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StiboSystems
MASTER DATA MANAGEMENT

***MASTER DATA
MANAGEMENT:***
*CREATING JET FUEL
FOR YOUR BUSINESS*

WHITEPAPER



THE NEW OIL IS DATA

Since the Economist in 2017 called data the world's most valuable resource¹, "data is the new oil" has become a well-known phrase. From health care, infrastructure, politics and policy, to production, business, marketing and predictive analytics, data fuels the 21st-century global economy. The age of information impacts all businesses, regardless of the sector they operate in. The way in which businesses nowadays manage and maintain their data, determines to a large extent their success.

FUELING YOUR BUSINESS

Running a business without uniform and accurate data is like driving a car with no oil in the engine. It may work for some time, but undoubtedly this will lead to a faltering state where planning is inaccurate and production and sales suffer. Marketing initiatives will miss the intended impact and sales predictions will at best be nothing more than a well-intended shot in the dark. With the amount of data growing exponentially, these challenges are more and more likely to appear. And what's worse: IDC² projects that 80% of your data may be unstructured in five years.

If not handled properly, data will become a rising struggle. But data also gives the opportunity to grow and evolve beyond the competition. With data at the core of your organization, you can open up new markets, realize business goals and transform into a truly digital company. Quality data helps to create superior product, digital and customer experience that increases customer loyalty. That's why a 2018 Experian³ report found that 95% of c-level executives believe that data is an integral part of forming their business strategy. But how do you start the transformation into a data-driven organization?

MASTERING YOUR DATA

This whitepaper will show why 'master data' is crucial to your organizations success. The term master data represents all the different types of data that flow through an organization. Master data applies to finances, customers, suppliers, products and so on. Managing your master data is the prerequisite for executing business processes and applications and therefore, of the highest importance. Master Data Management (MDM) allows you to define, manage, centralize, organize, categorize, localize, synchronize and enrich all of your master data. This secures a single version of the truth, which will prove itself to be a valuable asset.

While not as familiar to some as CRM and ERP, MDM offers an essential solution that serves the needs of the whole organization. It provides complete and consistent access of product, customer, location, employee and supplier data. Most importantly, MDM enables the entire organization to make data-driven decisions that provide business agility, time-to-value and revenue generation. If you want to succeed in the age of information, you must embark on the discipline and practice of MDM. Despite its increasing level of importance, you may still be puzzled by what MDM is. Or perhaps you understand the concept, but don't see how it could help organizations like yours win. In either instance, this white paper will explain everything you need to know in easy-to-understand terms.

Joeri Moors
MDM Market Development Manager at Osudio

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HOW MASTER DATA FUELS ORGANIZATIONS TODAY

In the age of information, data is a monetized business asset that makes the difference in creating experiences and executing business processes. No longer is data thought of as a mere IT resource.

As organizations face increasing consumer demands, many look to their data for insights that can solve their challenges.

Having access to quality information can either make or break an organization. While the importance of master data management is dawning on most markets, only organizations that are able to leverage their data for accelerating innovation and improving customer experiences, will create a true competitive advantage.

THREE WAYS IN WHICH DATA IMPACTS YOUR BUSINESS

1. PRODUCT AND SUPPLIER DATA FOR SALES AND MARKETING

Retailers, wholesalers, suppliers and manufacturers need product data to enable an effective supply chain and sell their products online. Product Information Management (PIM) allows all these organizations to manage all of their product data in a coherent and centralized way. PIM is also referred to as Product Master Data Management (PMDM), a key domain within MDM. Managing product data effectively will lower operational costs from supplier to retailer and strengthen the customer experience. Especially CPG industries are experiencing a sharp increase in data usage with upcoming trends such as product customization, products becoming experiences and social responsibility.

[Read more about PIM](#)

2. CUSTOMER DATA FOR IMPROVED CUSTOMER EXPERIENCES

To keep up with rapidly changing customer expectations, continuous improvement of the customer experience is needed. Customers expect companies to provide relevant, personal and seamless brand experiences. Retailers and wholesalers need to pool customer insights from across their organization. By analyzing customer data and combining it with operational data, actionable insights can be created that increase customer satisfaction and business performance. Manufacturers looking to sell directly to consumers (D2C) enter a whole new playing field, but also here, quality master data makes all the difference in creating experiences.

