Enterprise Data Management - Data Governance

The amount of data that companies must be able to handle and that they can use to their benefit is growing at a mind-blowing rate. This alone should be sufficient reason for company boards in all sectors of business to place data management high on their agendas. If it's not, they may well be forced to do so by new regulations that are imposed on companies. This certainly applies to financial services firms, but it is equally true for food retailers, pharmaceutical companies and even governments.

Managing all this data in a way that supports business goals falls within the domain of data governance, the topic for the fourth in a series of round-table discussions on enterprise data management. On 23 April 2015, KPMG together with Collibra hosted a meeting that featured presentations from several speakers such as Brendon Beumer (Ahold), as well as a product demonstration by Maarten Masschelein (Collibra).

"Everyone knows there is money to be made by improving data quality."

At Ahold, Brendon Beumer has been responsible for the realization of master data management for products in its various retail chains, i.e. Albert Heijn supermarkets, Etos drugstores and Gall & Gall liquor stores, both in the actual stores as online. Rather than talking about his own specific views and experiences, he preferred to have an exchange of views coming from very diverse organizations. What followed was a collective probe into the scope and the do's and don'ts of data governance.

To get the highly interactive session started, Beumer solicited the participants' opinions on two topics:

1. With respect **to the scope of data governance**, what falls within and what lies outside of it?

2. When it comes to the implementation of data governance, what should we all **stop doing**, what should we **start with** tomorrow, and what should we **continue to do**?

And while the objective of course was never to come up with definite answers, these questions certainly triggered a lively discussion on a range of topics.

There was a broad consensus on the view that **data governance should serve to achieve business objectives**, rather than be viewed as a goal in itself. When viewed in isolation, data governance projects usually struggle to convince senior management of their added value. In the words of Beumer: "A quantitative business case is never the success factor. Everyone knows there is money to be made by improving data quality but nobody is ever able to pinpoint exactly where and how much. And believe me, in Ahold we did extensive due diligence on this and looked at a lot of external research." Another participant added a different perspective, describing how data governance and business operations are intertwined in her organization: "Data governance is there to support the business, agreed. But it should also

be the other way around, in the sense that he business allows the data governance organization to tell them what they need. Such mutual understanding however is quite difficult to achieve. For example, we have three departments that use same data field, but all with their own definition. With a lot of effort, workarounds and manual interventions this issue has been 'managed' for 20 years already. The cost of all this however is impossible to estimate, and it is quite risky to be so dependent on tacit knowledge. The solution from a data governance perspective is clear, but requires the overhaul of several business processes and lots of change management. So what is the scope of data governance? Where do you draw the line between data ownership and process ownership?"

2

Setting up effective data governance requires a willingness to accept organizational changes. Often when it comes to data, everybody wants to have a say, but nobody wants to be responsible. Effective data governance therefore requires a thorough understanding of data, specifically the impact it has on organizational aspects. These include the need to have data consistency throughout the organization, clear requirements for data quality defined by data owners and clearly defined roles and responsibilities to maintain the data. The implementation of data governance will usually mean that changes in roles and processes are needed. This is likely to cause resistance, particularly when these roles and processes stretch across organizational silos. The RACI method appears to be a useful and popular tool in addressing such issues, although it is a not a silver bullet. "We now have clear roles and clear processes, with process flows drawn up to visualize what processes there are and where and when roles interact with one another. Nevertheless, how those roles interact across the silo's in daily operations is still an issue. For each role we have also established KPIs that are managed on a daily basis and that allow for quick identification of issues in processes and to contact responsible people directly."

3

To establish effective data governance, **an integrated approach** that combines organizational design, processes and tooling is required. "If you want to lose a lot of money, make data governance an IT project." This statement from Beumer, intentionally provocative as it was, nonetheless met with approval

from most participants. That said, it was generally acknowledged that IT plays an essential role in data governance, more so at the operational level however than at the strategic or tactical levels. Opinions were divided on whether or not data architecture should fall within the scope of data governance. The discussion further touched on the role of HR in data governance. A large majority of the round-table participants reported that HR indeed plays a role in their data governance. The HR role is mostly seen as supporting, specifically in defining roles and responsibilities as well as targets and remuneration in the functions relevant to data governance. Additional HR contributions should be made in transferring data governance responsibilities from a project or program environment into the line organizations, and in helping increase awareness of both the importance of data governance throughout an organization, and of the business awareness on the part of people involved in data management.

4

The amount of **change management** involved in data governance projects is often underestimated, at least initially. "Up front, many companies place little emphasis on change management and focus their efforts on processes and tooling, only to discover along the way that change management is much more important than they thought." A quick survey during the roundtable found a large disparity in the split between effort and time put into processes and tooling versus what is spent on change management. Most participants estimated that change management accounted for 50% or more of their workloads.

