

Master Data Management: Truth Behind the Hype

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Master data management, or MDM, is quietly sneaking up on SOA as the most overused IT buzzword—though vendors have yet to agree on exactly what MDM means.

Currently being pushed by a plethora of BI, data warehousing and CRM vendors, among others, MDM boils down to this: a set of technologies to help enterprises better manage data flow, integrity and synchronization, plus a governance mechanism for enforcing data policies. MDM offers a tantalizing prospect: a “single version of the truth,” acquired from vast databases of internal assets, says James Kobielus, principal analyst for data management at Current Analysis.

Early MDM acolytes say the transformation is a brutal combination of bridging technological silos and brokering accords between corporate turfs.

At Wachovia, Senior VP Rick Kochhar’s risk information strategy group is pursuing an MDM strategy to unite the disparate data in its four core divisions—corporate investment banking, wealth management, capital management, and retail and commercial banking. Kochhar’s first mission: Prepare the company for Basal II compliance (the regulation, taking effect in two years, that requires banks to keep a three- to seven-year history of data). Wachovia will use Basal II as a springboard to unite its customer data. “If we

just manage it as a compliance project, we won’t get any business benefits later,” Kochhar says.

Wachovia is taking a phased approach to addressing the daunting cultural, business process and technology components of the MDM change. Kochhar has his work cut out for him: Wachovia, with \$706 billion in assets, has completed 90 mergers during the past several years.

One challenge is reconciling the differences between Wachovia’s and the merged companies’ data definitions. “Folks are easily able to articulate the technology components to get there,” Kochhar says, “but they have a much harder time with business processes and culture issues.”

To ensure a smooth transition, Wachovia formed a risk data council (including prominent IT leaders), which has the final say on enterprisewide data disputes (how data sets are named or defined, for example). The company created data steward roles deeper down in each business to facilitate day-to-day decisions. Solving disputes early with established governance controls can save millions, since reconciliation costs add up quickly, Kochhar says. His advice for others beginning MDM planning? “Don’t start with the technology as the centerpiece of the solution. Start with corporate strategy.”

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