[Read more about customer experiences](#)

3. DATA ANALYTICS FOR CUSTOMER ENGAGEMENT AND BUSINESS STRATEGY

Customer engagement in all stages of the customer journey determines the long term success of any business. By incorporating more and more master data sources that cover things like product usage, sentiment, involvement and competitive activity, organizations can better retain their customers.

This data forms the basis for being a data-driven company: analyzing the data provides insights that support strategic decision making in all domains. 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 and delivering omnichannel experiences.

[Read more about customer engagement](#)

These three ways show the positive impact quality data can have on your organization. Bad data, on the other hand, can cost a company up to 30% of its revenue. Gartner's research⁴ found that organizations believe poor data quality to be responsible for an average of \$15 million per year in losses. And as information environments become increasingly complex, the impact of data on revenue is likely to increase even further. Especially organizations with multiple locations, regions, business units and many products, customers, suppliers and employees will inevitably face the challenge of mastering their data. Because no matter how good a business you're running, the business value gets destroyed by poor data quality.

WHY MASTERING YOUR DATA MATTERS

Most organizations are already collecting master data, but a considerable number is still struggling with it. A study by **Stibo Systems** and the Aberdeen Group found 45% of businesses can not locate their master data effectively. For example, determining which supplier provided the poor product information for a house label product that resulted in an increase in product returns. Or failing to onboard a new supplier in time for the new fashion season. These types of issues will impact your business. When a product record or customer record is simply missing, providing good service and making sales gets so much harder. To take advantage of this critical corporate asset—master data—instead, organizations need to understand the challenges that come with mastering it.

THE DEFINITION OF MASTER DATA MANAGEMENT

At the core, Master Data Management (MDM) is a method for data improvement. MDM seeks to prevent multiple versions of the same master data and to ensure data is accurate and complete. MDM is the process to define, manage, categorize, synchronize and enrich master data according to the business needs. MDM centralizes all the critical data from products, customers,

suppliers, locations, marketing assets and more, into a central repository to provide a single source of reference. It does this by collecting, identifying, linking and enriching all the different master data domains. Data errors are repaired and the data quality increases. This improved master data can then be used to feed processes and channels in and outside the organization.

DATA CHALLENGES RELATED TO MDM

THE SEVEN MAIN CHALLENGES RELATED TO MDM ARE:

1. DATA SILOS:

Multiple versions of data sources used within and outside the organization. Because data is maintained in unconnected (legacy) systems, this leads to duplicates, inaccessible data, errors and inefficiency.

2. DATA QUALITY:

Inconsistent, incomplete and erroneous data used throughout the business, and pushed to different channels. Resulting from manual entry and low-quality data sources, these data errors end up in all channels ranging from your ERP and webshop, printed catalogs and marketplaces to your wholesalers and retailers. Your team collaboration, customer service and communication suffer as a result.

3. UNSTRUCTURED DATA.

Your entry to new channels and marketplaces can be complicated or even blocked by unstructured data. Processes can slow down by the need to sort, manage and organize data before being able to use it.

4. DATA SYNDICATION:

Lack of control of what data is being pushed to which channel. Sometimes a selection of products should differ for a specific partner, at other times you want all your partners to receive the same data. Without data syndication, you may end up sending the wrong data to the wrong partner.

5. DATA GOVERNANCE.

Without data governance your organization is prevented from meeting regulatory compliance, such as food safety regulations or the GDPR for privacy. Throughout the lifecycle of products, traceability is low.

6. LOSS OF TRUST

Not knowing which elements of your data are outdated or incorrect. This loss of trust is terrible for efficiency and employee morale.

7. CUSTOMER EXPERIENCE:

Inconsistent customer interaction due to a lack of complete and consistent master data. Creating an omnichannel experience becomes impossible.

These challenges can be solved by introducing a central repository for building and sharing a single version of the truth. That's exactly what Master Data Management (MDM) does.

THE FIVE BENEFITS OF MASTER DATA MANAGEMENT

MDM does more than manage your data and create a golden record. With MDM in place, decision-making becomes more data-driven, customer experiences improve, revenue increases and innovation gets a boost. MDM lays the groundwork for digital transformation and supports new business opportunities.

