



WHITE PAPER

HOW TO PICK THE BEST MASTER DATA MANAGEMENT SOLUTION FOR YOUR ORGANIZATION

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Picking a master data management (MDM) solution that's right for your organization can be a daunting task. This paper will educate you on several key aspects of MDM technology so you can gain the knowledge and confidence you need to make an informed choice.

“ ...ORGANIZATIONS HAVE ALREADY TRIED TO CREATE A SINGLE, COMPLETE VIEW OF EACH CUSTOMER GLEANED FROM MULTIPLE DATA SOURCES BY INTEGRATING CUSTOMER RELATIONSHIP MANAGEMENT (CRM) IMPLEMENTATIONS – FEW HAVE SUCCEEDED... ”

Whether you are planning to implement a fresh, new master data management (MDM) solution or extending into MDM from some other solution, such as customer relationship management, enterprise resource planning or customer data integration, there are four primary criteria and questions to consider when selecting a vendor to improve the success of your MDM solution:

- Accuracy – Can the MDM solution accurately match and link the right data?
- Scalability and performance – Can the MDM solution be adapted as your business needs change, without sacrificing performance?
- Speed and ease of implementation – How long will it take to implement the MDM solution, and will it require modifying or standardizing your current data?
- Vendor experience and expertise – How experienced is your vendor, and do they have the necessary know-how to meet your specific needs?

Introduction

While master data management may seem somewhat abstract, its ramifications are all too real. When your bank sends you mail promoting products you already have or when your current long distance company calls and asks you to switch, poor data integration and management is likely to blame. Of course, inadequate data management has far more serious ramifications than bad marketing. What if a physician is unable to access your complete medical record in an emergency and prescribes a drug to which you are allergic? Red-hot issues like these are leading many organizations across a wide range of industries to put MDM on the front burner.

Like most technology solutions, there are two common strategies for MDM: build or buy. Many organizations have already tried to create a single, complete view of each customer gleaned from multiple data sources by integrating customer relationship management (CRM) implementations with in-house customer data systems. Unfortunately, very few have succeeded with this approach for a variety of reasons.

With a typical CRM system, it is nearly impossible to build and access a complete and accurate profile of each individual customer without putting all the data into one database. Such approaches can't match records across disparate systems lacking integration or "cross talk."

Another barrier is data quality, or lack thereof, brought about by the ever-increasing volume of data flowing into an organization. Plus, multiple customer touchpoints, the increasing mobility of customers and too many disparate silos of information make it even more difficult to deliver high quality data and an accurate view of each customer.

As a result, more and more organizations are looking to the growing market for MDM products and are facing unprecedented choices. However, many of those organizations are choosing to start on this path by implementing a MDM solution. How do you choose

the right vendor? What questions can you ask potential MDM vendors to uncover the good solutions, the bad and the downright ugly?

A MDM solution should empower your organization to achieve a single, enterprise-wide view of each customer by enabling the identification, linking and synchronization of customer information across disparate silos of data. This view of the customer should be accessible throughout the enterprise and automatically updated as customer information changes to improve data integrity.

Regardless of industry, an evaluation of master data management vendors and products, however, needs to go beyond the basics and take an in-depth look at four key elements critical to MDM success:

- Accuracy
- Scalability and performance
- Speed and ease of implementation
- Vendor experience and expertise

Accuracy

Is your customer John Smith the same person as John A. Smith or Jon Alan Smith or J.A. Smith? Or none of the above? The only way to know for sure is to match and link existing data to provide a complete, consolidated and accurate view of each customer.

The accuracy of customer data can make the difference between loyal, repeat customers and disgruntled, lost customers in industries such as banking, insurance, telecommunications, hospitality and gaming, financial services and government, while sometimes meaning the difference between life and death in the healthcare industry.

