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Mastering Data Management: Why Silicon Valley Unicorns Should Buy Instead of Build MDM Platforms



Master data management (MDM) is the process of defining and managing the critical data of an organization to provide a single point of reference for all data-related decisions. MDM concepts started as early as the 1960s but came into practical use in the 1990s with an increase in the amount of data across the different business lines and accelerated with new regulations such as the Sarbanes-Oxley Act of 2002. Implementing an MDM platform can provide significant benefits to organizations, such as improved data accuracy, better data governance, and increased operational efficiency.

When considering whether to build or buy an MDM platform, there are several factors to consider. While building an MDM platform with your engineering team may seem cool, it may not always be the most practical option. Here are some arguments for buying an MDM platform instead of building it:

- **Time-to-Market:** Building an MDM platform from scratch can be a time-consuming process that requires a significant investment of resources. Even with a talented engineering team, it may take several months or even years to build a robust MDM platform. On the other hand, buying an MDM platform can significantly reduce the time-to-market and allow organizations to start reaping the benefits of MDM sooner. MDM has been around for quite some time and vendor consolidation has occurred to be able to select from a handful of mature MDM platforms.
- **Expertise:** Developing an MDM platform requires expertise in several areas, such as data modeling, data integration, and data quality. While your engineering team may have some of the necessary skills, it may not have the depth of expertise required to develop an enterprise-grade MDM platform. By buying an MDM platform, organizations can leverage the expertise of the vendor and ensure that they are getting a platform that is designed, developed, and enhanced by experts in the field. Through years of iterations with thousands of customers, mature MDM platforms include Data Integration capabilities, Out of the Box (OOTB) Data Quality Rules, and AI/ML-driven match and merge (de-duplication) engines.
- **Scalability:** Building an MDM platform that can scale to meet the needs of a growing organization can be a complex and challenging task. Vendors of MDM platforms have already built and tested their platforms to be scalable and can support the growing needs of an organization. By buying an MDM platform, organizations can ensure that their MDM solution can grow with their business.
- **Total Cost of Ownership (TCO):** While building an MDM platform may seem like a cost-effective solution, the total cost of ownership over the long term can be significant. Developing an MDM platform requires ongoing maintenance, updates, and support, which can add up over time. By buying an MDM platform, organizations can benefit from the vendor's ongoing maintenance and support, reducing the long-term costs of owning an MDM platform. In addition, most organizations have or are embarking on Data Governance initiatives inclusive of data lineage to be able to better understand their data flow. Data Catalogs available in the market have OOTB connectivity to MDM platforms to be able to seamlessly integrate into their Data Governance. Custom-built MDM will increase the cost of bringing in the MDM data flow into their Data Governance initiative.
- **Risk:** Building an MDM platform from scratch carries inherent risks. There is a risk that the platform may not meet the organization's requirements, may not be scalable, or may not be maintainable. By buying an MDM platform, organizations can mitigate these risks and ensure that they are getting a proven and tested solution that meets their needs.

market, provide expertise, ensure scalability, reduce the total cost of ownership, and mitigate risks. Focusing on solving new business problems through technology should be top priority versus reinventing a wobbly wheel. Ultimately, the decision to build or buy an MDM platform depends on the organization's specific needs and capabilities, and a careful evaluation of the pros and cons of each approach is necessary to make an informed decision.

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Posted by PDI Marketing Team

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