Ten Commandments of a Winning MDM PoC

Businesses are increasingly seeking to prove the virtues of master data management before embarking on an implementation. Here are some tried-and-true recommendations for creating a proof of concept that will power your organization through the most common mistakes and challenges.

Executive Summary

Adoption of master data management (MDM) tools and techniques continues to grow exponentially. According to Gartner, total software revenue for packaged MDM solutions was $1.6 billion in 2012, an increase of 7.8% from 2011, as compared with a 4.7% rise for the overall enterprise software market.1 Further, in a 2011 report, Gartner projected a five-year compound annual growth rate of nearly 20% for both the overall MDM software market and the MDM of customer data software market segment through 2015.2

In its October 2013 “Magic Quadrant for Master Data Management of Customer Data Solutions” report, however, Gartner says that “despite its momentum, the market is still characterized by much immaturity. During interactions with users of Gartner’s client enquiry service and one-on-one meetings with clients at Gartner events, approximately 40% of organizations have said they are just starting their MDM programs.”3 Organizations will continue to push forward, however; following the global recession of 2007 through 2009, many companies tell us they now see MDM as a critical enabler of their business strategies.

The continued interest in MDM is no surprise to data owners – both from the business and IT sides of the house. And organizations are now aware of the challenges and best practices around MDM implementations. But despite this progress, not everything is rosy when it comes to justifying the return on MDM investments. Although MDM has long been considered a panacea for all sorts of data-related problems, adoption has largely occurred without proper business cases, which has resulted in a higher rate of failure of MDM programs. Building a tangible business case for MDM continues to be a pain point. While there is no “silver-bullet” MDM business case, many organizations are now adopting an MDM proof of concept (PoC) approach as an alternative to building a business case to prove the value of MDM.

This new goldrush for MDM PoCs has, however, resulted in a different kind of problem. In order to justify MDM through quick PoCs, many organizations are now falling into the trap of treating PoCs as a half-finished justification to get approval for baking the full MDM cake.

This whitepaper highlights some of the common mistakes committed by organizations rushing into MDM PoCs and, more importantly, our recommendations on ways to avoid these pitfalls. We showcase two real-life client examples to walk through some of the common mistakes – and resolutions – in an MDM PoC.
Rise in Popularity
An MDM initiative seldom gets funding approval on its own merit. It’s very rare to see millions of dollars approved for MDM based on technology drivers; the requirements almost always come from the business side. However, the business requirements don’t often directly map into visible MDM requirements.

Typical requirements raised by business stakeholders include: “I need a consistent, single view of the customer.” “My profitability reports don’t match.” “We’ve been served a notice by the financial regulatory authority to provide a 360-degree view of counter-party risk.” That MDM programs have largely struggled to demonstrate business value has only further exacerbated the move-forward case in most organizations.

These struggles are now reflected by the views of leading MDM analysts. “There are far too many efforts where the IT team is pushing the MDM idea, and there isn’t enough pull from the business side because there isn’t a clear articulation of what the business outcome will be,” says Gartner analyst Ted Friedman in a recently published report.

The leading stumbling block to a successful MDM implementation is insufficient business buy-in and executive sponsorship due to a lack of tangible benefits and measurable ROI. A workaround to this problem is building a proof-of-concept of the MDM solution – an MDM PoC. Typically, an MDM PoC entails building a working prototype of the MDM solution with limited data and functionality. As a simulation of the actual MDM solution, the PoC provides end-users with the ability to experience and share their first-hand feedback of the prototype and assess and influence MDM design choices early in the development cycle.

Therefore, many organizations are now undertaking MDM PoCs for a variety of reasons, including:

- Difficulty quantifying MDM benefits /ROI in the business case for a big-ticket MDM program without showing quick-wins and tangible benefits.
- Difficulty demonstrating the impact of MDM on business processes and business-facing applications, such as CRM, portals, etc., without a working prototype/PoC.
- Inability to evaluate best-fit MDM tools without use cases validated by PoCs.
- Inability to show business users how an MDM tool looks and feels before procurement.
- Lack of a PoC to educate end users about MDM concepts that deliver against business requirements.
- Absence of a foundational data model and operating model for long-term MDM implementation.
- Inability to socialize MDM and data governance concepts to the wider user community for greater acceptance and change management.

The ability of some organizations to overcome these obstacles has spurred the popularity of MDM PoCs. However, much like the sudden explosion in MDM implementations and inevitable rise of operational challenges, MDM PoC adoption is now building to a crescendo. The reason: low-investment, big-return promises made at the time the MDM PoC is launched. It’s no surprise, then, that many PoCs are running into similar problems as the big-bang MDM programs that preceded them.

