



Master data management

A critical component of Global Business Services for improved decision-making

Accurate and accessible master data is a foundational element in any Global Business Services (GBS) effort. It can make analysis and reporting faster, simpler and, most importantly, more accurate, and therefore more trusted and useful. By cleaning and ensuring the integrity of its master data, a GBS organization can maintain a clear view of its operations and drive tangible benefits such as increased cost savings.

In their rush to make investments in big data and analytics, few companies take the time to invest in a master data management (MDM) strategy, and frequently deliver returns below stakeholder expectations as a result.

The successful execution of a comprehensive, firmwide MDM strategy is critical both to capitalize on potential big data opportunities and to successfully drive greater GBS maturity.

Without a sound and strong MDM strategy and MDM capabilities, most companies will find that the data available to them is incomplete, inconsistent, inaccurate, and/or late, all of which will serve to undermine and limit their business intelligence and decision-making ability.

Master data management defined

MDM is a comprehensive method of enabling an enterprise to link all of its critical data to one file, called a master file, that provides a common point of reference. By definition, only one organization within a company controls the data.

GBS is the perfect platform to enable a best-in-class MDM capabilities strategy, and derive optimal value from data and information assets. An MDM strategy is a critical component of any successful GBS model – and a natural fit as well. The cross-functional discipline of MDM can accelerate the movement of organizations along the GBS maturity curve, as data is harmonized across multiple technology platforms to achieve a common view of information.

What is GBS?

Global Business Services is a next-generation operational and organizational model for enterprises to deliver business processes such as HR, finance, IT, and customer care to internal and external customers. It's often applied on a global scale using multiple service delivery models, including outsourcing, shared services and, increasingly, cloud solutions.

Why are organizations considering significant investment in GBS? Because it can help them:

- reduce costs
- get to market faster
- drive process excellence
- unlock the power of data and analytics
- mitigate overall business risk and ensure compliance
- enable excellence and consistency in the customer experience
- build an internal repository of high-quality talent
- establish a consistent brand experience
- accelerate time to benefit from mergers and acquisitions.

Two strategic benefits

Both MDM and GBS are enterprise-wide and cross-functional efforts, with typically overlapping stakeholders. Both facilitate the enterprise goal of having a single view of a customer and the organization. As a result, MDM can deliver two strategic benefits:

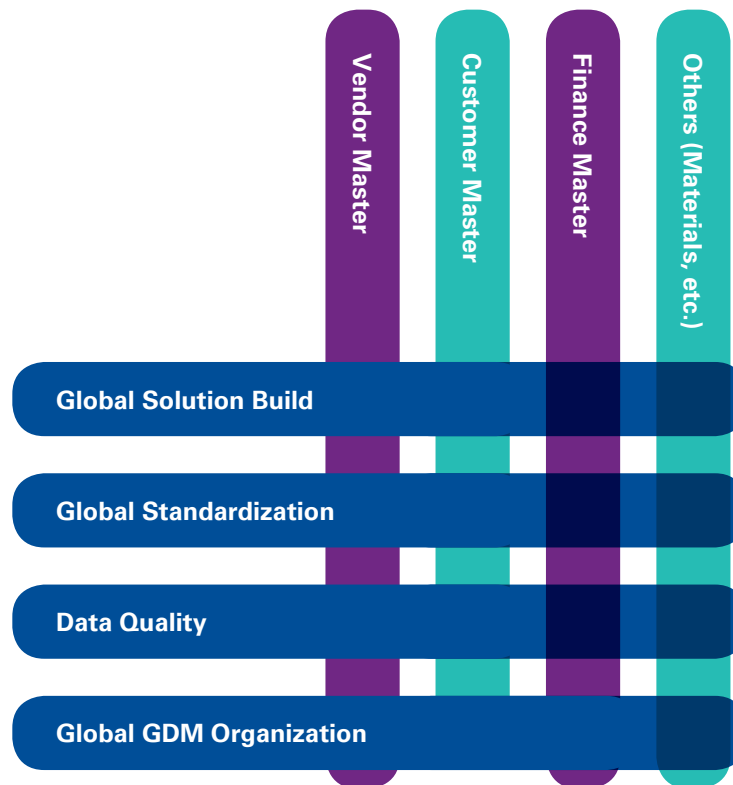
- **A single version of the truth** for back-office processes and functions. With all data centralized in one location, under one global umbrella managed in one GBS organization, companies can begin getting consistent data on customers, vendors, finance, and supply chain. Emerging patterns can be detected and acted on much more quickly, enabling faster compliance and process harmonization globally.
- **Front-office business intelligence.** With master data on customers available in one location, companies can begin to know their customers better, and act on the information to attract more customers and retain them longer.

Despite these potential benefits, MDM programs are often difficult to initiate successfully, precisely because they require cross-functional engagement and enterprise-wide buy-in. Function leaders can be reluctant to put their data in one central location, fearing a loss of control. They can point to the comparatively easier returns available from transactional processing.

