Informatica

eBook

7 Strategic Business Drivers for Modernizing Master Data Management to the Cloud

Where data
& AI come to LIFE

Contents

Why You Need High-Quality Data and a Single Version of the Truth

With on-premises and cloud applications running across your enterprise, you have no shortage of data. Gathering and synthesizing that data to innovate and drive faster business outcomes, however, is another story.

Business-critical data, including customer, product, supplier and reference data, is often fragmented across a diverse and disjointed technology ecosystem. This hampers your ability to compete in the age of AI and analytics, as success hinges on accurate and reliable data. In fact, according to McKinsey research, 72% of leading organizations note that managing data is already one of the top challenges preventing them from scaling AI use cases.[1] And since it's widely acknowledged that there is no AI without the cloud, a full 100% of data leaders have adopted or will adopt a cloud-first strategy for their organization.[2]

A cloud-native, intelligent **master data management (MDM)** solution, such as Informatica MDM SaaS, connects multiple domains of master data, ensuring that you have the data consistency and quality you need to achieve your strategic business objectives. Unifying data across the enterprise gives you a 360-degree view of your business grounded in a single version of the truth, enabling your teams to achieve digital initiatives that support product and service innovation, advance digital commerce, streamline supply chain management, transform business models and drive an exceptional customer experience.

There are many reasons companies like yours embark on MDM modernization. In this eBook, you will learn seven key reasons driving your peers to modernize to support their critical business priorities.

[1] McKinsey, The Data Dividend: Fueling Generative AI, 2023.
[2] Informatica, The State of Global Master Data Management 2024.

Motivation #1: Improve Operational Efficiency

As a business leader, you know that sales are only part of the profitability equation. In a hypercompetitive world, operational efficiency can make or break your company. Inaccurate, inconsistent and duplicative master data from disparate sources creates business process inefficiencies and reduces team productivity, making data quality a top priority.

Data quality plays a critical role in determining the utility of a dataset, as it encompasses accuracy, consistency, conformity, completeness and integrity. Without high-quality data, the reliability and trustworthiness of business initiatives that rely on AI, analytics and machine learning (ML) are called into question. High-quality data can be easily processed and analyzed, empowering you to extract more value from your data. Consistent master data is much easier to maintain once it has been deduplicated and consolidated into a single **golden record**.

Modernizing on-premises MDM deployments by moving to the Informatica **Intelligent Data Management Cloud™** (IDMC) can pay off handsomely in terms of operational efficiency. This is partly due to a reduction in the effort required to validate high-quality data and the elimination of expenses associated with system maintenance and administration. The automation associated with modern MDM capabilities also lowers your risk of human error and regulatory noncompliance.

Getting Results: Professional Services Provider[3]

By modernizing its on-premises MDM to the cloud, one global professional services provider saw:

60%

improvement in data matching accuracy

50%

reduction in data stewardship workload

[3] Nucleus Research, Informatica: Reducing TCO with MDM Modernization, 2024.

Motivation #2: Reduce Cost

Due to intricate infrastructures, the cost of maintaining and upgrading on-premises MDM solutions can add up quickly. Modernizing to the cloud gives you the opportunity to lower operational costs and simplify the exchange of master data across the array of on-premises, cloud and mobile applications you use for business processes.

On-premises solutions were not designed to keep up with the increasing demand for master data across all your systems and lines of business. Although some companies have kept legacy MDM solutions in place — 20+ years isn't uncommon — to overcome data challenges across

business silos, if you rely on older software and equipment, you might need to pay for patchwork fixes. Furthermore, on-premises MDM solutions pose a risk to keeping up with your competitors because they weren't designed to scale, manage millions of records scattered across repositories or accommodate the massive datasets required for AI.

Assessing your company's data environment can be eye-opening. Not only will it help you understand the state of your master data, but it will also illuminate your potential cost savings.

Getting Results: Financial Services Provider[4]

Challenge: Patching and updating its on-premises MDM system had gotten expensive, and there was no way the financial services provider could scale to support its growth strategy

Solution: Transition to the Informatica MDM SaaS solution built on IDMC

Results: Reduced operational costs by 20%, including $500,000 in eliminated hardware, license and administrative expenses

[4] Ibid.

Motivation #3: Improve Data Accuracy

When it comes to data accuracy, even the simplest of data — an address, for instance — poses a challenge. Is 470 E. Smith St., Ste. 27, the same as 470 East Smith Street, Suite #027? Are TX, Tex and Texas the same thing? No doubt your business has thousands of customer, supplier, employee and service provider addresses in play, including ones that are incorrect, duplicated or outdated. Now multiply that by each piece of data collected by or used to run every system and application across your entire enterprise.

