

MDM Gets Trendy in 2008

As master data management moves out of the early-adoption phase, Forrester Research forecasts trends for the year, reasons for failure, and recommendations for future success.

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After years of gathering buzz and attention, master data management (MDM) is finally moving out of the early-adoption phase, says R. "Ray" Wang, principal analyst at Forrester Research. Executives at global enterprises are no longer looking at how and when to deploy MDM solutions -- the conversation has now progressed toward how those initiatives can measurably improve business processes. The Forrester report, "Trends 2008: Master Data Management," authored by Wang and Rob Karel, lists the top four trends in MDM adoption and implementation this year -- and the most common reasons that similar MDM projects have failed.

"It takes a lot of leadership within a company to make sure [MDM] aligns with original goals," Wang says in an interview with *CRM* magazine. "The whole reason is to deliver on the promise of CRM," adds, noting that, to make MDM successful, employees from *all* departments need to agree on policies. The chief reason that enterprises fail with MDM strategies, he says, is lack of executive sponsorship. MDM is not just about technology, he says, echoing a long-standing mantra of the CRM field -- it's about people and processes.

The real value of an MDM initiative, Wang says, kicks in through the application of business processes -- even those which are not automated -- to customer data. For example, a contact center representative can look at a client's data and see that the particular caller has had a history of regular purchases with zero returns or complaints. Realizing the value of that particular customer through MDM information, the contact center agent can appropriately address the customer's need.

Other potential reasons for MDM project failure, according to the report, include:

- assuming that data is only an IT problem; and
- managing multiple data domains without proper techniques.

Those potential pitfalls aren't dissuading as many enterprises as they had in the past, according to the report: Within the next year, 44 percent of enterprises will consider deploying an MDM initiative. As MDM activity ramps up, several trends will emerge, according to Wang and Karel:

- early adopters making a business case for change;
- successful project teams focusing early on people and processes that fast-track MDM's return on investment;
- MDM implementations beginning from multiple entry points, based on maturity; and
- vendors seeking to expand the MDM-solution footprint.

Wang and Karel suggest that the top priority of a company pursuing an MDM initiative should be outlining its drivers for success. "An MDM solution alone will not reduce costs, increase revenue, or mitigate risk -- three of the four big drivers for any business case," they write in the report. "MDM enables other processes and systems to perform better, which can, in turn, provide those benefits."

Wang says that it's also important to keep in mind an implementation timeline when selecting a vendor or deploying MDM strategies. Rapid implementation is possible -- the report notes a case of a full-blown MDM deployment within nine weeks -- and Wang says that three months to six months is a reasonable implementation timeline.

"To help build the case for a customer master data initiative, ask your direct marketing organization to provide the costs of wasted postage and marketing collateral sent to duplicate,

invalid, or undeliverable customer addresses," Wang and Karel suggest in the report. In addition, the Forrester team advises businesses to start with a single data domain but design for interoperability: "Any implementation strategy should align with MDM maturity and ultimately tie back to data quality."

Regarding the changes required by the delivery and operation of any successful MDM initiative, Wang says that both the vendor and the business must reorder their thinking. "It's about how you can use customer information and bring that information down to a level that creates actionable insight," he says, "so that front-line workers can make decisions that make a difference."

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