

# Top Five Reasons Not to Master Your Data in SAP ERP

This document contains Confidential, Proprietary and Trade Secret Information ("Confidential Information") of Informatica Corporation and may not be copied, distributed, duplicated, or otherwise reproduced in any manner without the prior written consent of Informatica.

While every attempt has been made to ensure that the information in this document is accurate and complete, some typographical errors or technical inaccuracies may exist. Informatica does not accept responsibility for any kind of loss resulting from the use of information contained in this document. The information contained in this document is subject to change without notice.

The incorporation of the product attributes discussed in these materials into any release or upgrade of any Informatica software product—as well as the timing of any such release or upgrade—is at the sole discretion of Informatica.

Protected by one or more of the following U.S. Patents: 6,032,158; 5,794,246; 6,014,670; 6,339,775; 6,044,374; 6,208,990; 6,208,990; 6,850,947; 6,895,471; or by the following pending U.S. Patents: 09/644,280; 10/966,046; 10/727,700.

This edition published June 2013

# Table of Contents

- Executive Summary . . . . . 2**
- Why Not Master Your Data in SAP ERP? . . . . . 3**
- Why Use a Separate MDM Hub? . . . . . 4**
- Investing in a Flexible MDM Technology is a Smarter Option . . . . . 6**
- Summary . . . . . 7**

## Executive Summary

Over the past two years, the demand for Master Data Management (MDM) has remained strong, despite the economic downturn. This isn't surprising, since an effective MDM implementation is one of the few IT initiatives companies can pursue to realize near-immediate business process improvements across many different areas within the enterprise. However, the question confronting IT and business decision-makers is: which MDM solution and methodology will work best to resolve their master data challenges? One possible route for many large organizations with extensive SAP implementations is to make their SAP enterprise resource planning (ERP) application suite the focus of their MDM initiatives. It seems like an enticing proposition, given the possibility of capitalizing on existing IT infrastructure, investment, institutional knowledge and so forth. Yet SAP ERP systems are not designed to support master data management, and are simply not the right place to master data.

## Why Not Master Your Data in SAP ERP?

Clearly, many companies across multiple industries can benefit from MDM. But the question is: how can they implement an MDM solution to achieve both long term value and advance their business initiatives? As we've seen in multiple MDM implementations over the last few years, successful MDM projects hinge on providing top-notch capabilities in four primary areas:

- Data modeling
- Data cleansing, matching and enrichment
- Consolidating data from multiple sources
- Managing complex corporate or product hierarchies

In a typical MDM implementation, data stewards should be able to automatically merge duplicate records, and handle survivorship of data attributes into a single "golden record." The hub should have integrated data quality capabilities so that data cleansing continues after the implementation. It's also critical that the hub vendor be able to provide multiple proof points demonstrating that its product can handle more than one area of data—not just customer or product data, for instance. This kind of multiple data type capability is crucial for achieving expected ROI, as expanding the use of the hub to solve business problems beyond the scope of the original implementation area is almost always required.

Using SAP's ERP suite as the foundation technology for an MDM implementation is problematic because, despite all the positives of ERP, flexibility is usually not associated with SAP systems. SAP ERP doesn't offer the tools to manage master data in the ways required by today's complex organizations. Although it excels at transaction processing, SAP ERP isn't designed for active management of critical master data. Specifically, SAP's data matching capabilities are too basic. Its search functions might be good at "exact match" but are not as strong at the kind of "fuzzy searching" that is so important in uncovering duplicate entries with subtle differences. For the same reason, users are far more likely to create new duplicate customer records in SAP, and there's no way to create a "golden copy" of master data for use across multiple heterogeneous systems, or maintain survivorship rules for overlapping data from multiple systems.

These problems are all compounded when you have more than a single SAP instance, or different ERPs altogether, a very occurrence within large corporations that have grown through mergers & acquisitions. Even without multiple ERP instances, most mid-size and larger national firms are likely to pull data from many different systems. In fact, 10 to 30 source systems is not uncommon, and heterogeneous environments are now the norm. The siloed approach to data management—customer-facing data in one system, product data in another, asset data in a third, and so forth—really complicates the integration of processes, data and workflow. For these reasons, "spaghetti code" for point-to-point integration is, unfortunately, very common today.

