

## ARTICLE

MARCH 2022

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## How a successful master data program can drive organizational growth

Many experts today deem data to be "the new oil", which provides abundant opportunities to organizations that use it effectively. However, in a world where organizations strive to control resources, many seem to be losing control of their data.

**The amount of digital data being created globally is doubling every two years... Yet only about 0.5 percent of that data is ever analyzed.**

(MIT Technology Review<sup>1</sup>)

Many organizations are struggling with issues such as:

- » Fragmented and scattered data across functional silos within the organization. 66% of executives say their organizations are underinvesting in enterprise-wide data strategies (Harvard Business Review<sup>2</sup>).
- » Data usage inefficiencies and time-consuming manual processes. 57% of marketers see reduced results due to misinterpreting data (Wharton<sup>3</sup>).
- » Inconsistent, duplicated, or missing information. 47% of new data collected by businesses has one or more critical errors (Harvard Business Review<sup>4</sup>).
- » Negative effects on revenue and profitability. Problems keeping data up to date cost businesses over \$600 billion per year (TDWI<sup>5</sup>).

An effective master data program can solve or greatly reduce the impact of these issues, removing operational barriers and facilitating enterprise-wide growth opportunities. In this respect, master data is indeed "the new oil," enabling organizations to operate like the well-oiled machine their executives always envisioned.

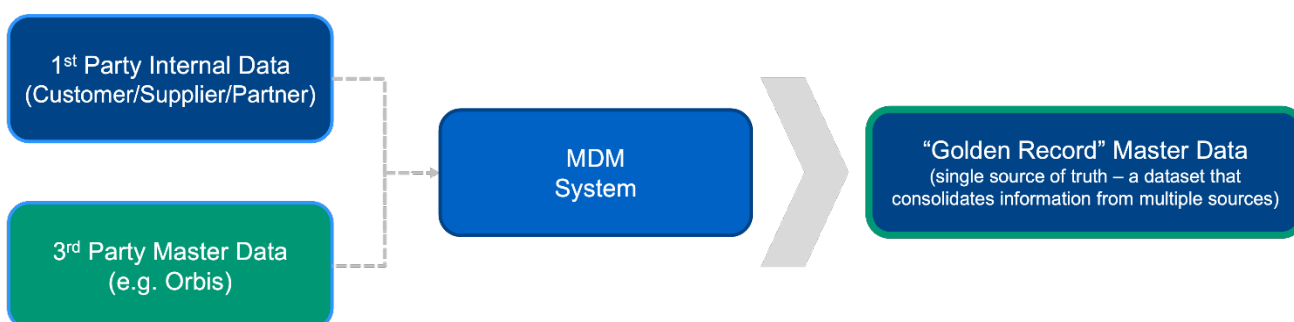
## The Role of Third-Party Master Data

As organizations search for ways to optimize their data management strategies, master data rises to the top as an effective, secure, and scalable solution. But there are three key questions that all organizations will need to address to begin their master data management journey.

### 1. What constitutes your master data ecosystem?

The main components of a master data ecosystem include: first party business entity data collected from internal systems, third-party master data from a B2B data provider, and an MDM platform and processes that reconcile those sources of data into a curated master data repository that shares this single source of truth with systems across the enterprise.

Figure 1 Illustration of the Master Data Ecosystem



### 2. Which data is your master data, and how does your firm use it?

Master data includes critical firmographic information such as company names, locations, size, industry, corporate hierarchy, etc. This information helps an organization build a complete view of customers, suppliers, partners, and other entities with which it does business. An enterprise MDM system links first- and third-party data and applies data integration, reconciliation, and enrichment processes to create a “Golden Record” for each entity. The Golden Record is a single source of truth dataset that ensures functions across the organization have the same definitions for customers, suppliers, partners, etc., effectively eliminating data silos and inconsistent information across an organization.

### 3. How do third party sources add value to your master data and therefore your organization?

It is fairly intuitive to most people that firms would need consistent, complete, and comparable master data to effectively manage their operation. What seems to be less intuitive is where they would get consistent, complete, and comparable data. Many imagine that such data already exists in most companies, but often it doesn't. Sadly, many companies also can't afford and/or don't have the skills to manage a project to improve the quality of their master data. That's where third party master data comes in.

Third party data providers are in the business of creating datasets that are consistent, complete, frequently updated, and comparable. Assuming you buy data from a competent, trusted provider, third parties can use these datasets to upgrade your master data, making it more consistent, complete, and comparable. And while your day-to-day operational practices may continue to create gaps or issues in your first-party/internally generated data, capable suppliers are able to integrate with your systems to ensure your master dataset continues to deliver consistent, complete, and comparable master data for all your internal teams to enjoy.

## Benefits You Can Glean from Third-Party Master Data

When properly managed, master data can help an organization create both significant revenue growth opportunities and significant savings, thereby enhancing profitability. We explore both these benefits and detail how third-party master data fuels this virtuous cycle in the sections below.