Ten Common Mistakes in an MDM PoC
Given the common problems and challenges faced in building and executing on an MDM PoC initiative, we’ve developed a list of possible pitfalls to help organizations avoid common mistakes and achieve their business objectives.

**Mistake #1: Mismanaging PoC scope**
A master data management program, by virtue of its nature of bringing together data from disparate sources across the organization, cuts across a complex matrix of IT domains, business groups, geographies, functionalities, etc. One of the most common mistakes many organizations make is trying to boil the ocean in terms of the MDM PoC scope. It’s not uncommon for organizations to seek mastery of multiple entities across various domains, business units and geographies, integrated with all sorts of complex legacy upstream and downstream applications as part of the PoC. Why delve into something so dense when the failure is guaranteed?

**Mistake #2: Murky PoC objectives**
Yet another common mistake is failing to solidify the objective of the PoC. Since many organizations treat a PoC as just a PoC, they rush into it without charting a clear vision and objective. Is the PoC’s objective to help with MDM tool
selection or with building a foundational model for your gradual rollout of MDM? It’s important to be absolutely clear why you want to build a PoC in the first place.

**Mistake #3: Unrealistic expectation-setting about the PoC outcome**

It’s natural for most people, including business sponsors, to get excited about the prospects of an MDM program. But over-promising and under-delivering is, as we all know, a dangerous proposition. Especially in programs as complex as MDM, there’s only so much that can be done in a few weeks’ time. It’s important to socialize the outcome of the PoC to the business stakeholders – whether it’s going to be an early prototype or a true reflection of the near-final working model. Any expectation mismatch would result in the PoC being branded a failure despite delivering what it’s supposed to.

**Mistake #4: Mismanaging the PoC timeline**

Many organizations fail to develop an appropriate timeline for the MDM PoC. A key objective of an MDM PoC should be to demonstrate quick wins to secure business buy-in, funding and approval for the actual program. With all eyes on the success of the PoC, changing the scope/timeline to please everyone will result in failure.

**Mistake #5: Lack of clarity about using the outcome of the PoC in the next phase**

Many organizations fall into the trap of confusing a PoC with Phase 1 of an MDM program. In most cases, the working prototype built as part of the PoC acts as the foundation for the actual MDM program. It’s important to have this clarity upfront. An MDM PoC typically covers only so much in terms of length and breadth of MDM requirements, so if it must be used as the foundation for Phase 1, the core components, such as data modeling, hierarchy, etc., should be given more importance as part of the PoC build.

**Mistake #6: Lack of a clear roadmap beyond the PoC**

Although a PoC will last only for a few weeks and may be used to secure buy-in and funding for the wider MDM program, many organizations jump into a PoC without defining their long-term MDM roadmap. The risk of not doing so is twofold: building a PoC with little reusability and squandering the opportunity to test the feasibility and necessity of MDM in the organizational context.

**Mistake #7: Assigning different groups to run the PoC and the actual implementation**

Another very common mistake is giving the reins of the PoC and actual implementation to different groups, such as a strategic program group. The expertise and set of people required to run something as aggressive as a PoC may be different from the skilled program managers required to run complex multi-year, multi-phase MDM programs. But, for the true success of an MDM PoC and for the accountability of delivering on the promises of MDM, it’s important to retain the core, if not the entire, PoC team for the actual implementation.

**Mistake #8: Changing existing business processes and workflows without proper buy-in**

An MDM initiative is almost inevitably a business change program due to the extensive alterations to existing business processes and the replacement of legacy data sources with a centralized MDM hub. One of the common errors made by many organizations is inaccurately portraying the complexity of business change as part of delivering an MDM PoC.

**Mistake #9: Making too many customizations**

Many organizations trying to simulate actual MDM features in their PoC end up over-customizing the MDM tool to deliver most of the features in the PoC itself. While it is good to simulate the actual working version, the true value of the PoC lies in its agility and stability — both of which can be demonstrated in an out-of-the-box vanilla configuration.

**Mistake #10: Failing to define critical success criteria**

How will your organization know the MDM PoC is a success? Unlike actual MDM implementations, in which cost, schedule, ease of business change transformation and variety of features are important success criteria, the measurements can be completely different in an MDM PoC. If the PoC is used to secure funding for subsequent phases, it’s important to deliver a quick-win with clearly defined objectives. If the PoC is to act as a foundation for the larger MDM program, delivering a stable working prototype takes priority. Whatever the case may be, critical success criteria must be associated with every MDM PoC that helps prove the success or failure of the PoC.
MDM PoCs in Action
In addition to being aware of the common mistakes committed by organizations that have built an MDM PoC, it's also worthwhile to explore some actual examples of organizations that have embarked on such an initiative. Here are a few PoC examples from our experience.