However, transactional processing—whether by function or region—doesn't produce global data. Nor does it produce global analytics or global decisions. A GBS organization requires global data in one location, which means MDM (Figure 1).

Global process harmonization

Figure 1



Getting started

We recommend that companies create a single-tower MDM function within their GBS organization that contains data on customers, vendors, finance, and supply chain. A single MDM tower can eliminate errors, such as duplicate payments in finance, and inaccurate product coding and tracking within a supply chain. A single tower also drives greater efficiency with a single chart of accounts.

The MDM function within GBS goes beyond the traditional role of acting as a data processor. It is an independent business unit responsible for developing and maintaining global standards, data quality, controls, and improvement initiatives.

Global process owners also play a key role in defining data governance. They can extend their scope to own and house all master data to enable big data and analytics projects.

MDM benefits, in action

When a leading consumer goods enterprise established a single global master data organization with a focused MDM team, it reaped a number of benefits, including:

- improved time to market, data accuracy, compliance with business rules, and control of master data processes

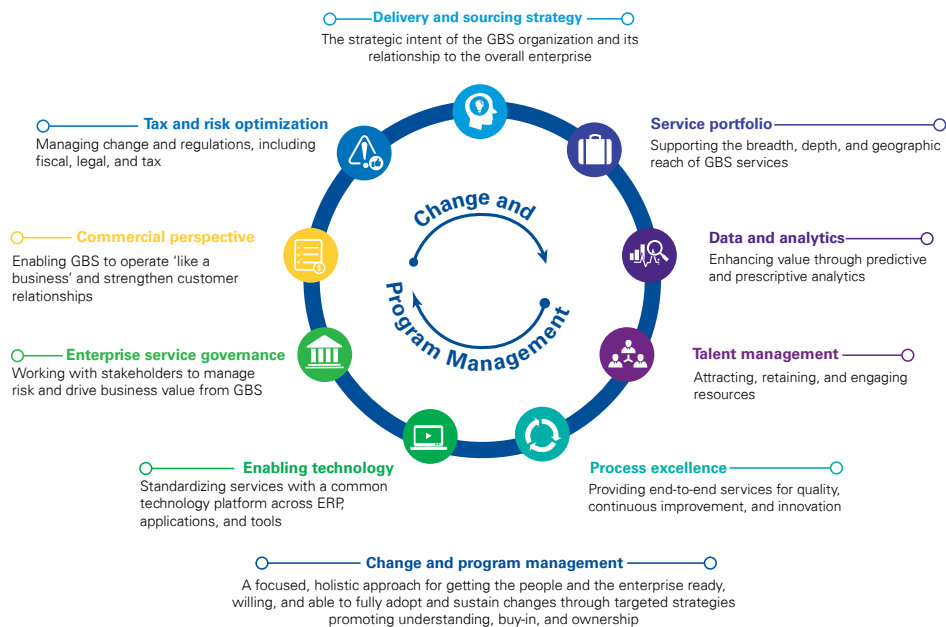
- fewer management reports
- 98 percent data accuracy.

Likewise, a grocery chain based in the United Kingdom gained a number of strategic and bottom-line benefits from its MDM implementation. Now the company can rely on accurate demand forecasting, both for day-to-day forecasts and for particular events and promotions. Additional data and measurable insight also allow the company to better identify shopper spending habits, and adjust price points across geographies to be more price-competitive.

Thanks to these achievements, stockholding has been reduced by 8 percent, wastage decreased by up to 4 percent, and order amendments in stores have fallen by 40 percent. In addition, customer service and satisfaction have improved because of higher product availability.

Master data can enable a faster route to market for products; a massive reduction in rework, handoffs, and duplication; clear global governance; and improved data quality and globally defined controls.

KPMG's GBS framework is optimized and enabled by 10 dimensions



Critical questions to consider about your MDM strategy:

- What group ultimately owns MDM and its strategy?
- How do you get your arms around disparate data?
- How do you clean master data? How do you control what data goes in and comes out?
- Do you really know how to use your data? Are you driving it through the right channels—digital as well as traditional?
- What is the value of providing analytics via a GBS organization versus in the functions?
- How do you drive the implementation of GBS into the functions?

How KPMG can help

KPMG recognizes that today's enterprise business services leaders face increasingly complex demands and challenges.

Globally integrated teams from our Shared Services and Outsourcing Advisory (SSOA) practice, in seamless partnership with professionals from KPMG International's broader set of member firm capabilities in risk, transactions, tax, and compliance, help our clients transform their business services to deliver improved value, increased agility, and sustainable business performance.

If your organization is seeking innovative ways to achieve genuine business services transformation, KPMG SSOA can help. For more information, there's no better place to start than by accessing our research and thought leadership on the [KPMG Shared Services and Outsourcing Institute](#).

[Read more of KPMG's core success factors for GBS here.](#)

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