## Why Use a Separate MDM Hub?

A dedicated MDM hub provides a multitude of benefits not attainable with an SAP ERP-based master data approach. First, a dedicated MDM system is just that: dedicated to delivering the best possible manageability of your master data across the enterprise, and not just within your ERP technology stack. The focus of any high-quality, enterprise-grade MDM hub implementation is going to be on getting master data right; creating a single source of truth, with each distinct customer, product, etc. represented only once in the hub. This means you can maintain accurate, complete, timely and consistent master data through both data governance and hub technology, with robust data quality and matching capabilities.

Companies implementing hub-based MDM find that the hub quickly becomes the critical place for stewardship of master data: between transactional systems and analytic systems. In other words, it becomes possible to “fix it once” and then use that corrected data in back office systems, data warehouses, analytical systems, or wherever else that data is needed downstream. Further, having a standalone MDM hub helps get you away from costly point-to-point interfaces, connecting every major system to every other major system within the company (the N2 integration problem). See Figure 1. With an MDM hub, rather than developing an interface, you’d create a connection to an enterprise service bus. There are huge cost savings here, as the initial cost of developing conventional point-to-point interfaces is typically only one-eighth of their total cost over time.

Having pointed out the strengths and weaknesses of hub-based vs. SAP ERP-based MDM approaches, it’s important to note that these are not mutually exclusive technologies. MDM and ERP need to coexist; one does not replace the other. From an investment perspective, it is important to leverage existing technologies such as data quality, ETL and data integration tools, middleware, business process management and workflow.