Because accuracy is so vitally important to a successful master data management initiative, ask the following questions when evaluating MDM products:

- Since systems rarely share identifiers, does the solution score and match data, taking advantage of all attributes that aid in the matching process and using likelihood statistical theory for the highest levels of accuracy? State-of-the-art systems use probabilistic algorithms to compare attributes one-by-one and produce a weighted score for each pair of records. The higher the score, the more likely the records represent the same person. This method improves matching accuracy by using weights that are specifically tuned to each organization's data.
- Does the vendor provide analysis based on your own real-world data? Premier providers conduct frequency-based file analysis to provide weighting and thresholds specific to a customer's data. By using your own data, a better match is possible than by using generic criteria and arbitrary weights for each attribute. The data can be studied and tuned to recognize that a match on John Smith in the Bronx, New York, contains a more trusted matching value than a match on John Smith in Minnesota.
- Does the provider offer a way to capture and maintain a complete history of changes to attribute values? Such a method of "complete versioning" improves accuracy and the ability to make correct data linking decisions even as data constantly changes due to marriage, divorce, new addresses, updated phone numbers, etc.
- Does the solution enable you to establish the right accuracy and identification levels for your application and budget? Managing data quality is a business decision, so consider

whether you need automated identification of results to speed customer service, for example, or a solution that allows manual review of data to capture fraudulent customer activity, such as duplicate insurance claims.

- Can the solution overcome multiple identifications and data discrepancies across sources? Common obstacles to customer identity include transpositions, misspellings, nicknames, aliases, address inconsistencies and identity misrepresentations, all of which can occur when customer data flows into the company through multiple touchpoints. A strong master data management product should be able to keep data up-to-date and synchronized across the enterprise. Can you use the same matching technology in order to maintain all your relationships, such as those with individuals, households and companies?

Scalability and Performance

There are few scenarios more frustrating to customers than being put on hold by a call center or being unable to access personal information online, such as a bank account or order tracking details. Moreover, consumers expect to have multiple ways to contact businesses and access complete, up-to-date information about all their interactions with the company, regardless of whether they call, visit the website or use some other point of contact.

The bottom line is that our 24/7, “need-it-now” culture has spawned a generation of consumers who won’t hesitate to switch to another provider if their needs are not met in a timely manner. However, the increasingly heavy deluge of data that constantly pours into an organization makes it more and more difficult to get a complete, trusted view of customer identities.

To meet these demands, look for a MDM hub that delivers exceptional scalability and performance - for example, rates as high as 150 transactions per second with the ability to manage more than 100 million records. The MDM hub should be able to deliver results in real time for point-of-service operations and on demand for reporting and business intelligence. This level of scalability and performance will provide the ability to accommodate an increase in customer information as an organization’s volume of customer interactions grow. Consider your organization’s present and future needs and look for a MDM solution that can easily scale to the highest range of data sources and records.

In terms of performance, choose a MDM solution that can compute and retrieve customer data in real time to support an on-demand enterprise. Today, with widespread Internet access, automated kiosks and toll-free calling, customer interaction is an immediate, continuous and complex process that involves multiple contact points.

As you evaluate MDM software vendors, be sure they can answer “yes” to the following questions:

- Can the software operate in true real time or batch mode, updating links as records are added, modified or deleted in any data source?
- Can the software automatically find and link all of the records about a person and establish virtual enterprise identifiers while creating and maintaining a registry (or “index”) of records in their local data sources so the actual records don’t have to move, thus addressing privacy and data-ownership concerns?
- Does the software have the scalability to accommodate an increasing number of records and multiple touchpoints?

“ INITIATE SYSTEMS HAS STRONG MATCHING ALGORITHMS AND ITS PRODUCT...CAN BE IMPLEMENTED IN AN ADDITIVE, NON-INVASIVE STYLE TO AID RECOGNITION MANAGEMENT ”

– Gartner Research

Speed and Ease of Implementation

Many organizations have been eager to adopt an enterprise-wide master data management solution, but unfortunately have had to wait a year or longer before the implementation goes live. An MDM solution, however, is so vital to operational efficiency and profitability, that the faster it is implemented and integrated with existing systems the better.