Data formats from different sources vary widely. MDM is both a practice and a technology that plays a critical role in ensuring data is unified and trustworthy. Its primary goal is to provide accurate, complete and consistent data. Reliable data allows you to uncover valuable insights that drive better decisions, catalyze innovation and deliver superior customer experiences.

Where possible, the MDM solution you choose should automatically check for incomplete or invalid entries, resolve conflicts and add missing information using third-party sources. By modernizing MDM to the cloud, you can close data-matching gaps while reducing the burden on data stewards tasked with data quality and validation. With an intelligent, scalable and trusted data management foundation in place, you're poised to bring your data and AI to life.

Customer Story

Holiday Inn Club Vacations Finds Customer Data Paradise

"We call it customer obsession and it's a goal that we have as a company to create extraordinary experiences with customers when they come to stay with us. We need to make sure we're not only collecting consistent data but sharing it across systems. If we're not using information that we have about a customer, and showing that level of respect, it can impact our brand reputation."

Michael Nolder, Holiday Inn Club Vacations

[5] Nucleus Research, Informatica: Reducing TCO with MDM Modernization, 2024.

Motivation #4: Adopt Advanced Technologies

You need accurate and reliable data to see success with your AI and analytics initiatives. Trustworthy data enhances the effectiveness of AI models. It also allows you to make informed decisions with deeper, more accurate insights. And on top of that, AI automates tasks that bog down your teams day-to-day, freeing up their time to focus on more strategic goals. Yet, organizations of all sizes encounter obstacles in scaling AI applications because of data management challenges.

An intelligent, cloud-native MDM solution addresses four key requirements for **successful AI initiatives:**

1. **All-in-one capabilities** encompassing a data catalog, data quality, **data integration**, business process management and reference data management

2. **Data governance and stewardship** that reduce risk and increase business value by supporting policies for data collection, quality, protection, access, usage and retention (see more on page 10)

3. **Multidomain capabilities** designed for phased implementations that prioritize the most pressing business issues, beginning with simpler use cases and then advancing toward complex data challenges

4. An **AI-powered, modern architecture** to speed up data management and delivery of high-quality, trusted data to your analytics initiatives

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Embracing a cloud-first strategy and leveraging the Informatica CLAIRE® AI engine helped one financial services provider reduce ongoing operating costs by 47.5%.[5]

CLAI**RE**®

The **Informatica CLAIRE AI** engine helps you automate master data discovery, determine domain type, identify personal and sensitive data, map lineage and catalog master data assets.
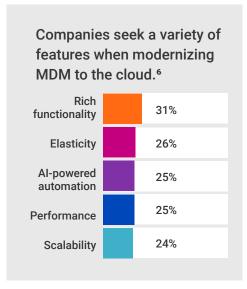
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[5] Nucleus Research, Informatica: Reducing TCO with MDM Modernization, 2024.

Motivation #5: Increase Agility and Scalability

If you were looking at the wish list of a business leader, it's fair to say profitable growth would be at the top. However, legacy on-premises MDM solutions can throw a wrench into growth strategies if they prevent you from rapidly adapting to changing markets and business realities. Such solutions often lack the capability, capacity or flexibility to deal with the barrage of data that defines modern business.

Modernizing MDM to the cloud enables you to better leverage the inherent benefits of cloud computing, such as agility, fast provisioning and infinite scalability. It also opens the door to more innovation and additional cost savings. Managing master data about your customers, products, suppliers, locations and other domains lays the foundation for strategic decision-making and the operational activities that increase business agility and resiliency.

Built on a modern, elastic, serverless microservices architecture, IDMC connects data consumers to the data sources they need, seamlessly integrating data from various sources and ensuring it is accurate, consistent and up-to-date — or fit for business use. With trusted data at hand, you can quickly scale up and down in response to market fluctuations, competitive pressures and shifting customer requirements.

Companies seek a variety of features when modernizing MDM to the cloud.[6]

Feature	%
Rich functionality	31%
Elasticity	26%
AI-powered automation	25%
Performance	25%
Scalability	24%

[6] **Informatica, The State of Global Master Data Management 2024.**

Motivation #6: Enhance Operational Flexibility

To be truly flexible in your operations, you need to be able to adjust resources, processes and structures to respond to opportunities, issues or disruptions. It is challenging — if not impossible — to make well-informed decisions in the face of rapidly changing circumstances if your data is dispersed across departments, stakeholders, devices and domains.

Traditional MDM solutions focus on single data domains, exacerbating fragmentation, increasing inefficiency and creating headaches for the teams charged with ensuring the business has operational flexibility. Customers often bear the brunt of these gaps through impersonal experiences or service failures that decrease loyalty and damage brand reputations. Internally, teams waste valuable time reconciling conflicting data, resulting in missed opportunities for growth and innovation.

