

# Putting Master Data Management to Work

**Improved MDM, regardless of your starting point, will bring significant and tangible business benefits, including reduced costs, improved productivity and increased sales.**

The retail world is becoming more and more complex as companies struggle to support the business processes with the right applications and IT architectures. In this context the availability of accurate and aligned reference master data is increasingly important.

## **The Consequences of Poor Data Management**

Unfortunately, most retail companies have poor master data in their business systems. In fact, up to 80% of all product records that are shared between retailers and manufacturers contain errors<sup>1</sup>. But what are the consequences of poor data management? Not being in control of Master Data Management (MDM) can lead to the following business issues:

### ***Inefficient new product introductions and promotions***

- Are you able to keep all product data accurate all the time in the context of the increasing number of new product introductions and promotions?
- Can you trust the data coming from your suppliers?
- How many times do you have delays of product introductions due to bad data?
- Have you ever calculated the costs of re-entering and correcting the same product data in your business systems?

In many retail companies, data management is not only labor intensive and thus unproductive, it

also clearly impacts crucial business-performance criteria like on-shelf availability and speed to market.

### ***Breakdown in the supply chain***

- Have you been faced with warehouse contingencies due to incorrect “handling unit” dimensions for targeted storage locations?
- Did you ever run out of stock in your stores because of incorrect vendor references in orders?
- Did you ever calculate the actual costs of failed barcode scanning at retail points of sale and the related effects on overestimating inventory requirements and incorrect business analysis?

Outdated, inconsistent or incomplete product data can increase the likelihood of incorrect order fulfillment and cause a breakdown in the supply chain.

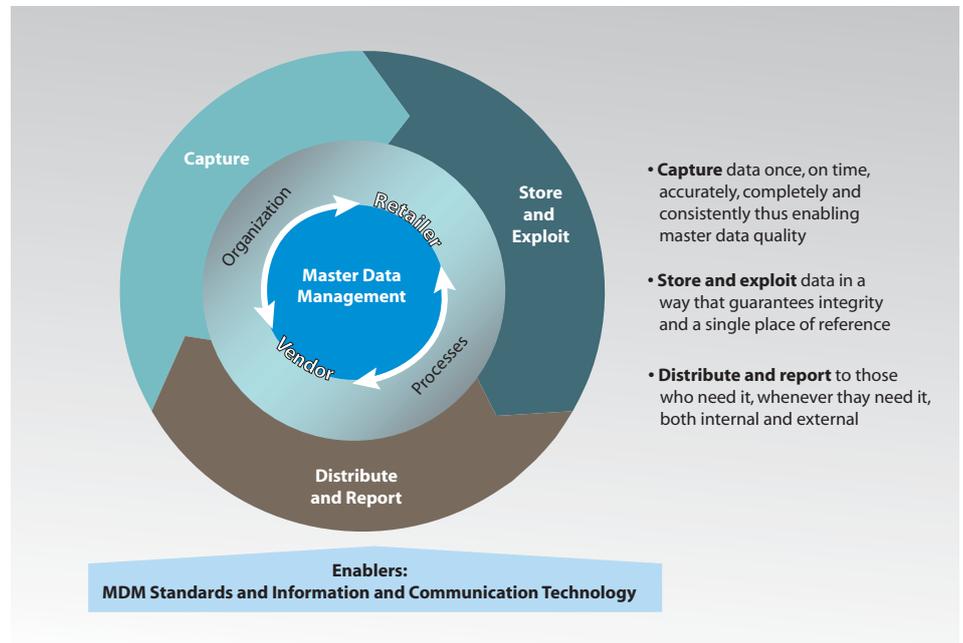
### ***Underperforming CRM activities***

- Why are the response rates of your direct-marketing campaigns often lower than expected?
- Does it happen that the same customer data occurs multiple times in your database with different addresses; which one is the correct one to use?
- If a customer opted out of direct-marketing activities, is your database appropriately updated to ensure that you do not contact him anymore for marketing purposes?

Undesirable marketing communication may result in negative customer satisfaction and loyalty and can also lead to costly state or federal penalties.

<sup>1</sup> “Internal Data Alignment: Learning from Best Practices,” Capgemini/Global Commerce Initiative.