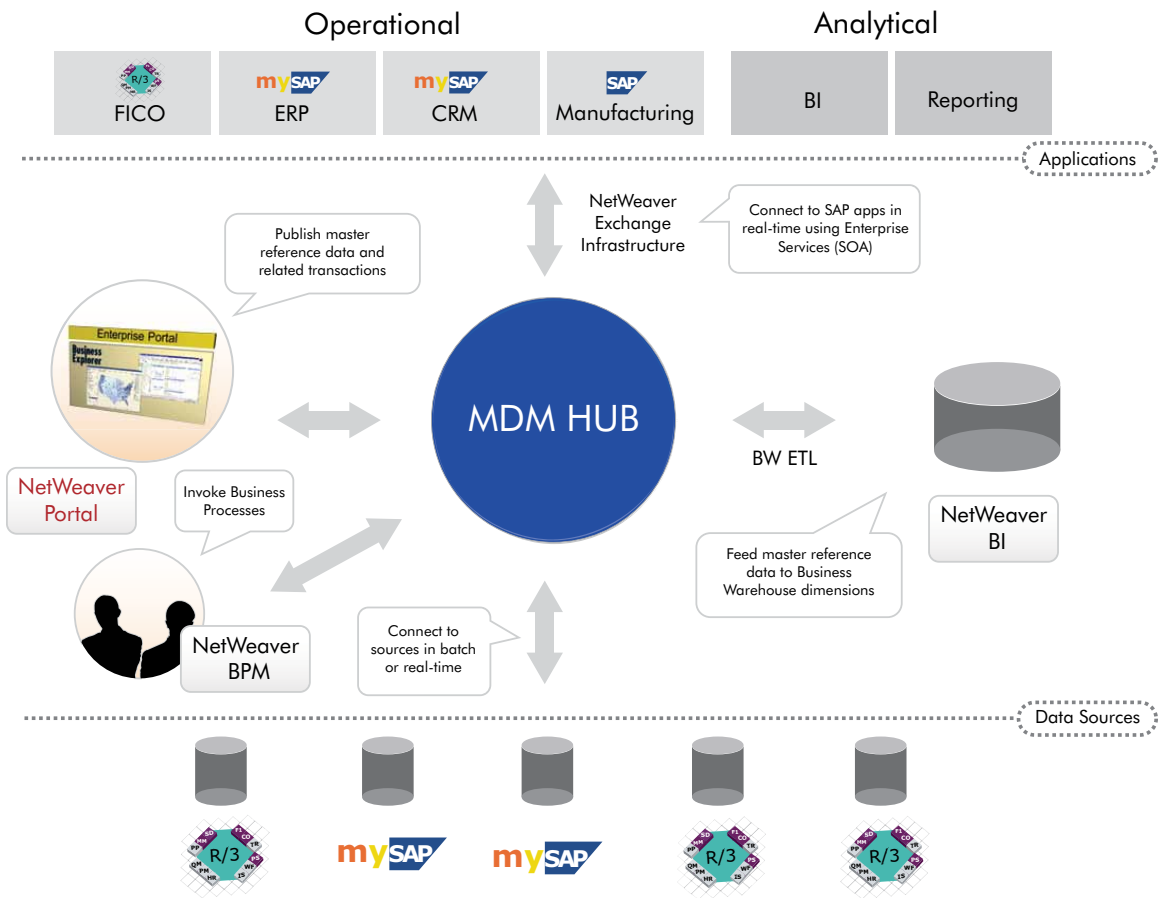


Figure 1: The MDM hub is the central place for the ongoing management and stewardship of master data: between transactional systems and analytic systems. With MDM, it becomes possible to “fix it once” and then use that corrected data in back office systems, data warehouses, analytical systems, or wherever else that data is needed downstream.

## Investing in a Flexible MDM Technology is a Smarter Option

In conclusion, the top five reasons not to master your data in SAP ERP are:

1. SAP ERP isn't flexible enough.
2. Master data is different and can't be proactively managed within an SAP ERP system.
3. SAP's ERP products weren't designed for active management of master data.
4. Mastering your data in an ERP is much more difficult with more than one instance (or with different ERPs altogether).
5. An MDM hub gives you a workspace between your transactional and analytic systems—fix it once and you can use that fix in back office systems and the data warehouse.

SAP tends to be “monolithic” in terms of supporting its own technology stack first, but is weaker in supporting widely used non-SAP technology. Some SAP customers are very loyal and will only buy applications from SAP. Despite the shortcomings of the current SAP MDM products they're willing to begin adopting what's available and then wait for the situation to improve over time. It must be said, though, that such a reactive strategy in today's business environment leads to competitive disadvantage and increased costs.

Alternatively, there are quite a few SAP customers that would appreciate not being completely locked into SAP's enterprise technology roadmap and will be more open to implementing a standalone MDM hub. Implementing master data management within the context of an SAP ERP instance might convey some modest benefits in the short term, yet to realize the full capabilities, benefits and value of master data management, a dedicated MDM is the best option. In either case, MDM is a required part of streamlining, simplifying and automating core processes within today's complex IT environments. Given the necessity of MDM, doesn't it make sense to choose the course that will provide greater IT and business benefits, both in the short term and the long term? We believe so. The wisest business decision-makers are already working to define their MDM requirements and planning a thorough selection process for picking the dedicated MDM hub that's the best fit for the business.



## Summary

SAP ERP systems are not designed to support master data management, and are simply not the right place to master data. Despite all the positives of ERP, flexibility is usually not associated with SAP systems. SAP ERP doesn't offer the tools to manage master data in the ways required by today's complex organizations. Although it excels at transaction processing, it isn't designed for active management of critical master data. Users are far more likely to create new duplicate customer records in SAP, and there's no way to create a "golden copy" of master data for use across multiple heterogeneous systems, or maintain survivorship rules for overlapping data from multiple systems. A dedicated MDM system is the best option for mastering data.

### ABOUT INFORMATICA

Informatica Corporation (NASDAQ: INFA) is the world's number one independent provider of data integration software. Organizations around the world rely on Informatica for maximizing return on data to drive their top business imperatives. Worldwide, over 4,630 enterprises depend on Informatica to fully leverage their information assets residing on-premise, in the Cloud and across social networks.







Worldwide Headquarters, 100 Cardinal Way, Redwood City, CA 94063, USA Phone: 650.385.5000 Fax: 650.385.5500  
Toll-free in the US: 1.800.653.3871 [informatica.com](http://informatica.com) [linkedin.com/company/informatica](https://www.linkedin.com/company/informatica) [twitter.com/InformaticaCorp](https://twitter.com/InformaticaCorp)

© 2013 Informatica Corporation. All rights reserved. Informatica® and Put potential to work™ are trademarks or registered trademarks of Informatica Corporation in the United States and in jurisdictions throughout the world. All other company and product names may be trade names or trademarks.