A modern MDM surmounts data silos, and it combines and gives context to the full complement of business-critical data so that it is accurate, complete and actionable. This enables you to scale, adapt or modify your operations with minimal friction.

The top three reasons organizations move MDM to the cloud:[7]

Flexibility		33%
Cost efficiency		33%
Accessability		30%

[7] Informatica, The State of Global Master Data Management 2024.

[8] Nucleus Research, Informatica: Reducing TCO with MDM Modernization

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Getting Results: Financial Services Provider[8]

20% to 30%
greater team efficiency

67%
faster time to production for proofs of concept

Motivation #7: Reduce Risk

Implementing AI-powered MDM in the cloud has several advantages, and a big one is reducing risk to your organization. Without a clear framework to manage and validate critical data, you expose your organization to vulnerabilities that can harm day-to-day operations, put long-term strategic goals out of reach and increase the risk of not complying with regulatory requirements.

Modernizing MDM introduces a robust framework that mitigates these risks while transforming data into a competitive advantage. Centralized governance is a key feature, ensuring that the policies that drive data collection, quality, security, access, use and retention are enforced across systems and domains.

Proper **data governance** and **data stewardship** empower people throughout your company to confidently use trusted data to create value without risking regulatory compliance and data protection missteps. They support multiple data domains and evolving business needs, enabling organizations to maintain strong governance as they grow

or face new regulatory landscapes. Choose a cloud-native MDM that supports:

- **Master data governance** – Improves collaboration between data stewards, application owners and business teams
- **Audit and reporting** – Tracks and documents changes, as well as how and why policy decisions are made
- **Monitoring and analysis** – Ensures that data quality and provides exception-based notifications and context-aware routing
- **Embedded controls** – For data validation at key points of access
- **Ownership and accountability** – Defines authors, reviewers and approvers of policies, rules and standards
- **Privacy and protection** – Enforces data protection and security controls for regulatory compliance
- **Consent management** – Ensures that data processing activities are based on consent and compliance
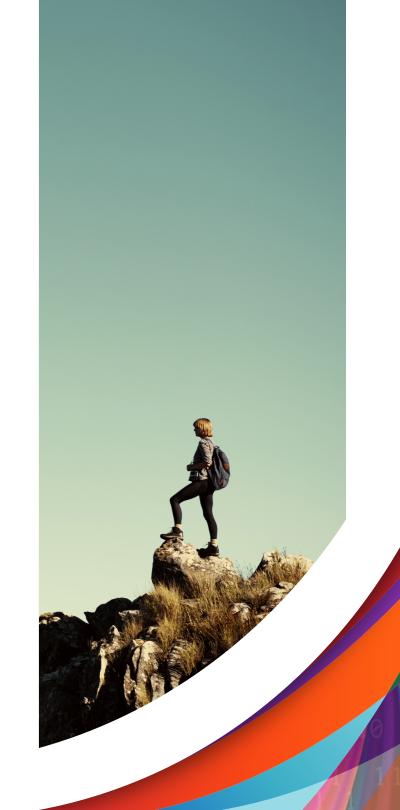
Regulatory compliance mandates, such as HIPAA, GDPR, CCPA, LGPD and other emerging data privacy laws, compel organizations to maintain high data quality standards and implement effective data management frameworks.

Modernize Your MDM to the Cloud

Modernizing MDM to the cloud can help you improve decision-making, operate more efficiently and deliver greater value to clients using trusted, high-quality data that is accurate, complete, consistent, timely and relevant — data fit for AI and business use across your organization. With multidomain MDM SaaS, you can achieve better business outcomes by unifying data across the enterprise for a contextual, 360-degree view and AI-powered insights that empower you to drive real change and adapt faster. Whatever your motivation for embarking on an MDM modernization journey, you can be assured that Informatica can help you:

- Improve operational efficiency

- Reduce cost

- Improve data accuracy

- Adopt advanced technologies

- Increase agility and scalability

- Enhance operational flexibility

- Reduce risk

If you're ready to start your MDM modernization, visit our webpage to **learn more**.

About Us

Informatica (NYSE: INFA), a leader in enterprise AI-powered cloud data management, brings data and AI to life by empowering businesses to realize the transformative power of their most critical assets. We have created a new category of software, the Informatica Intelligent Data Management Cloud™ (IDMC), powered by AI and an end-to-end data management platform that connects, manages and unifies data across virtually any multi-cloud, hybrid system, democratizing data and enabling enterprises to modernize their business strategies. Customers in approximately 100 countries and more than 80 of the Fortune 100 rely on Informatica to drive data-led digital transformation. **Informatica. Where data and AI come to life.™**

Where data & AI come to

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