Be sure to ask MDM vendors how long it will take to go into production after the contract is signed. For a basic implementation that delivers initial value, anything longer than three to six months should raise a significant red flag. A long implementation period is usually the result of time-intensive and risky data movement, which often requires the extra time and cost of additional programming and code writing.

Look for a MDM solution that requires no moving of data or substantial code development and can be implemented in a proof-of-concept with your data in no longer than four weeks. In addition, get answers to the following questions before engaging a vendor:

- Does the solution require you to conform to a vendor’s idea of the right data model for your business, now and in the future?
- Does the way they handle “extensions” or modifications put you on a custom version of the software and at risk down the line as your business changes and as they release new versions?
- Does the solution require modification or standardization of the source data in each system?
- Does the solution logically link related customer data without requiring all systems, even legacy systems, to capture and use a common key in addition to their local key?

Most importantly, before production can begin, an effective MDM implementation must first address your organization’s specific business objectives with a multi-step assessment of your data, processes and technology that includes:

- Identification of current business priorities and assumptions
- Quantification of the current state of your data
- Assessment of the impact of your current data on business priorities
- Review of supporting processes
- Presentation of options that meet your business’ current needs and support long-term strategies

Skipping any of the above steps can jeopardize the success of the implementation. For example, a plan that relies solely on Social Security numbers or some other attribute to link records will be far less effective if that attribute is missing in one or more sources, is present infrequently in others and is “dirty” in still others. What’s more, this type of preliminary assessment provides some eye-opening answers as to how many customers you actually have, the quality of your customer data by source and instances of missing data and duplicate records. As a result, you gain valuable information to help you clearly see any risks or missed business opportunities resulting from poor quality or incomplete customer information. Most importantly, you can use this information to develop a more effective strategy for leveraging your new MDM solution.

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B2C IMPLEMENTATIONS
IN INDUSTRIES LIKE
HEALTHCARE, HOSPITALITY
AND FINANCIAL SERVICES
SHOULD PRIORITIZE STRONG
REAL-TIME MATCHING AND
TRANSACTION MANAGEMENT
FROM VENDORS LIKE
INITIATE SYSTEMS.”**

– Forrester Research



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Vendor Experience and Expertise

Consumers interact with a wide variety of industries every day and each industry has its unique data challenges. What’s important to the telecommunications company is different than what’s important to the bank. Yet, in each industry, consistent and accurate master data management is key to each consumer’s positive experience and the quality of the organization’s customer service.

So even though MDM software spans solutions for a wide range of diverse industries, one size does not fit all when it comes to MDM software vendors. Before signing on the dotted line, be sure to ask your prospective MDM vendor the following questions:

- What kind of research and development initiatives are underway related to MDM or data matching?
- Does the vendor have systems in production in several distinct industries, giving them the knowledge to handle many different types of challenges?
- Can the vendor provide examples of high-volume, real-time implementations inside and outside a corporate firewall?
- Does the vendor have statisticians on staff who specialize in matching and linking?
- Has the vendor implemented MDM solutions as part of a mission-critical business process?
- Does the vendor have implementation specialists who have installed and fine-tuned a variety of MDM solutions, such as registry style, transactional hubs and hybrids?

Conclusion

MDM is a “must have” for organizations today. Without a single, accurate, instantly accessible view of each customer, organizations operate inefficiently and risk losing market share and competitive advantage while ultimately jeopardizing their long-term profitability.

Industry analysts agree that today’s MDM hub software is worth evaluating. Even though it is quickly emerging as a cutting-edge solution for bringing individual customer identities into sharp focus, not all products are created equal. Taking a strategic look at the software’s ability to deliver high-quality data integrity and consistent accuracy is key to a successful MDM implementation. Furthermore, it is especially important to evaluate a MDM software vendor’s ability to deliver a robust, scalable, highly accurate solution that can integrate disparate data “on the fly” and can go live in a short amount of time. Clearly, this is a tall order, but necessary for achieving the single, enterprise-wide view of the most important elements that drive your organization’s success – your customers.

For more information on how software from Initiate Systems can help with your master data management efforts, visit www.Initiate.com.