## Our Definition of Master Data Management



### *Inability to transform*

- Have you experienced difficulties introducing new technology, software packages or migrating from one solution to another?
- Have you had to put in extra effort and time to manually cleanse the data before a change of your application landscape was possible?
- Have you had to implement complex logic to improve the data quality when integrating applications?

Inaccurate and inconsistent data obstructs integration of applications within your organization and with your business partners. Thus it reduces your ability to change.

### *Lack of business insight*

- How reliable is your current business reporting from the data warehousing system?
- Do you still need to enrich your master data in your business intelligence application in order to satisfy your reporting needs?

Incorrect master data often leads to low confidence in the reporting and analysis coming out from existing business intelligence and data warehousing systems.

Not only does inaccurate data have severe business consequences, it also gets in the way of successful rollouts of ERP, SCM, CRM or a multi-channel strategy in a retail environment. These types of initiatives demand a single source of reference master data across the myriad applications.

If you see the connection between these business issues and insufficient master data quality within your own organization then you are in position to begin to improve MDM, with positive business benefits as a result.

### **What is MDM?**

Master Data Management is a set of processes and enabling technologies to create and maintain a consistent, accurate and standardized view of reference data across business systems. The three most prominent types of retail master data are customer data, vendor data and product data.



Three key factors will embed clean and useable data into an organization:

**People and Ownership:** Clear ownership of the master data is essential. Without question, effective control of data is only achieved if it is owned by the business users, and this requires buy-in from the top, emphasizing the importance of data as the lifeblood of the organization and a foundation on which to build.

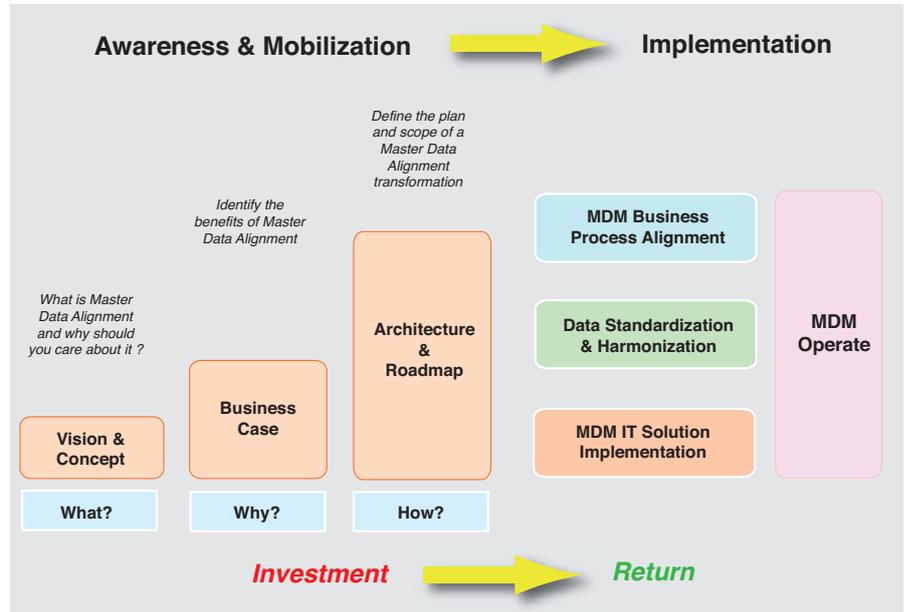
**Systems and Applications:** Bringing together master data as a repository where data can be effectively managed allows for proper control and integration of all the systems, users and processes that need to share that data.

**Processes and Procedures:** Having cross-functional processes, procedures and workflows for Master Data Management embedded into the organization will ensure that this master data can properly support the core processes that rely on it.

### How Capgemini Can Help

Capgemini has the capabilities and experience to help retail and consumer products companies from the beginning through to the full operation of Master Data Management. We have worked with a number of consumer products and retail clients helping them implement MDM and Global Data Synchronization (GDS) projects. Based on our deep experience, we have developed a concrete approach to help companies in their MDM journey.