### » Revenue and Profitability Improvements

Organizations often struggle to draw the connection between master data management and financial growth. These firms often think of data management as a back-office operational function, disconnected from sales and marketing activities that generate revenue. However, for teams within the sales and marketing functions, the connection is clear. A Golden Record means they can leverage:

- » A single source of truth to devise more effective sales strategies and facilitate better coordination across sales teams
- » Corporate hierarchies to identify cross-sell and upsell opportunities
- » Enriched firmographics to more accurately prioritize and identify new target customers
- » Consistent entity identification to align their marketing and sales activities across the customer's journey
- » All of the above to target their offer and messaging in order to boost conversion rates

In today's marketplace, where personalized customer experiences are essential for converting a prospect into a paying customer, a complete view of customer data is required, and it must be accessible by both the sales and marketing functions. This view, known as Customer 360, is made possible by connected third-party master data, which enables effective account-based marketing (ABM).

Account-based marketing (ABM) has become popular in recent years, because it targets accounts with higher expansion opportunities, leading to greater revenue growth. Firms using ABM find new prospects via lookalike search capabilities and automated targeting processes. Both approaches require firmographic data for information on the companies' structural, financial, and industry data, and produce more accurate and efficient targeting, which creates the following benefits:

- » Accelerates time to sale by reducing the time to find a qualified prospect
- » Boosts conversion rates by finding lookalike prospects with similar needs and willingness to pay
- » Reduces lead generation costs by eliminating the need to manually search for prospects
- » Reduces lead qualification costs by engaging digitally identified prospects with marketing throughout the buyer journey

Well managed master data also helps firms to grow existing customer relationships. Account management teams can better understand customers by staying up to date on information about the customer's business model, M&A activity, industry events, news events, etc. This information helps teams determine more cross-sell and upsell opportunities, further amplifying monetary growth.

### Case Study

A leading payroll services and HR solutions company started their master data journey by integrating our Orbis database into their Salesforce.com CRM, providing company salespeople with access to firmographic data on customers and prospects. As a result, the company was able to create complete views of enterprise customers, as well as provide improved prospect profiling information to sales teams. The project also included providing matching and cleanup of customer and prospect records, as well as integration of Orbis into the company's data warehouse for advanced customer hierarchy modeling.

Using advanced analysis of ownership data from Orbis, the client was able to create a more complete view of their target enterprise customer market, resulting in increased sales of their global Human Resources (HR) software

### Productivity Enhancements and Increased Process Efficiency

The time savings and process efficiency opportunities that third-party master data provides to sales and marketing functions are further augmented by increased synergies between business functions that use the same data, such as supply chain and procurement. A single source of truth across an organization reduces time spent on data management and manual processes, and reduces barriers to collaboration across functions.

For example, third-party firmographic data enables procurement teams to automate their search for new suppliers based on consistent data about industry, size, product, and risk criteria. Third-party master data, purchased from a trusted partner, is regularly and consistently updated with new entity information and hierarchies, so teams can minimize time spent on searching for the information they need to make a decision. By accelerating supplier research, supply chain and procurement teams can reduce overhead costs on repetitive tasks and allocate time to value-add activities, such as strengthening supplier relationships and signing deals. Teams can also avoid restricted or unstable suppliers, which can reduce regulatory fines.

Moreover, teams are able to leverage third-party master data to more easily identify risks of disruptions in their end-to-end supply chain and respond more quickly.

This pattern of leveraging third-party master data to enable automation, maintain constantly up-to-date entity, customer, and supplier data, and improve synergy across functions can be replicated across an organization's business units to compound time savings and overhead cost reduction to create best-in-class efficiency.

### Case Study

A global technology company and semiconductor chip manufacturer accessed the Orbis dataset to enrich its customer and supplier data within the company's global MDM program. As a result, the company could customize matching rule sets for customer and supplier searches. The project also included on-site installation of all Orbis records into the client's Azure data warehouse to support white space customer analytics.

Orbis data empowered their 'Unified Customer Data' program, a customer 360-degree initiative that delivered improved customer experience and upsell opportunities.

### Future Growth Opportunities

Third-party master data can be scaled seamlessly as an organization seeks growth and expansion, even when that growth is inorganic, from M&A activities. In those situations, third-party master data enables the enterprise MDM system to create a single source of truth across new IT infrastructures and remove data silos from new organizational branches.

Similarly, if an organization undergoes a large technology transformation, such as a CRM implementation, third-party master data can provide data to the new system using out-of-the-box connectors. A unified view of customers, suppliers, partners, etc. continues to be accessible across business functions as an organization evolves.

At the end of the day, third-party master data, when used in conjunction with an enterprise MDM system, enables an organization to not only control its data, but also use it to unlock numerous revenue growth and productivity gain opportunities.

To learn more about how Moody's Analytics third-party master data solution can help elevate your organization, click [here](#)

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