

Gartner retires two Magic Quadrants for Master Data Management – Chance or Challenge for the MDM Market?

There can be only One ... Gartner MDM Magic Quadrant

Gartner recently announced that they will retire the two Magic Quadrants.

The [Magic Quadrant for MDM for Customer Data Solutions](#) and the [Magic Quadrant for MDM for Product Data Solutions](#) will not be renewed in 2016. There can be only One ... Gartner MDM Magic Quadrant.

Gartner is now planning “A new Magic Quadrant for MDM will be introduced to cover all the aspects of MDM that clients ask Gartner about. This will include use cases spanning – B2B Customer Data, B2C Customer Data, Buy-side Product Data, Sell-side Product Data, Multidomain MDM (any domain), and Multivector MDM (any implementation style, organizational structure, industry). ... The new MQ will publish in Q4.”, said Andrew White, vice president and agenda manager for MDM and Analytics at Gartner wrote on this [blog](#).

Market growth and predictions

Gartner estimates due to the recent reports, that the software revenue from the MDM of customer data solutions market segment came to \$500 million in 2014, an increase of 10.3% from 2013. This compares to \$530 million from the MDM of product data solutions market segment, up 6.5% on 2013. Over the same period, we estimate that the enterprise application software market grew by 9.2%.

Use cases of master data management

Gartner used to define three main categories of MDM use cases: customer-centric, supplier-centric and enterprise-centric. My observations on 2015 are, that [customer experience](#) and [analytics](#), followed by [supply chain optimizations](#) are the key drivers for MDM. Let us not forget regulatory compliance, which is a no-brainer.

No matter what the driver for it was, the business value is the center. You may enjoy the read “How to Build a Successful Business Case. Measure and Communicate the Economic Value of MDM.” You may use this Informatica guide to build a powerful business case for MDM and gain executive sponsorship. A series of steps will help you calculate the cost of “bad data” in

your company, quantify the revenue gains from a data governance investment and gain C-level buy-in for MDM.

My recommended read on [building the business case](#) for MDM. The cool thing is Gartner is focussing on more actionable and usable [ROI](#) & metric models for companies using MDM as top level executives ask for the ROI and time to value of supply chain, customer experience, ecommerce or analytics investments.

Overview of MDM styles

In 2015 Magic quadrant for customer data solutions Gartner reports that

- 27% of respondents followed the **centralized** approach in 2015, down from 30% in 2014.
- The **coexistence** style, where the authority model is shared between the MDM hub and its source operational systems, was adopted by 25% of respondents, up from 20% in 2014.
- The **consolidated** style of MDM hub was used by 33% of respondents, up from 30% in 2014; their customer master data store contained a reconciled copy of the master data from other authoritative sources.
- The percentage of those following the **registry** approach — with their customer master data store consisting only of an index to the master data in other authoritative sources — fell to 10%, from 15%.

A use case what Gartner does not mention, is “[collaboration](#)” for certain business cases like supply chain optimization, new product introduction or customer onboarding. I will get back on this later.

Is the market adoption ready for connecting the dots?

During an advisory council one of our customers recently said “the relationships between information matter the most to me”. That was music to my ears as the [new age of relationships](#) is one of the key factors for in the era of Data Revolution. Is Gartner now moving to one magic quadrant which will focus on multidomain MDM capabilities? The criteria are yet to come.

Examples of leveraging the potential of MDM

My experience is that Informatica MDM customers start with narrowed focus, based on they key business drivers, but adopt very fast to extend this. One may say “start mall and grow fast”. Let me give you some examples:

1. **Five domains in nine months:** For example [Sutter Health](#) deployed the first **five domains** of their MDM strategy (patient, employee, healthcare provider, facility and reference domains) in only nine months. A high number of Informatica

clients are managing two and up to six different domains. Some are adopting fast as Sutter, some go step by step.

