As I travel the world meeting with enterprises that are seeking better ways to manage performance, it rarely takes me more than five minutes to identify the people in the room responsible for managing master data. They are the ones who look the most harried and harassed. Managing master data is one of the most difficult, time consuming and expensive challenges facing IT professionals in enterprises today. Furthermore, based on what our customers tell us, there are few good solutions to the problem.

Master data management is not a new problem. Enterprises have been struggling with it for some time. However, new global regulations such as Sarbanes-Oxley in the United States and Basel II in Europe and increasing interest in performance management have given it a new urgency. Why? Compliance and performance management both require consistent master data across an enterprise. In fact, master data management has become such a high priority that the Tower Group estimates that 80 percent of enterprises have plans to centralize it.

**Master Data Defined**

For those unfamiliar with the term, *master data* is data that is shared across systems and used to classify transactional data. For example: John (Sales Representative) who works in California (Territory) sells 10,000 (Quantity) of a new widget (Product) to a customer (Customer) based in New York (Geography) for $50,000 (Total Sale) on December 15, 2005 (Date). Taken together, this information is about one transaction, but included in the transaction are individual elements of master data—Sales Representative, Territory, Quantity, Product, Customer, Geography, Total Sale and Date. These individual elements must be identified and changes to them must be managed across the enterprise to ensure data integrity. Without data integrity, transaction data cannot be analyzed or reported in a meaningful way.
But that’s not all. Individual elements represent master data, but the way elements consolidate or aggregate for reporting also represent master data. Even for something as simple as geography, there might be multiple ways an enterprise would need to consolidate to meet all of its internal and external reporting needs.

In addition, attributes and properties typically associated with individual elements and aggregations also represent master data. For example, I met with one financial institution that has more than 700 attributes per cost center.

Master Data Drives Enterprise Systems

It’s easy to see the importance of master data. Master data drives the execution of both enterprise back office systems such as ERP, and Business Intelligence (BI) and PM (Performance Management) solutions in a heterogeneous environment.

It’s also easy to see why managing master data is difficult. Not only is there a lot of master data, but changes to master data are driven by changes in the business—and for most enterprises, change is a constant. Even in my simple example, changes to master data would need to occur with the introduction of a new product, the addition of a new sales representative or new product pricing. These are everyday events in most enterprises. One bank I met with reported at least 10,000 master data changes every month.

To complicate the situation even further, 50 percent of enterprises separately maintain master data in 11 or more source systems, according to the Tower Group. Imagine the enormity of the master data management task in an enterprise with thousands of changes across 11 or more systems every month.

With a problem of such importance and magnitude, one would think that enterprises would have long ago adopted an elegant solution to master data management. Not so.

When I started in business nearing 30 years ago, selling software to enterprises was easy because most software replaced very expensive manual systems with less expensive automated solutions. By the 1990s, I thought we had replaced most of the critical manual systems in an enterprise. But when I started looking into master data management a few years ago, I found one we had all overlooked. Master data management is one more expensive manual process that was just crying out for an automated solution.

Managing Master Data Today

How do most enterprises manage master data today? Remarkably for something so important, they do it through hallway conversations, telephone calls and e-mail. For example, if a departmental manager wants to add another cost center or if management wants to move facilities from human resources to finance, the business decision must first be approved by all the relevant decision makers. This takes time.

Once the change is approved, IT receives the request to make the change and ensure that it ripples through all of the enterprise’s transactional systems, data warehouses, BI and PM solutions. Because changes are made manually, often the end result is a lot of people making a lot of mistakes with a lot of mission critical data—mistakes that go undiscovered due to a lack of visibility or traceability in the process.
Clearly, master data management is a problem for both business users and IT professionals in the enterprise and there has to be a better way. The ideal solution, in fact, is to manage master data across multiple systems from a centralized point and automatically, rather than from within specific systems and manually.

To some enterprises, their existing ERP systems seem like a good candidate for driving such a solution. But individual ERP systems cannot provide a unified view of all the data in the enterprise and they cannot link all the ERP, BI and PM solutions at work in the typical enterprise. And today, most BI and PM solutions have been implemented at the departmental level and also are not linked across the enterprise.

**Oracle Data Relationship Management**

As companies grow and evolve, it becomes essential to manage master data across information silos that result from mergers and acquisitions, departmental initiatives, or legacy system proliferation. Data consistency, integrity, quality and accuracy suffer. And, no one trusts the information and insight that ensues. Oracle’s Hyperion Data Relationship Management (previously known as Hyperion Master Data Management) provides enterprises a solution to build consistency within master data assets despite endless changes within the underlying transactional and analytical systems.

Specifically, Hyperion DRM provides the industry's first data model-agnostic master data management solution built to enable financial and analytical master data management in dynamic, fast-changing business environments.

**Financial MDM**

Create an enterprise view of financial chart of accounts, cost centers and legal entities with a view to govern on-going financial management and consolidation based on consistent definitions of financial and reporting structures across general ledger systems, financial consolidation, planning and budgeting systems.

**Analytical MDM**

Create an enterprise view of analytical dimensions, reporting structures, performance measures and their related attributes and hierarchies using Hyperion DRM's data model-agnostic foundation. Construct departmental perspectives that bear referential integrity and consistency with master data constructs based on validations and business rules that enforce enterprise governance policies. Synchronize master data with downstream systems including BI/PM systems, data warehouses and data marts to gain trustworthy insight.

**Contact Us**

For additional information, please send email to epmgbu_ww@oracle.com.

Oracle’s Hyperion DRM provides the industry's first data model-agnostic MDM solution built to enable financial and analytical master data management in dynamic, fast-changing business environments.