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Perhaps the central point in this session, one that came up in discussing all of the aforementioned themes, was that it is crucially important to have **real involvement and support of senior management** in data governance. Many agreed that a sales pitch phrased in business terms - and not one that centers on data or systems - is crucial to achieve this. As mentioned before, in the case of Ahold it was not a quantitative business case that won top management over, but a number of strategic arguments. "Ahold is an organization with many faces to the customer, but there is nothing that ought to keep us from integrating the back-end of our operations", was the premise used by Beumer. With separate data management departments for each of its retail chains and processes and a system landscape that were "prehistoric", Beumer had a starting point that allowed for "a step change in efficiency and simplification of the back-end." According to Beumer, "the strategic benefits that flowed from this proved to be the winning arguments with our board." Another participant described a more piecemeal approach to generating top-level support. "We couldn't start with everything at once. Instead we identified a number of critical data elements which allowed us to score some quick wins to get things started. By showing we could come up with a solution to an actual operational problem, we made data governance appealing and convinced more people to get involved."

The final thought of this session, in response to the question what we should all continue to do when it comes to data governance: "frappez toujours": keep on pushing!

Data governance is about identifying and solving issues, as well as celebrating results

This article has been anonymized at the request of the speaker

The ability to handle huge amounts of data has long been a core capability for financial institutions. In addition to that, the outside pressure to improve data management is probably nowhere bigger than in the financial services industry. Financial authorities scrutinize every bit of data in stress tests and asset quality reviews and impose new regulations with far-reaching consequences for data management. As the in-house asset manager, the speaker deals with the ever increasing requirements on data management on a daily basis. He is thereby the head the Data Governance Council support office, playing a key role in further developing his company's data management.

The company's current push to improve its data governance got off to a relatively modest start. In 2010 the speaker was tasked with solving data quality issues in one of the many systems, and crucially, to do so in a way that would result in long-term improvements." At the time, we had a big issue with data quality in one of our systems. The classification of risks into different countries or sectors is always an issue in investment management, and one on which portfolio managers, investment engine managers and sales people may have different opinions. To give you an idea of the overall size of the problem: We had seven different sector classifications in one accounting system

alone. The company used three of these at that time, as well as multiple portfolio management systems. There also had been previous attempts to set up data governance, but these had failed to get real lift-off."

A thorough clean-up
In an attempt to break this standstill, specialists from all business lines were invited - or perhaps compelled - to get together in one room and to tackle a number of basic questions: Who is using each data element? What are you using it for? What are your quality requirements for it? What are known issues with the data elements? In this way, the speaker and his team did a

thorough clean-up: "We drafted new definitions for data elements and set up quality rules and processes around them. As a result, we were able to reduce the number of sectors in that system to two, and get rid of all the rest. It was quite successful." The company's boards recognized this as well, and now wanted the same thing done for the entire organization.

To lead this effort, a centralized Data Governance Council was created in 2011. Every business line got a seat on the Council, and is represented by senior management from a position just beneath board level. The Council's objectives are to assure effective

maturity of data governance, to provide a transparent and consolidated view on data assets and the associated quality requirements, and to ensure data assets are of high quality and fit for purpose. The Council achieves these objectives by fulfilling two separate roles that are defined as follows:

1. Formally define and approve policies, standards, definitions and quality rules around data assets and ensure alignment among stakeholders, programs, projects, and groups that work with data.

2. Define the roles, responsibilities and accountability around Data Quality and serve as the escalation point for data issues.

Consistency and reality
The choice to create a centralized instead of a federated Data Governance Council was motivated primarily by the need to have a high degree of consistency of definitions and data across systems. "One model is not

inherently better than the other, both have their pros and cons. In fact, our company as a whole has a federated model. With a federated model, you stay closer to reality because you can use what is already in the systems, but you remain very far from consistency. Given the large extent of common use of data throughout the organization, improved consistency was essential. Therefore we chose a centralized model, even though you partially lose the connection to the real world with that."

Central to the Council's activities has been the creation of a data dictionary, described as 'a living document which catalogues data assets, including information on ownership, stewardship, data management, definitions, quality rules and sources'. All data attributes with a shared usage across the company fall within the scope of the data dictionary. The number of terms covered in the data dictionary rose from 253 in the first year (2012) to 1586 by April 2015, and will continue to grow.

This growth of the data dictionary reflects the increasing maturity of data governance: "We started in 2012 with an Excel file. The intention then was to use it for as far as we could get and think about proper tooling later on. It quickly grew into a huge and impractical worksheet, with no change management around it whatsoever. It got to a point where it really slowed progress in data governance down. For example, we still had senior managers discussing the details of data definitions in Council meetings." The obvious need for a dedicated data governance tool was the main driver to select Collibra in 2014.

