



Enthusiasm for customer data integration and master data management has finally reached the corporate boardroom. Robert Buckley discusses whether this is good or bad news for marketing's own customer data agenda.

Taking Full Control

Sometimes, it takes an abbreviation to make a technology popular. Sometimes, it even takes two. For years, marketing has been extolling the virtues of a single customer – and potentially prospect – database, but has often had to do the work itself or find an external provider to build and host it for them. With consistent, clean and up-to-date customer information available to everyone in an organisation, and at every customer contact point, not only would marketing benefit from having access to all possible customer information, but other departments would also be able to cut operational costs, improve customer service and gain access to more accurate management information.

Time to integrate?

Despite stacks of white papers and seminars pushing its benefits, the single customer view approach has often failed to gain adoption at boardroom level. Now, it seems with the advent of the twin abbreviations, CDI (customer data integration) and MDM (master data management, which focus on integrating all enterprise data, rather than just customer or

prospect data), the rest of the enterprise is finally taking the single customer view seriously.

Forrester Research predicts growth rates of 42 per cent in 2006, 35 per cent in 2007, and 30 per cent in 2008 for software licences and professional services related to CDI. More and more organisations are beginning projects and starting pilot schemes designed to unify enterprise information. But if customer data merging, cleansing and management are to be part of a large and ongoing IT project, could marketing find itself losing access to the data and systems it needs to function correctly?

The underlying reasons for CDI's growth in popularity aren't especially clear. Although concerns about Sarbanes Oxley and data protection compliance will figure in some companies' outlook, only a small percentage of organisations are actually affected by compliance requirements.

Similarly, advances in technology don't provide any particular clues. Although there is growing support for CDI and MDM from mainstream vendors such as SAP, which had its own MDM product for some years and added A2i's MDME to its portfolio last year,

much of this technology has been available for some time.

The advent of service-oriented architectures (SOAs) hasn't really provided anything except a more suitable platform for CDI and a reason to discuss it, rather than that final piece that solves the single-view technological jigsaw puzzle. While some organisations such as Harrods have implemented CDI using a SOA, that's a choice made from practicality rather than enablement.

In a statement that has echoes of the CRM backlash, Gartner analyst Andrew White reckons technology has little to do with the increase in CDI and MDM's popularity. "Despite vendor claims, master data management has more to do with governance, process, data quality, metadata management and stewardship than simply technology," he says.

Instead, according to Arthur Kay, managing director of Synaxis, the increased interest is simply because "it's suddenly dawning on people as a good thing to do." It's a viewpoint corroborated by Andy Hayler, chief strategist at data warehousing vendor Kalido.

"What we've seen in early customers is that it's in response to very hard-nosed business issues and a dawning realisation by large companies that ERP has not fixed the problems of producing a single customer view," says Hayler.

Harrods, for example, realised it was losing out considerably by having different silos of customer data. David Llamas, Harrods' IT director, recalls that the move towards a single customer view was motivated mainly by the costs of maintaining and updating these separate silos. "It was a complex environment that was difficult and expensive to manage, with systems not integrated."

But whatever the reasons for CDI and MDM's arrival at enterprise level, they do bring substantial benefits to marketing and other departments. By having a single customer view linked to all systems throughout the company, marketing will have access to data that has already been cleaned to a reasonably high standard. Any new data that it needs to append can be matched and deduped using in-house systems and expertise rather than having to look outside, while all customer and prospect contact points will be linked to the integrated database so messages can be more accurately targeted via operational systems – and all of this can potentially be done in real time, or close to it.

So it looks like marketers should welcome the potential benefits corporate CDI offers. "It puzzles me it's not something that's been high on the agenda," says Kay. "It should have been 15 years ago. At last, IT is doing something of use to marketing. It will mean data cleansing will be done properly at source. It should take a shorter period of time as well."

Bill Marjot, CMO at smartFOCUS, reckons it's what marketing has always dreamed of. "It's a coming together of offline and online marketing, logically, in one place. It's going to have huge effect on marketing and have an upside in terms of ROI."

Feel the benefit

In practice, CDI projects are certainly fulfilling their promise in some companies. Harrods was able to bring together its marketing information with sales data from all the various store departments. It was then able to improve response rates by only targeting customers that had spent more than £25 in the store, something that has now saved it £40,000, despite having only been introduced since the start of the year.

Steve Tuck, chief strategy officer for Datanomic, notes that one of his customers, a building society that has implemented a CDI programme, has been able to introduce marketing processes at all customer contact points as a result. "There's a dynamic marketing message in every customer interaction. They can even have targeted messages in branches."



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According to Hayler, MDM brings even greater benefits. By using consistent descriptions of products across the whole company, marketers can have access to far more information about product ranges, sales of items and other data useful for targeting and proposition development. BP, for instance, has 350 different types of master data, many of which, including price and brand data, have been tied together to improve marketing. Equally, in service-led organisations, it will be important for marketing to know about problems with service repairs and complaint handling, so they can employ various methods to placate and retain the customer.

The enterprise-wide system and process changes that will be necessary to bring about MDM will, ironically, result in less work being needed for the CDI portion of the project as well. CDI will simply be one spoke in the MDM wheel, rather than an extensive re-engineering project in itself.

That's not to say CDI and MDM are going to be quick and easy to implement for every company: if it were that simple, every business would already have an integrated data framework. Instead, organisations will need to look at the cost implications of the project and to work out the process changes as well as the technology needed to implement it. That will fre-



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quently mean focusing on quick returns, which in turn makes a more piecemeal approach to MDM more likely and CDI projects a better first choice.