To create the business case for MDM, it's key to translate MDM features into MDM benefits. What does it mean for your business when the data from all your systems – including ERP, CRM and E-commerce – are connected, shared and managed? You gain a business asset that is more valuable than oil. The following five benefits drive MDM adoption today:

1. 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 study from Aberdeen Group⁵ found MDM can cut 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.

2. LAUNCH NEW PRODUCTS FASTER.

With 25% of total revenue and profits⁶ across industries coming from successful new product launches, time to market matters. MDM improves

efficiency throughout the entire product and supply chain. You can effectively onboard supplier data and improve its quality while sharing, publishing and syndicating it across all 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. A customer survey by **Stibo Systems** reported that 58% of organizations using their MDM solution reduced their TTM from months-to-weeks and 36% went from weeks-to-days.

3. 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 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 like sending email to the wrong person or calling customers about matters already resolved.

4. DELIVER OUTSTANDING SERVICE.

All your relevant departments see the customer information at a glance and your support staff discuss the customer's problem with confidence by viewing data instantly.

Additionally, customer support data is automatically shared and viewable by sales, marketing and other departments. 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.

5. ACHIEVE REGULATION AND COMPLIANCE.

MDM helps to comply with safety, food health and privacy regulations such as the General Data Protection Regulation (GDPR). GDPR creates some specific challenges for organizations:

- **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 to be transferred to competitors.

Since all customer information is accessed, deleted or edited from a single point in MDM, you can more easily comply with the new regulations.

With these five MDM benefits in play, your organization unlocks the full potential of data and turns it into jet fuel that powers all your processes and customer interactions.



"A feature-rich master data management system helps you to create a single source of truth of your master data, leading to fewer errors and less redundancy in business processes"

Joeri Moors, MDM Market Development Manager at Osudio.com

IMPROVE DATA QUALITY AND LOWER COSTS.

WITH MDM, 67% OF THE LABOR COSTS CAN BE CUT.

Source: Aberdeen Group

MDM: THE ENGINE BEHIND GLOBAL SUCCESS

Some of the world's largest leading brands successfully use MDM and reap the remarkable benefits of it. Some of the European companies using MDM today include Marks & Spencer, Thule, bol.com, Colruyt Group, Tiger of Sweden and Conrad.

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

MDM FOR A SINGLE SOURCE OF TRUTH

Manufacturers must work to exacting standards across design, safety, building, testing and 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, NGK Sparkplugs. 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 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 of \$20,091 to recruit. Taking Aberdeen's research into account that MDM can cut labor costs up to 67%, MDM saves a potential \$13,460.97 every time you onboard a new supplier.

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

MDM 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 and 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.

Wegmans 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 to 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.

MDM 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. To fuel your online sales, you'll need photos that zoom and rotate, detailed product descriptions, videos and customer reviews.

With 9.6 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 the company's product data into a single, approved source. Now, when product details are added or changed, the fresh information is published all across their relevant channels. Customer service personnel are automatically updated. Since using an MDM solution, bol.com now introduces new product categories 80% faster.



"Incredibly quick and simple. That's a crucial capability that translates immediately into sales."

Menno Vis, software development manager,
bol.com

FASTER TIME TO MARKET:

WITH MDM, BOL.COM IS INTRODUCING NEW PRODUCT CATEGORIES 80% FASTER.

Source: bol.com

THE TOP SIX SIGNS YOUR ORGANIZATION IS READY FOR MDM

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 a staggering \$3.1 trillion every year, just in the United States. But do these numbers have any bearing on your organization? Is MDM even a “thing” in your market? The following six signs will help you to determine the value of MDM for your organization.

1. YOUR KEY DATA IS INACCESSIBLE.

As your business grows, your business landscape becomes more complicated. Acquisitions, expansion into new markets and new countries may result in your business running multiple legacy systems, applications and technologies. Bringing your data together is either cumbersome or impossible. That leads to different data records of the same customer that contain different pieces of the full picture. A single source of the truth is lacking, which seriously impacts your ability to create relevant customer experiences.

2. SIMPLE THINGS GO HORRIBLY WRONG.

Outdated customer addresses, incorrect invoices, service complaints, incorrect product information in the webshop, delayed deliveries, untraceable ingredients and low customer retention. All these things have one thing in common: low-quality master data. When inconsistent, incomplete and erroneous data is used throughout the business, operational excellence suffers.