2. Informatica customers using MDM for customer data or supplier data, often add our [Data as a Service](#) offering to ensure their B2B or B2C contacts are up to date. Has a consumer moved houses? Has a vendor merged because of an acquisition?
3. **“Apps are the future of MDM”** a very wise person said to me recently. This was a confidential background discussion so I apologize for not mentioning the name here. I completely agree as I see a lot Informatica customers adding master data fueled applications to complete their multidomain MDM investment. These master data fueled apps are often used in the line of business, which add the “collaboration” style. These organizations are adding [MDM – Supplier 360](#) as a ready to use app to streamline and secure supply chain and used by supply chain, procurement managers. Other teams like merchandising, ecommerce, or marketing are adding [MDM – Product 360](#) (the former PIM solution) for the [collaboration and enrichment process](#) of new product introductions for omnichannel commerce.
4. **Big Data is now adding a new dimension to business critical master data.** The adoption in 2015 shows that Informatica customers are adding [Big Data \(Relationship\) Management](#) to their MDM initiative, because they want to gain big value, out of big data. Clients like an enterprise insurance company see the value in evaluating which offers got a response. Understand why some prospects responded to a particular sequence of marketing activities and others didn't. They use Big Data and MDM to better understand what responding and non-responding customers have in common. Master customers and key relationships, including households, products, beneficiaries, agents, life events, and prospects. Better segment customers and prospects based on demographic data for personalized campaigns, cross-sell and up-sell.
5. **IoT: Big Data is big, but the internet of things is massive.** It will blow up product and device data. Device data need to be serialized and help to understand what is a trusted source? There will be new archetypes of “things” being created. For example every smart watch is generating different data about a different customer. This will change the game as there will be billions of product records by 2020.

The role of MDM and PIM – What Forrester, Ventana, MDM Institute and Information Difference are saying?

Mark Smith Chief Analyst of Ventana Research is focusing on the PIM market and is the lead author of the [PIM Value Index](#). In his recent article he talks about [“PIM trumps MDM”](#). Mark says:

- “...MDM software by itself and without a PIM context is just for the data infrastructure;
- Organizations should take care to understand the differences between PIM and MDM as well as how they can complement each other to inform decisions. PIM is essential to enable business units to manage their product-related processes themselves just as IT staff need MDM and integration tools to enable them to manage data throughout the enterprise.....”

The **Information Difference**, led by Andy Hayler was the first analyst who combined the MDM and PIM offerings in the [MDM Market Landscape](#), already in 2014, where Informatica was positioning as the leader because of the ability to solve complex multidomain use cases and complementing this with an application for enrichment and collaboration of business users.

Forrester offers two Waves, one for [PIM](#) and one for **multi-domain MDM**.

Forrester wrote “[PIM Looks And Feels Like MDM, But It’s Really An App](#)“.

Forrester in my eyes sees the need for both, but sees invest coming from different teams and use cases. Forrester’s position today, with lead of Michele Goetz is as I understand: The 2013 Market Overview for MDM **called out** the shift in the MDM market where MDM Applications **were emerging** for multi domain. Forrester also was the first back in 2014 to release the Data Governance / Stewardship Application Wave along with a report on the emergence of stewardship tools. (Forrester informed me that the 2016 MDM Wave will be out in mid-March. The 2nd edition of the Stewardship Wave will be out shortly as well.)

MDM veteran, Aaron Zornes talks about the next generation of MDM as “Master Relationship Management”. On Information Management Aaron says, “The next generation of MDM, we’re now calling it master relationship management. Because ... what we’re really interested in is the relationships between the data. How many of this does that citizen or consumer own? What are the relationships between this consumer and these other consumers as a key opinion leader and these other people? What is the relationship between this doctor and these other doctors as a key influencer? What is the relationship between this bad guy and these other bad guy groups?” ([Source: Information-management.com](#))

How do Americas, EMEA and APJ companies adopt?

My observation is that international markets are showing different pace of adoption. While Americas is fore-fronting in multidomain adoption, EMEA was late but now following, as well as APJ. The company size also shows different adoptions, while SMBs often start with a siloed approach, enterprise companies follow a EIM approach often directed by Chief Data Officers and similar roles.