processes (and the data elements required therein) that contribute to the success or failure of a departmental business goal—and how that supports the broader business strategy. This will enable you to gauge the impact of a master data initiative on the overall strategy's KPIs.

Above all, remember to be transparent in all your communications (and later in your calculations) and to cite all sources of data. The intelligence you gather will help you with the business case and beyond, as you look ahead to further master data initiatives. Here are some sample questions you can adapt before you begin your conversations.

Sample Business Questions

- What is the business vision and strategy, and how is the company planning to reach it?
- How will your success be measured? What are the top three KPIs—for example, cost of goods sold (COGS), on-time in-full (OTIF), warranty return rate, and so on?
- How many product or work orders or shipments are processed per month?
- How successful are marketing campaigns? Are the conversion rates of marketing campaigns meeting targets?

- How much asset downtime is due to unscheduled maintenance?
- Where one supplier is used across multiple business departments, could bulk discounts be achieved by breaking down data silos?
- What percentage of orders fail or are held up due to data issues such as incorrect product ID, address, or tariff code, and so on?
- How often does your organization violate regulatory compliance requirements? What are the penalties and what does this cost to fix?
- Do you lose customer business due to data issues?
- How much time does the business spend manually managing the data to get answers?
- What is the impact of failure, for example, in terms of extra handling costs or delayed revenue?
- What would be the monthly cost of a delay in terms of missed business opportunity, inability to respond to competitive bids, and incremental IT costs?

Sample IT Questions

- Are you able to deliver the data the business needs in the time frame required?
- Does the business trust the data you are delivering today?
- What do you spend on data integration, data quality, mastering, and governance of data across the organization?
- How long does it take you to deliver data required for a new product or campaign launch?
- How long does it take you to onboard a new data source and make it available to business analysts?
- How much faster do you think it would be if you had a single source of data to draw from as you provision data to business analysts?
- What percentage of your customer/supplier/product data is complete, up-to-date, accurate, and does not conflict with data in other sources right now? How many different systems hold the data? How well-integrated are they?
- Across all of these questions, how are the metrics trending? Are they getting worse or better?
- What technical capabilities and architecture would you need so you can efficiently deliver master data?

Analyze Your Findings

Your initial research and stakeholder interviews provide you with the raw materials for your roadmap and your business case. The next step is to examine the potential benefits and give an indication of achievable ROI.

At this stage you should examine:

- Potential benefits (the goals you identified with stakeholders, enabled by a master data initiative)
- Potential costs you'll incur getting from here to there, presented as an end-to-end cost for the whole solution, and may include:
    - Hardware (CAPEX or OPEX)
    - Software (CAPEX or OPEX)
    - Implementation
    - Maintenance (unless subscription)
    - Operations
    - Head count
    - Retraining
    - Change management
    - Success metrics

Figures 1 and 2 show the average benefits that organizations in specific industries can expect from an investment in a master data initiative.

The graphs are taken from business value assessments (BVAs) produced by Informatica to help organizations quantify the financial benefits of master data initiatives. Each assessment combines best practices with proposed action tailored to the needs of the business and IT environment in question in a bid to determine what will help or hinder an organization in achieving its master data goals. These can directly inform follow-on activities such as business architecture, data governance, or process changes.