Scenario #1: Merger Mania
- **Objective**: A leading information provider started by evaluating MDM tool capabilities, which evolved into building the foundation for an actual MDM implementation. Along the way, the company added a requirement to develop an MDM business case.
- **Business driver and requirement**: The information provider was formed by the merger of two large, independent companies. Since the business and hence the customer data across the two companies greatly overlapped, the company wanted the PoC to include the tool’s ability to provide a 360-degree view of the customer landscape across various business units.
- **Construction challenges**: While the objective to test the technical feasibility of the tool was clearly set out during the PoC kick-off, the PoC delivery team continually shifted the end goals of the PoC to meet an ever-increasing scope. However, while the team wanted to please everyone, it did not change the overall timeline. The technical PoC was soon expected to also serve as a foundation for the actual MDM implementation. But since neither the funding nor the buy-in was obtained for the actual implementation, a third objective was added to the PoC in terms of building a business case for the actual MDM implementation.
- **Outcome**: The PoC was delivered on-time and met all the success criteria defined by the company. However, because of the confusion around the scope and objective of the PoC as well as key activities being undertaken in the wrong order (the business case followed the PoC kick-off) business leaders were uncertain about what the PoC achieved and how exactly it mapped with what was promised to their stakeholders. Three contradictory messages were communicated to different sets of business stakeholders:
  1. The PoC helped to evaluate the MDM tool.
  2. The PoC helped to evaluate the systems integration partner.
  3. The PoC helped to build a business case for the actual MDM implementation.

Scenario #2: Defining a New Operating Model
- **Objective**: One of the largest banks in the world needed to identify the scope and use cases for an actual MDM implementation and evaluate the tool to deliver those use cases.
- **Business driver and requirement**: The bank wanted to define a new data operating model to cover client entities and account, Know Your Customer entitlements, etc. The company wanted MDM to help deliver a new data model and test the feasibility of a specific MDM tool to support this endeavor.
- **Challenges**: The scope of the PoC was broad and misaligned with the objectives. Defining the MDM roadmap, testing the MDM tool’s feasibility and, at the same time, developing the detailed use cases for MDM are all activities that should operate in a sequential order (not necessarily as listed above) and not in parallel. The confusion was further exacerbated because the business wasn’t made aware of the need for an MDM solution, let alone a PoC, in the first place.
- **Outcome**: Since the objective was never clearly defined, the PoC ran into trouble in its initial few weeks. What started as a tool feasibility exercise was soon changed to a business case roadmap activity, with the intent of gaining buy-in from the business stakeholders. In parallel and without securing funding for the actual implementation, the company spent a lot of time defining MDM use cases, which was a wasted effort as the PoC never translated into an actual MDM implementation.

Ten Commandments of a Successful MDM PoC
With so many examples of common mistakes and real-life failures, it’s easy to be apprehensive about embarking on an MDM PoC. However, an MDM program will have a higher chance of success if the PoC is managed and delivered successfully. The good news is that the mistakes are easy to avoid if a set of common sanity-checks are followed before and during an MDM PoC. From our extensive experience in this field, and from the learning gathered from multiple client implementations, we have developed some sound advice that can help organizations construct a successful MDM PoC.

1. The PoC helped to evaluate the MDM tool.
2. The PoC helped to evaluate the systems integration partner.
1. **Commandment #1: Get back to basics with MDM PoC objectives**

Decide the purpose of the PoC and define the objective in no more than three bullet points. The objective can be either MDM tool selection, MDM build vs. buy decision, foundation MDM model (pilot), user familiarization, MDM business case, data governance, MDM solution feasibility, MDM budgeting/implementation cost estimation, to name a few. But it is important to have no more than three key objectives identified for the PoC.

2. **Commandment #2: Control MDM scope management and prioritization**

It is extremely important to be clear on the scope of an MDM PoC and prioritize its objectives based on a realistic feasibility analysis without derailing the PoC itself. The scope can be based on data domains, business groups, geographies, functionalities, other data quality/BPM tool integration, and numerous sources/downstream systems.

