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****CDI-MDM Alert™**

The CDI-MDM Institute
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“Is Now the Time for ‘Regime Change’ in Your Incumbent Systems Integrator(s)?”

Subtitle: “Time to ‘[Change Partners?](#)’” ... sung to the tune by Stephen Stills/CSN&Y

Monday, December 4, 2006

(Note: If you have trouble accessing the hyperlinked articles, please go directly to [CDI-MDM Alerts](#))

This newsletter focuses on analysis of product strategies and best practices rather than the vendor press releases. The intent is to provide ongoing advice for enterprise data architects, data stewards, CIOs, CTOs and CDI-MDM project leads in helping develop their CDI-MDM strategies – via independent, authoritative, and relevant analysis.

- [Why “Change Out” Your Incumbent Systems Integrator?](#)
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Historically, there has been economic and political pressure to stay the course with your incumbent systems integrator for enterprise scale projects. Such momentum (or inertia) was logical given the good working relationship established, along with the economies of scale enjoyed by both sides of the equation due to the ongoing relationship (reduced selling costs, and ramp up time/fees due to insider status). However, what if your preferred SI partner does not have any project experience in the rapidly evolving CDI-MDM technology arena or is tremendously short staffed in this area? What do you do? In this month’s column, we provide a synopsis of: why SIs are essential to the success of your CDI-MDM projects, how one might evaluate the capabilities of your “new” potential SI partners, as well as an overview of the landscape regarding who the new SI “dark horses” are.

Bottom line: Given the substantial investment businesses undertake with their SI partners for their CDI-MDM projects, this cost component must be given close scrutiny - not only in effort to contain costs, but also to insure success of this vital infrastructure investment.

[Why “Change Out” Your Incumbent Systems Integrator?](#)

As the year wraps up, I realize that we at the CDI-MDM Institute have been fortunate to attend every CDI-MDM vendors’ user group (save for the two that took place during my 2 week paternity leave this past September). One of the recurring questions raised by attendees at these and our sold out worldwide series of CDI-MDM SUMMITs was: “*How do I find the internal and external staffing to execute on our CDI-MDM vision?*” This is a vital issue given that for a Global 5000 size business the first year costs are typically US\$1 million or more for a customer master data management (MDM) software solution (not counting the data quality and other prep tools) with an additional US\$3 - \$4 million in external services for systems integration, etc.

CDI-MDM projects typically incur a substantial amount of systems integration services in their first 12-24 months as businesses wire up their data sources into the enterprise's master data hub(s). During 2004-05, CDI-MDM Institute research found that the typical G5000 enterprise spent an average of US\$1.2 million for CDI-MDM software solutions – with an additional investment of 4X this in SI services. Ongoing MarketPulse™ surveys by the CDI-MDM Institute confirm this cost (as have Forrester and Garter reports on this topic). That's the bad news. The good news is that CDI-MDM is one of few remaining growth areas for both software vendors and systems integrators (SIs) and as a result the recent buzz around CDI-MDM is rivaled only by intensity with which systems integrators have "found CDI or MDM religion". Supply and demand, as in Capitalism 101, is kicking into high gear.

An extreme scarcity of "hands on" CDI-MDM project and product experience currently exists which in turn is driving blended rates for such services to 3-4 times their prior rates ("rent-a-data-steward", "rent-an-enterprise-architect", etc.). Compared to this time last year, we now have an additional 2,500+ product-specific consultants who have gone through IBM WebSphere Customer Center (DWL), Initiate Systems Identity Hub, Oracle Customer Data Hub, Oracle Universal Customer Master, Siperian Hub, etc. training. The relative scarcity of individuals with even one CDI-MDM project under their belt is startling as are the prices for the services of such individuals. The current shortage lends itself to same scenario we suffered 5-10 years ago with SAP's ABAP 4GL – i.e., inflated prices and inflated resumes with many junior SI staff spinning up to speed at client's expense (a.k.a. "Androids")

2006-07 Strategic Planning Assumption for CDI-MDM Budgets & Skills

During 2006-07, the typical Global 2000 size enterprise will budget/spend US\$1.2M for CDI-MDM software solutions, with an additional US\$4M for systems integration services

During 2007-08, CDI-MDM skill shortages will greatly inflame project costs as demand for data stewards, enterprise data architects, & other individuals with strong affinity for data governance will outstrip the market for individuals with actual experience; concurrently, systems integrators will fill the void in their classic style by baiting & switching senior veterans for junior rookies

By 2008-09, the market will have stabilized as enterprises react by training & protecting their own data governance staff with specific software product expertise

Source: [2006-07 Milestones on the CDI-MDM Road Map](#); The CDI-MDM Institute

Why do are the services of systems integrators so vital to the success of our CDI-MDM projects?

#1 – SIs are often necessary to sell C-level execs. Without C-level support, lines of business (LOBs) will find it difficult to contribute the funding and resources necessary to launch a CDI-MDM initiative – resulting in status quo with each business unit continuing to address the issue at the division-level (if at all). Politically speaking, creating a "coalition of the willing [LOB] managers" is a prerequisite to getting C-level buy-in. CxOs don't have time for details, however, if a CxO's direct reports are lobbying for a solution to a particular problem then the CxO will listen and take action. For example, if multiple LOB leaders are agitating for a "unified view of the customer" for cross-selling or regulatory compliance.