3. YOUR ENTRY TO NEW CHANNELS OR MARKETPLACES IS TROUBLED.

Utilizing a new sales channel, especially one as promising as Amazon, can be tricky.

When adding a single new product becomes a time-consuming data entry project, or when your products fail to be listed properly, the problem most likely lies with data. Every marketplace maintains its own standards and demands on the quality of data. Amazon, for example, sets high guidelines for product data entry, requiring your product data to be accurate, structured and organized. Your plan to quickly get started on marketplaces may fail with the unexpected workload on data entry.

4. ONLINE SALES ARE LAGGING BEHIND.

Despite your best marketing efforts and increasing marketing budgets, whenever your customers are confronted with your products they decide to buy elsewhere. The main reason lies in the quality and consistency of your product information. When confronted with a minimal description and filter options and images missing, your customers can't make a well-informed and trusted decision. The challenge comes in requiring quality product data from your suppliers in the first place.

5. YOU OFFER A POOR CUSTOMER EXPERIENCE.

There are many good reasons why 50%⁷ of organizations redirects investments to customer experience innovations. The biggest one is the clear pay-off: 42% of all consumers would pay more for a friendly, welcoming experience according to PwC⁸. But when your customer experience is considered poor, you quickly lose their loyalty. Using low-quality 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.

6. ANALYTICS AND INSIGHTS ARE UNRELIABLE.

When your data is inaccurate, your analytics also become inaccurate and therefore useless. Garbage in means garbage out. That impacts your ability to give the right response to data-intensive and business-critical questions. You can't rely on the conclusions given by your data, so you can't take the right action. To extract valuable business insights that can drive your organizations ability to create value and relevance, you'll need to have processes and systems in place that cleanse your information.

With MDM in place, your organization can overcome these scenarios. Each customer will have a single golden record stitched together and reconciled from all your existing data, no matter where it was captured or maintained. Your product and supplier data are complete and accurate, resulting in improved operational excellence and easy access to new channels. This way, MDM enables you to create relevant and valuable customer experiences.



CONCLUSION

Leading digital transformation, supplying superior product data and meeting increased customer demands, has never been at a higher premium.

A flexible and comprehensive approach is required, starting with data but ending with tangible business outcomes. That's the role of MDM. It allows you to replace costly manual data methods, make data accessible from different sources and improve inefficient processes.

MDM helps bring the right product at the right time to the right person within 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 relevant

experiences that consumers crave today.

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 and faster decisions that lower costs and increase ROI. For competitive markets, MDM has become crucial for staying in the lead today.

MDM TURNS YOUR DATA INTO JET FUEL FOR YOUR ORGANIZATION.

Sign up for a free MDM assessment! Our experts will identify potential benefits or assess your current MDM set-up. No strings attached.

[FREE MDM ASSESMENT](#)

ABOUT OSUDIO

Osudio is part of the SQLI group and one of Europe's largest and most experienced e-business specialists. Having worked in e-business since the '90s we understand what works, what doesn't and what drives growth. Many of our national and international clients are market leaders. Our goal is to make our B2B and B2C clients successful in an ever-changing digital world, by combining the best of design and technology.

With our full-service MDM practice and the best experts out there, we don't only implement technologies but also think business and assist companies in their change. We help our clients through their MDM journey and finish it successfully. From data management, data modelling, data workflows, data quality, integration and architectural consultancy, to print and DAM. We have more than 20 years of solid experience in delivering MDM/PIM solutions in a wide range of organizations and markets. We know what it takes to make MDM work for you.

[OSUDIO.COM](https://osudio.com)



ABOUT STIBO SYSTEMS

Stibo Systems, the master data management company, is the trusted source of MDM solutions that help companies create transparency in their business processes. Our solutions are the driving force behind forward-thinking companies around the world, including 42 among the Fortune 500, that have unlocked the strategic value of their master data; empowering them to improve the customer experience, drive innovation and growth, and create an essential foundation for digital transformation. Stibo Systems is a privately held subsidiary of the Stibo A/S group, founded in 1794, and is headquartered in Aarhus, Denmark.

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Ready for take-off? Contact us today with any data concern you are having.

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