Ownership Assignment
Currently over 50 employees from all business lines are members, mostly part-time, of the data governance community. The formal roles in the governance model are categorized, from the top of the hierarchy down, as Data Owners, who assign Data Stewards who in turn guide Data Managers. Another drawback of a centralized data

governance model is the increased difficulty in assigning data ownership. Previously, data users with the highest stake in data quality were appointed as Data Owner. For e.g. regulatory reporting requirements, this led to many fields being owned by the reporting departments, instead of the functions with subject matter expertise. Therefore the criteria to select Data Owners were recently revised. In addition to the fact that they must be a member of the Data Governance Council, now the Data Owner is "the business line where the Subject Matter Expert can be found from a value chain responsibility perspective." The escalation path for data ownership issues that can't be solved in the Council is to the International Management Committee. The prospect of this is usually enough to settle such issues. "We have never had to use the escalation path so far, but we came close a couple of times."

Childish

The maturity of data governance is also reflected by the agenda of the Data Governance Council. The days of senior management discussing data definitions in the data governance council are over. This still takes place but via Collibra workflows outside the DGC. These still needs to be consensus on the definitions. "Discussions in the Council now focus much more on strategic issues. The involvement in day-to-day data governance is limited to formalizing decisions and acting as an escalation point. " Attendance at Council meetings is more or less mandatory. "Everyone must be present or else send a delegate. If not, you

forfeit the opportunity to participate in decision-making and the right to challenge decisions that have been made. That is the only way to make it work. And it is a bit childish maybe, but we record everyone's attendance and report on that to the International Management Committee." If that weren't enough to create a high level of attendance, it surely helps that "to make sure that data governance works" is included in Data Owners' targets and is part of their appraisal process. "Wow, I like that", said one participant.

A self-assessment in terms of maturity levels placed the company at level 3 out of 5. To achieve its ambition to reach level 4, the following must be realized:

- Data governance policies and processes are embedded in the organization and are adhered to.

- Data governance methodology is introduced during the planning stages of new projects or during the implementation of new data fields.

- A completed data dictionary, meaning data owners, data stewards, data managers, data users, system of record (authoritative data source for a given data element or piece of information) and definitions completed for all data fields within the data dictionary scope and available to the organization.

- Data quality rules defined and implemented including data quality reporting for key data fields where a value based approach is taken.

To achieve the last point, an integrated Data Governance & Data Quality Framework has been in place. This takes the data dictionary as a starting point, which is used to perform data quality assessments on it and uses the errors and issues found in these assessments are input for data cleansing or business process changes, eventually leading to improved data quality.

Lessons learned

In his closing remarks, the speaker shared a few of the lessons the organization has learned so far. Referring to the earlier discussion about the importance of change management, he emphasized the critical role of 'soft' elements like communication and culture. "I used to have a very long definition for what data governance actually is, but that didn't work. Now I use a short and powerful one: 'Data governance is proactively managing your data to support your business.' I notice this really resonates with people and the link with business helps to create involvement and understanding from people with no data background." In his opinion, communicating results is essential to create support and to further drive the culture change you need within an organization to develop data governance. "In a culture where consequences are felt when something is wrong, it is not very rewarding to continuously bring up issues with data. Being assigned ownership when you know there is a cupboard full of corpses is no fun. The attitude at senior management level needs to be one that rewards identifying and solving issues and that celebrates results."

"We can give the development of data governance a boost"

Maarten Masschelein, business development manager at Collibra and co-host for the round-table, rounded the session off with a short demonstration of Collibra's Data Governance Center. When should organizations decide to invest in specific tooling to improve their data governance?

"Many sales organizations in the past used Excel files to keep track of customer information, but have long since moved on to CRM systems. Collibra aims to do the same for data governance. At some point you need a tool to support you with that." Collibra's web-based platform that is currently being used by nearly 100 customers worldwide, including a number of Fortune 500 companies, does just that. As a process-driven application, it helps to streamline, speed-up and ensure compliance with data governance processes and supports data management at the strategic as well as the operational level.

As Masschelein showed a number of dashboards to illustrate platform's functionality, he was asked whether the underlying workflows are standard or if they can be customized according to customers' requirements. "We have incorporated a large number of standard workflows. And of course these contain standard components, like voting, delegation, escalation, approval of definitions that happen in a variety of workflows. But in practice you will need to tweak these, because they need to match your processes, your roles and your organizational structure."

Chicken and egg
The session's final discussed the level of maturity in data governance that warrants a dedicated tool such as Collibra's. According to Masschelein, the vast majority of prospective clients he meets say data governance in their organization is not yet mature enough to justify an investment in such a tool. "Of course, you need to be at a certain maturity level and have senior management buy-in for that, I understand that. My reply however is always that there are already a lot of processes, templates, roles and ideas built-into the tool. Organizations can reuse these and thereby give the development of data governance a boost. So this issue is actually a chicken and egg situation."

Referring to his experience, one of the speakers acknowledged the need to have an organizational structure in place and roles and responsibilities defined before a data governance tool can be used effectively. "On the other hand, we waited a bit too long to invest in proper tooling. We couldn't make it transparent to our Council what we did and at what level we were. This became very frustrating to the Council and to the rest of the organization and management as well. It even got to a point where it almost killed our data governance initiative. So after a basic governance structure has been put in place and before the point when frustration with a lack of progress sets in, I believe there is an optimum moment to start using a data governance application."

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