With all these considerations, though, the overwhelming issue is that there will have to be change and that the rest of the enterprise will be doing things that marketing has often had to do for itself. While IT has often been involved in extracting data from source systems, this has traditionally been so that marketing can then either clean the data itself using its own tools and datasets or by passing it to a third party with greater expertise or more varied datasets.

In a CDI world, however, data cleansing will often be done at the point of contact with the customer or prospect. Large-scale extraction, cleaning and subsequent reintroduction of data to the central database may be frowned upon or even prohibited. The kinds of loose matching and de-duping that marketing may be able to perform with its own data will be completely out of the question when dealing with mission-critical data. In short, CDI could lead to certain losses of freedom for the marketing department in terms of how it deals with data. However, not all of these losses are inevitable, and some may even be beneficial.

"A lot of these decisions people will say are made for technical reasons but are really political decisions," says Richard Kellett, head of technology strategy at SAS. Often, by using politicking within the organisation it's possible to effectively offload the work formerly done by the marketing department to IT or another department – while still maintaining control over what data is available for campaigns or analysis.

In part, this can be done through technology. A "hub" or bus is typically required for CDI to integrate disparate systems, since it's unlikely that any organisation is going to rip out its existing infrastructure in favour of a completely new system. Since data can therefore stay in existing databases, just linked via the hub to other databases, marketing will still be able to add fields to records in its own database. The differences will be that the address data either need no longer reside in marketing's database or will be derived from a clean source database; and that other departments will be able to access marketing's data, just as marketing will be able to access theirs.

This will be especially true in SOAs, where databases and services will be loosely coupled together to answer specific business needs. "Loosely coupled is how it's going at the moment," says Ed Wrazen, VP International of Harte-Hanks Trillium Software. "It's difficult to get one database that suits the whole business."

This effectively gives the optimum set-up for both marketing and the rest of the organisation, with mar-

keting able to do live, instantaneous ETL – hopefully, with very little transformation, if the rest of the organisation is doing its job properly – to perform any specific operations it wants on the data it has in its own database, and then give back the results of its work to other departments.

The challenge will be in ensuring that other departments are getting data quality to a level that suits marketing's purposes and that they're exposing any data they might have in a way marketing can access.

Project management

Although many vendors will argue that board-level sponsorship by a marketing-friendly sponsor will be the best way to ensure its interests are served, board-level sponsorship of any large IT project is almost impossible. And for longer-term projects, the turnover of sponsors in the organisation will mean it unlikely that enthusiasm for the project can be maintained over time.

Instead, a business unit that receives input from other units within the organisation – including marketing – should be in charge of any CDI/MDM project. In particular, the experience of marketing with data cleansing can be of help and should help ensure that the data is in a form close to or potentially even in exactly the state required by marketing for its particular needs.



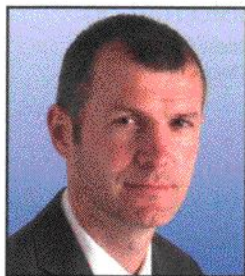
It's going to have huge effect on marketing

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This approach will avoid some of the classic problems encountered a decade ago during data warehousing projects – which could be seen as one of the first real attempts to do CDI. "Everyone understands the idea and its value, but if you hand ownership to IT, people get annoyed," says SAS's Kellett "Pretty soon, you get databases springing up all over the place. You can only solve this by getting people sitting down and talking instead of rushing around."

Indeed, IT should never be placed in charge of this unit. "If it is, it won't work," says Hayler. "They shouldn't make the judgements about what's right and they don't have the clout in the organisation to make the project work. It's potentially the finance department that may well end up as 'data stewards.'"

By passing off data stewardship to this near-autonomous unit, most of the concerns about additional work for marketing can be avoided as well. The unit should ensure there are business rules that are applicable to all departments and that everyone can



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use and modify the data in the CDI without unduly affecting the other departments.

This will require changes in the organisation's culture. One of the biggest problems in sales contact management implementations, for instance, is the refusal of sales people to enter data in the correct format, or even enter it at all.

Says Datanomic's Tuck, "On any project of this type, people need to understand the value of information. It needs to be evangelised. Otherwise, people won't be motivated to accurately record data. In call centres where the sole measurement of performance is call volume, the most common names entered are 'Siebel' and '...'. Rudimentary data verification can fix that, but you need deeper cultural changes. That's by no means easy, you have to make the case to them."

Marketing will therefore have to be sure that the needs of other departments are kept in mind when using data, and vice versa. Much of this can be done by the unit establishing ground rules on how to deal with CDI data and how to use external datasets. Indeed, the unit may decide that much of this work needs to be done by someone other than marketing, but to marketing's specifications, just to avoid any possible problems.

So while marketing may indeed lose some control over how the data is cleaned and used within the organisation, it might end up missing that responsibility as much as you might miss cleaning coffee

mugs at the end of the day after the duty's been passed to a new cleaning firm.

Potential advantage

Of course, things can always go wrong. Projects can fall apart when sponsors leave. Technology can fail to live up to vendors' promises or the budget might not be there to make it work properly. People can refuse to adapt to the new systems, spreading poor data to every department. SmartFOCUS's Marjot says that marketing has to be aware of this from the outset, plan accordingly and make everyone be aware of the possibility.

"You need to recognise the possibilities of failure exists," he says. "What if IT's not ready when it says it's going to be ready, for instance? You need to have plan B and you need to tell IT you have plan B – or ask them to come up with it themselves. That's a lot more candid than most would be historically, but there's no way to avoid human nature."

As with data warehousing, CRM and single views before it, CDI offers much to the organisation that can implement it correctly. Although there is definitely an upswing in popularity, that doesn't mean there's going to be any greater chance of success than with its predecessors unless lessons are learnt. If they are, marketing will gain from CDI, particularly if it takes the lead and ensures its interests are well represented – and that other departments aren't given a higher priority. ■