#2 – SIs are needed to help transform IT organizations. To a greater degree than traditional IT initiatives, organizational readiness and acceptance of the new CDI-MDM technologies (SOA/shared services, hierarchy mapping/management, etc.) has a huge impact on the successful sustainability of large-scale CDI-MDM initiatives. As noted in our articles on "data governance," most IT organizations live in a state of "anarchy" where little processes are shared across system domain; and, a small percentage of IT organizations are functioning as "IT monarchies" where they dictate shared technology resources and processes across a limited of applications. Ideally, most enterprises would like to have their IT organizations operating in either the next enlightened stage of "business monarchy" (where LOBs are actually sharing master data and processes) or "Federalist/Union" stage wherein the processes are truly integrated end-to-end for the lifecycle management of corporate master data and metrics are in place to

manage this. For more on this, see our November 2005 DM Review column entitled "[Corporate Data Governance - From De Rigueur to De Facto to De Jure](#)".

#3 – SIs are needed to coordinate IT and business. The SI partner is a critical ambassadorial function to plan for IT organizational change management to support the “cross-LOB” CDI-MDM efforts. Moreover, the SI team can work with business leadership to design and refine the “future state” business processes associated with new CDI-MDM commitments in the move to a more centralized approach to master data as a corporate asset. And after initial development of a CDI-MDM system, SIs can help IT and business better coordinate by facilitating: (a) mutual participation in the capture of business heuristics/rules for the resolution of master data match/merge/collision issues, and, (b) ongoing commitment to update both applications and business processes to leverage the shared corporate asset via master data stored in data hub(s).

Alternatives to Incumbent CDI-MDM SIs

Alternatives abound to your historical SI partners. During 1Q2007, the CDI-MDM Institute will release its MarketPulse™ titled on “CDI-MDM Systems Integration Services: 2007-08 Market Review & Forecast” which will include ratings for both 1st and 2nd tier consultancies as well as evaluation criteria and other findings based on surveys of the CDI-MDM Institute Advisory Council. For a preview of the SIs and consultancies to be reviewed, browse our [“Top 50”](#) list.

Bottom Line (Redux)

Given the substantial investment businesses undertake with their SI partners for their CDI-MDM projects, this cost component must be given close scrutiny - not only in effort to contain costs, but also to insure success of this vital infrastructure investment. As stated in our September 2005 DM Review column [“Avoiding the CDI ‘Money Pit’ - Pick Your \(Systems Integration\) Partner Wisely”](#), preparing for CDI-MDM talent shortages now is the savvy way to avoiding the CDI-MDM “money pit” later.

See you at CDI-MDM SUMMIT 2007 in [San Francisco this March 25 – 27](#) and [April 30 – May 2 in London](#)! I am sure there will be numerous case studies on how to partner with your newly chosen SI partner ([“Time to Change Partners”](#) and all that).

About the CDI-MDM Institute

To provide feedback on our client's CDI-MDM initiatives we have two levels of sponsorship for IT organizations: (1) free membership (by invitation) in our CDI-MDM Institute Advisory Council providing unlimited CDI-MDM consultation by phone, and (2) free membership in our CDI-MDM Institute Business Council (survey base) which provides bi-weekly updates on key CDI-MDM trends and issues via an email newsletter.

- **CDI-MDM Advisory Council™** of fifty organizations who receive unlimited CDI-MDM advice to key individuals, e.g. CTOs, CIOs, and CDI project leads
- **CDI-MDM Business Council™** of 3,000+ Global 5000 IT organizations who receive a limited distribution, bi-weekly newsletter with CDI industry updates
- **CDI-MDM Alert™** bi-weekly newsletter provides IT organizations, CDI-MDM vendors, and investors hard-hitting insights into best practices as well as market observations derived from interactions with the CDI-MDM Advisory Council™ and the CDI-MDM Business Council™. Initially free to qualified individuals, the CDI-MDM Alert™ is expected to become a fee-based product 1H2006. The intended audience includes: CDI-MDM project managers, CIOs, CTOs, chief customer officers, chief privacy officers, data quality managers, data stewards, market analysts, metadata managers, and project teams responsible for CDI-MDM solutions and infrastructure, data quality, data warehousing, customer relationship management (CRM), enterprise resource planning (ERP), product data management (PDM), supply chain management (SCM), partner relationship management (PRM), and business intelligence.
- **CDI-MDM MarketPulse™** monthly survey results, e.g. budgets, success/failure rates, mindshare based on ongoing surveys of the CDI Advisory Council and the CDI Business Council
- **CDI-MDM Fast Track™** quarterly 1-day workshop – fee-based and rotating through the major North American, European and Australian metropolitan areas
- **CDI-MDM SUMMIT™** quarterly 3-day conference and exposition – rotating through east and west coast North America, London, Amsterdam, and Sydney.

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