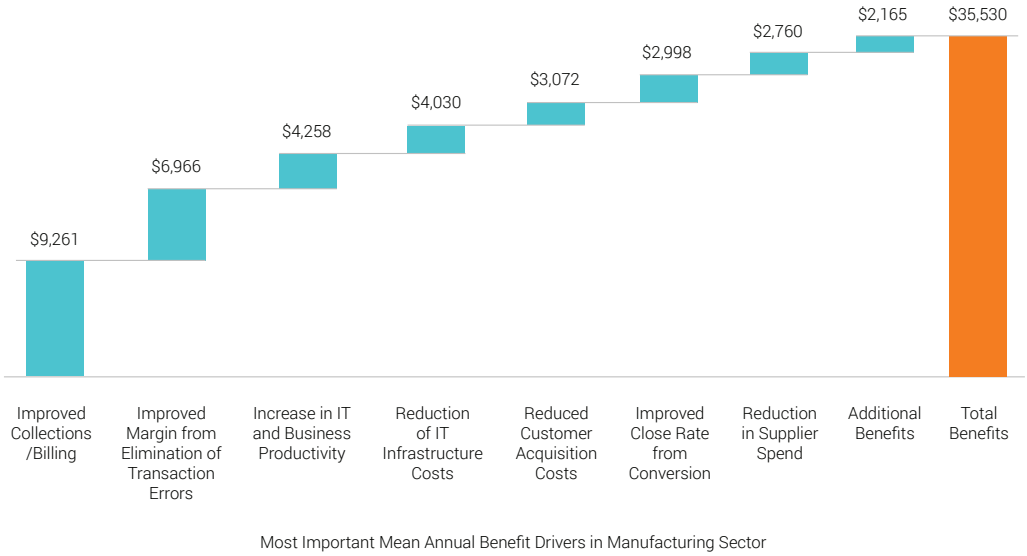


Figure 1. Industrial Manufacturing: BVA Findings – Complete Average Manufacturing Benefits (Source: Informatica Insights Series, The Value of Trusted Data in Industrial Manufacturing)

The calculated benefits—which, alongside an executive summary, are a deliverable of the BVA—can be used to gain support for data initiatives, justify financial investment, measure returns against said investment, and track the initiative's overall progress.

The business benefits and values will vary by industry, industry maturity, company size (revenue), data volume driven by data sources, supply chain, and distribution model. The average manufacturer (discrete and process) in Figure 1 generates $15 billion in annual revenue.

The average consumer packaged goods firm in Figure 2 generates $5 billion in annual revenue.

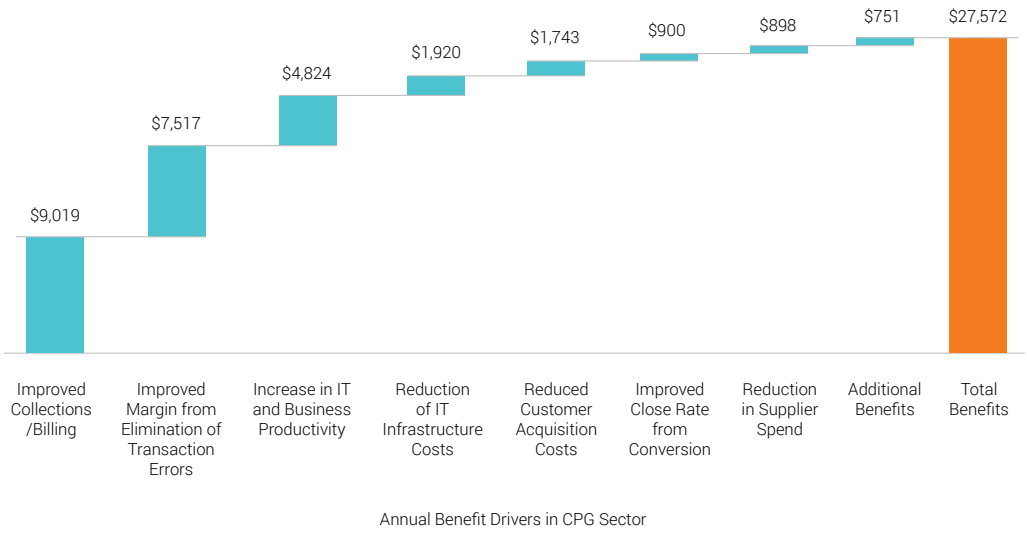
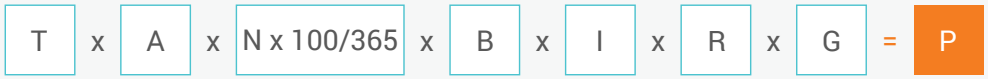


Figure 2. Consumer Packaged Goods: BVA Findings – Complete Average CPG Benefits
(Source: Informatica Insights Series, The Value of Trusted Data in Consumer Packaged Goods)

Asset Uptime Formula

To keep customers happy and ensure smooth revenue flow, a key metric might be to ensure that all the assets are working properly, with minimum downtime, for example, ATMs for retail banks, kiosks for retailers, aircraft for airlines, or manufacturing floor equipment to meet customer demand volumes.