Another important pitfall is stretching the scope of PoC requirements-gathering to the actual implementation. It’s a common tendency to treat requirements-gathering for the PoC and requirements-gathering for the actual implementation as a duplicate effort, in order to reduce cost and time requirements. However, this is extremely risky and can confuse the business about the PoC’s objective. Stakeholders are typically more relaxed and flexible when providing requirements for the PoC and providing sign-off but tend to be more cautious, demanding and stringent when giving requirements and providing sign-off for the actual implementation. Hence, this approach could over-complicate the entire process and pose significant risk.

3. **Commandment #3: Limit the PoC timeline**

An MDM PoC’s timeline should be based on the defined scope and a realistic assessment of available funds for the PoC. Organizations should avoid promising to deliver a lot to impress the sponsors in too short a time. It’s always recommended to promise less and deliver more and, very importantly, deliver quick wins. This will only be possible if the scope and, consequently, the timeline are limited to three to four objectives at most.

4. **Commandment #4: Avoid complexity by balancing OOTB and customization**

Organizations should avoid taking on complex requirements that necessitate tool customization as part of the MDM PoC. It's always recommended to tackle quick and easy requirements and rely on out-of-the-box (OOTB) functionality during the PoC. This will deliver better productivity and performance to the PoC and will help secure business confidence and buy-in for the actual MDM implementation.

5. **Commandment #5: Remember infrastructure, installation and access**

Although infrastructure setup may sound like a non-issue for a long-term MDM project (as the percentage of time required for the overall project timeline is insignificant), it could take up to 50% of the time for a quick MDM PoC because the effort required is similar, even though the overall project timeline is significantly less. This is an often overlooked factor that can derail the entire PoC if it’s not managed properly. Organizations need to plan on creating the MDM PoC environment (hardware, software, etc.) well in advance and make sure this is ready ahead of the PoC.

6. **Commandment #6: Remind stakeholders about the context and objective**

It is extremely important to remind key stakeholders about the context and objective of the MDM PoC; otherwise, different stakeholders might embrace a subjective view of the outcome and have differing expectations. It is extremely important to ensure all stakeholders are on the same page in terms of their expectations about the outcome of the MDM PoC. This is a key success criteria in securing their confidence and positive perception about the PoC’s outcome.

7. **Commandment #7: Stage an early review and demonstration**

Since MDM is a niche solution, there can be a lot of anxiety and expectation around what the in-flight solution can be and what it will deliver. Such concerns can be resolved by showing the PoC results early and incorporating feedback on an ongoing basis. Make liberal use of demos and visuals to explain the results, since this helps with the capture of feedback and sets accurate expectations on a rolling basis.

8. **Commandment #8: Communicate progress**

Periodic and timely communication is as important as the actual outcome of the MDM PoC. Progress reports of the MDM PoC should always be placed in a business context and in a language that stakeholders can understand and appreciate.
Commandment #9: Manage perceptions on what constitutes success

We have seen many MDM PoCs deliver to expectations but still be considered a failure. This is primarily caused by a failure to set expectations and manage perceptions. As the MDM PoC progresses, expectations can snowball, and if perception isn’t managed well, the expectation mismatch alone could lead to the symbolic failure of the MDM PoC. Managing the perception throughout the MDM PoC is extremely important to garnering support from senior management and obtaining their approval for next-stage funding.

Commandment #10: Enforce strong project management

However basic and straightforward it may sound, project management is the single most important deal-breaker for the success of an MDM PoC. Because of MDM’s complex nature and ambitious timelines, none of the above nine commandments will make any sense if the MDM PoC isn’t managed well. In fact, most of the failure points are around poor expectation, perception, time and scope management of the PoC, so in our opinion, it is absolutely essential to get this right for an MDM PoC to succeed.

Looking Ahead

The rules to ensure success (and avoid failure) of an MDM PoC are pretty straightforward and not significantly different from those of an actual MDM implementation. Organizations should always start small and be absolutely clear about what can and should be delivered. Control expectations around the MDM PoC and deliver what was promised, if not more. The rules are that simple!

Just remember not to promise more than what can be realistically delivered, as the whole premise of most MDM PoCs is to showcase tangible business benefits and secure buy-in and funding for the actual MDM implementation.

Limit the scope of the PoC and try to deliver the actionable information that senior executives and employees need to do their jobs. Do this, and your organization will not only increase user adoption of business systems, but also enhance business results.

The actual MDM PoC implementation and delivery is perhaps the easiest part of the exercise. The challenge lies in organizational change management, business processes reengineering and a good deal of stakeholder perception and expectation management. Remember that despite all the challenges associated with an MDM PoC, its merit lies in the fact that, done properly, it will help your organization mitigate political resistance and secure funding for the larger program, which otherwise is very difficult to justify in complex programs with challenging ROI expectations.

Footnotes

About Cognizant

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