### Capgemini's Approach to MDM



**Awareness and Mobilization** are key elements to move forward. This part of the process consists of three steps:

- **Vision and Concept:** In a customized session in our Accelerated Solutions Environment<sup>2</sup> (ASE) we work together with the client to establish commitment and deliver results. For example, we help identify and prioritize issues that the client faces in its business and IT due to data quality. Together we identify underlying deficiencies of data quality and their causes. Subjects focused on during this part of the process are data capturing, data maintenance processes and the application landscape. The desired data quality level is defined and future-state objectives are agreed upon.
- **Business Case:** The economic benefits of an MDM program are evaluated as the basis for the decision on further steps.

- **Architecture and Roadmap:** According to the specific client's needs and objectives, an MDM program is developed. The results of this phase include the main processes and responsibilities to achieve continual measurement and improvement of the master data quality; the IT architecture to support MDM; and a roadmap of the MDM program.

**Implementation** of MDM is conducted in three parallel streams:

- **MDM Business Process Alignment:** The processes of data capturing and maintenance are defined to the required detail level and are implemented. At the same time, the responsibility for the data quality is defined and the processes for continual improvement of the data quality are implemented.
- **Data Standardization and Harmonization:** Standards for all master data entities and attributes are defined across the enterprise taking into account industry standards like GS1. These standards are then implemented in all applications.

<sup>2</sup> Capgemini's ASE forms the infrastructure for leveraging innovative work processes that link technology, collaborative design, knowledge base and adaptable environments to accelerate problem solving and decision-making. The ASE methodology accomplishes in a few days what usually takes companies three to six months to accomplish using traditional linear approaches.

• **MDM IT Solution Implementation:**

An MDM solution is implemented based on the Capgemini MDM reference framework. The key function of the MDM solution is to integrate the master data within the enterprise as well as across enterprises and to keep it synchronized. It also offers functionality to continually monitor and improve the data quality. Global Data Synchronization (GDS) can be an integral component of the solution.

**Results to Expect**

Improved MDM, regardless of your starting point, will bring significant and tangible business benefits. For example, effective Master Data Management on product information will ultimately reduce costs, improve productivity and increase sales. In addition, it can provide the essential foundation for trading partner collaboration.

Real-world benefits from improved customer and vendor data are presented in the report titled "Global Data Synchronisation at Work in the Real World," published by the Global Commerce Initiative (GCI) and Capgemini. The report makes it clear that companies need to manage product information as a corporate asset. Similar, for example, to how their money is managed.

**Albert Heijn Streamlines Product Data Management in Key Step Toward GDS**

Retailer Albert Heijn collaborated with Capgemini, SRC and Microsoft on an automated data management solution designed to improve data accuracy as a critical step to realize the full benefits of Global Data Synchronization.

**The Situation**

Albert Heijn, based in Zaandam, the Netherlands, is the leading Dutch supermarket operator with approximately 700 stores. Albert Heijn's retail data management process previously involved a manual system for communicating and exchanging product data with more than 900 suppliers. Albert Heijn wanted to replace this system with an automated data management solution as a key step towards implementing Global Data Synchronization.

**The Solution**

The electronic data management system, which replaces the previous manual source document, is used by Albert Heijn to extract the appropriate item data from the Agentrics data pool (formerly WWRE; the hub through which data from suppliers is processed). The solution is also used by many suppliers to deliver product and item data into the data pool.

**The Result**

The automated system streamlines data processes by reducing manual intervention and serves as the primary interface between the data pool and the internal systems of Albert Heijn. The primary objective of this new solution is to reduce errors. Albert Heijn anticipates that the system will eventually reduce labor and result in fewer delays in getting new products to the store shelves.



**About Capgemini and the Collaborative Business Experience**

Capgemini, one of the world's foremost providers of Consulting, Technology and Outsourcing services, has a unique way of working with its clients, called the Collaborative Business Experience.

The Collaborative Business Experience is designed to help our clients achieve better, faster, more sustainable results through seamless access to our network of world-leading technology partners and collaboration-focused methods and tools. Through commitment to mutual success

and the achievement of tangible value, we help businesses implement growth strategies, leverage technology, and thrive through the power of collaboration.

Present in 36 countries, Capgemini employs over 80,000 people worldwide and reported 2007 global revenues of 8.7 billion euros.

More information about our services, offices and research is available at [www.capgemini.com](http://www.capgemini.com).

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