Figure 3 shows a sample formula that will allow you to calculate net-new profit from improved asset uptime. This takes into account a variety of variables as shown.



T= Total number of production assets in scope

A = Average percentage of assets in nonproduction status in any given year

(Note: Prorate diminished production. Also, downtime must be due to asset, part, location, or associated profile data creating unscheduled maintenance work orders)

N = Number of days of nonproduction

B = Anticipated reduction in downtime based on third-party benchmark (Aberdeen, IDC, or similar)

I = Data-quality-driven improvement ratio in percentage; I is calculated by formula O x U x D:

- **O =** Third-party operational KPI (e.g., increased OTIF shipments or production uptime improvement percentage)
- **U =** Percentage of data rendered untrusted (e.g., incomplete, duplicate, outdated)
- **D =** Likelihood in percentage of data quality at or below industry par (Note: Consult Aberdeen or other analyst research)

R = Average annual revenue in dollars per asset in scope

G = Gross margin in percentage

P = Net-new profit from improved asset uptime

Figure 3. Sample Formula to Calculate Net-New Profit from Improved Asset Uptime

In building your business case, you'll be basing your calculations on assumptions—that's normal. When in doubt, use benchmarks or internal target goals. If they're not available, start with conservative assumptions.

If the analysis gets complex, Informatica can help you tease out the figures and explore what conservative and aggressive returns might look like.

Customer Example and Lessons Learned

GE Aviation is committed to finding new ways to optimize its operations and achieve further performance improvements that benefit the whole aviation industry. One of the most powerful weapons in its armory is the data that flows through the enterprise—from the engines in the sky to the control centers on the ground, and across the entire operation.

The airline industry operates on tight margins, and small improvements can have huge profit implications. Whether it's shaving minutes from flight turnaround times or optimizing engine performance and fuel efficiency, there are improvements that enhance the customer experience and result in cold, hard cost savings.

To put it into perspective, a one percent fuel cost saving could translate into $30 billion of savings for the industry over 15 years.

Challenge

GE and CFM, its partner company, have 47,000 engines in operation worldwide. That's a lot of assets creating a lot of data. And when they're designed to move around, it makes it even more challenging to create a comprehensive data picture.

The most crucial factors complicating GE Aviation's data management efforts were the high volume of assets generating data, the hundreds of applications the data moved across legacy data keys, and the need for manual aggregation.

Against this backdrop, GE Aviation focused on a number of key capabilities and initiatives:

- Optimizing management of entity relationship and match and merge (data on asset, customer, contract) across disparate systems
- Improving decision-making effectiveness to optimize the linkage between engine performance data, and tracking data throughout the engine's life cycle
- Reducing the total number of applications to 100 by 2020

Solution

GE Aviation set about creating a system that connects all the master data relating to the entire fleet by:

- Providing a single view of data across the three key domains: customer, contract, and asset
- Standardizing data and flowing downstream
- Aligning legacy data from legacy systems through cross-referencing
- Capturing business events that impact data relationships
- Reducing any conflicts that arise

Master Data Checklist

Master data management leaders at GE Aviation revealed the lessons learned during this transformation—and tips they would share with anyone embarking on the journey to master data:

- Realize the value is not only in mastering the data itself (which is important)—it's in managing the relationship between those entities.
- Find a place where you can make a real difference to the business—but don't forget to be realistic. Look at which departments, and which applications within them, are ready for optimization, and find the leaders who are willing to take on the opportunity.
- Work on getting the data cleansed. Data is often the largest challenge when these projects begin, so it's important to examine its health in raw form across all systems. Cleansing data first makes it easier to go through the technical implementation.
- Align yourself with a planned or existing initiative, such as analytics on the IT side, or a new ERP system or business initiative.
- Don't let the prospect of customization scare decision-makers. Some customization is necessary for virtually every complex data management program. It's a process of building rules on top of a solid product, not rebuilding it. In practice, it's more configuration than customization.

- Assign ownership and responsibilities before starting a master data initiative.
- Have stewardship on both sides of the IT-business divide. But don't stifle your data quality effort by overburdening it with massive data governance and stewardship policies and procedures. Keep it simple, make logical decisions, and recognize master data requires strategic focus. Rigid governance deters progress.
- Have people with business process expertise—maybe even more essential than technical expertise. You can teach people to use tools to improve data, but you need people who understand the impact of making the change.
- Pontificate. Always start with the data and drive the value message before anyone even gets connected with the new tools or practices you're proposing, to help connect the dots across your enterprise.

GE launched Predix, its Platform as a Service (PaaS), to connect machines, capture measurements, and develop software for analytics. Predix uses algorithms to make projections about future machine performance. Its insights can prevent unplanned outages and optimize maintenance, resulting in significant savings. In GE Aviation, master data will link machine analytics with enterprise data, providing asset profile, asset service history, and customer data.

Prepare Your Business Case

You need to put everything together in the final business case to present to your stakeholders. A good structure to follow looks something like this:

- **Executive summary** – Outline the market forces driving your organization's need for a master data initiative; summarize the potential business value, and outline the initiative you propose to help unleash that value. Remember, the executive summary is about the business outcome—not the data. The data is "how" you deliver the outcome, not why. Focus on why in the executive summary.
- **Major business use cases** – Describe the real business processes your initiative will affect and the tangible benefits you expect to realize. Go for high-value but realistic wins that, above all, can be measured to show the impact of master data.
- **Qualitative findings and interview quotes** – This is where you introduce your findings from stakeholder interviews and other anecdotal evidence that will give your business case authenticity.
- **Business value quantification** – Include data that shows the current state in your chosen area, then the projected future state. Assess the difference in a transparent and credible way before illustrating how your projections will positively affect business value.
- **Proposed solution** – Take everything you've learned and all the evidence you've gathered to inform your roadmap to master data and outline in detail how your proposition will deliver on the promises you made in your executive summary. This is where the lessons learned by companies like GE Aviation come in—tie your proposed solution back to the items in your master data checklist. It's also useful to include a roll-out plan for your initiative, informed by value versus cost (driven by the complexity of the requirements and the associated risks).

- **Analyst research** – Where possible, seek the expertise of external authorities that support your thinking. Look around for existing research and, if your budget allows, consider commissioning original research for your enterprise to own and use.

Conclusion

The steps outlined in this paper will help you drive your master data initiative forward. You'll be able to show the tangible improvements you can make when your enterprise data is governed, relevant, and authoritative. And you'll be able to convince the right people in your organization that great business outcomes through the effective use of master data are within your grasp. If they still need a bit of encouragement, they needn't look further than the cost of doing nothing. Without master data, business analytics is undermined, and no enterprise can have confidence in its decision-making.

Enterprises across industries have recognized the risk of doing nothing—and many have already taken the first steps advocated in this paper. With the help of a roadmap that shows how far you've come—and the distance that remains—you can win the executive support you need to kick-start your master data initiative. And it will serve you throughout this initiative and beyond, helping you keep the right people engaged and working toward a common goal: trusted data that accelerates your data-driven digital transformation.

Want to learn more about how master data management can help you turn your data into business insights? This brochure discusses the six ways MDM can help your organization and provides an overview of key capabilities of an end-to-end MDM solution.

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