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- **“CDI: Career Insurance for the Data Quality Professional”**
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Milestones on the Master Data Management “Road Map”

Monday, January 9, 2006

Milestones on the CDI-MDM Road Map

Research analysts at the CDI Institute annually produce a set of twelve milestones for their “CDI-MDM Road Map” to help Global 5000 enterprises focus efforts for their own large-scale, mission-critical CDI-MDM projects. For planning purposes, we thus identify 10-12 “milestones” for our CDI/MDM Roadmap and then explore and publish them via our CDI Alert research newsletter. This set of strategic planning assumptions presents an enlightening view of the key trends and issues facing IT organizations during 2006-07 and beyond by highlighting:

- Planning for the juggernaut of CDI-MDM market momentum, maturation, and consolidation
- Coping with the skills shortage for data governance, enterprise architecture, et al.
- Identifying the essential (vs. desirable) features of an enterprise-strength CDI-MDM set of software tools

Thus the “CDI-MDM road map” helps Global 5000 enterprises (and IT vendors selling into this space) utilize these “strategic planning assumptions” to help focus their own road maps on large-scale and mission-critical CDI/MDM projects. During the following six months, we use these milestones as the focus for our analyst research in that every research report we write either confirms or evolves one or more milestones as its premise. The remainder of this CDI Alert will present the below CDI-MDM Milestones:

1. Market Maturation

- During 2005-06, the CDI-MDM market shifted gears from “early adopter” to “mainstream” as 95%+ of financial services, communications services, and pharmaceutical/life sciences enterprises actively look to replace homegrown CDI solutions
- During 2006-07, CDI solutions will come to market for the midsize enterprise from Microsoft and Oracle plus the Data Quality vendors (Pitney Bowes, SAS/DataFlux, Trillium)
- By 2008, the market for CDI-MDM solutions (software and services) will exceed US$1B.

2. Market Momentum

- During 2006-07, CDI software solutions such as i2, IBM/DWL, ORCL/SEBL, and SAP will monopolize the majority market share; concurrently, a niche market will arise for hosted CDI-MDM solutions led by early to market vendors Alliance Consulting and Unisys.
- Through 2007-08, both mega and niche CDI-MDM vendors will aggrandize the traditional master customer DB business of data service providers such as ACXM, DNB, and GUS/Experian.
- By 2008-09, every major application and database vendor will provide either native or OEMed CDI-MDM capability – including DOX, MSFT, CRM, and NCR/Teradata.

3. Market Consolidation

- During 2006-07, mega IT vendors (IBM, Oracle, SAP) will continue marketing gyrations in moving to an enterprise MDM strategy.
- IBM (ASCL/CRSW/DWL/SRD/Trigo) & ORCL (iFlex/JDE/PSFT/SEBL) will wrestle with many of the same architectural/BPM/metadata/platform issues that forced SAP to withdraw its product from the market (SAP MDM/A2i xCat).
- While mega IT vendors IBM, ORCL, and SAP will dominate in the CDI/MDM hub market, niche/best-of-breed vendors (i2, Initiate Systems, Kalido, Siperian) will thrive in specific industries & horizontal/corporate applications.

4. 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, and 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 and switching senior veterans for junior rookies.
- By 2008-09, the market will have stabilized as enterprises react by training and protecting their own data governance staff with specific software product expertise.

5. Data Governance

- During 2006-07, data governance will become a mainstay of large scale CDI-MDM projects as RFPs increasingly mandate that component.
- Through 2007-08, major systems integrators and CDI-MDM boutiques will focus on productizing their data governance methodologies.
- By 2008-09, data stewards will be a common position both in IT organizations & businesses as enterprises formalize this function amidst increasing de facto and de jeure recognition of information as a corporate asset.

6. MDM Convergence

- During 2006-07, customer and product data interdependencies will quickly broaden CDI requirements – i.e., from “customer” to “product” to “vendor”.
- During 2007-08, niche vendors will provide multi-hub connectivity (Kalido, Purisma, Siperian, Stratature) via hierarchical management extensions.
- By 2008-09, enterprises without an overall, long-term MDM strategy run the ironic risk of building “MDM silos”.

7. Architecture

- During 2006-07, Global 5000 enterprises will migrate en masse from custom-built customer data hubs onto commercial CDI-MDM solutions – primarily those of mega vendors IBM, Oracle/Siebel, and SAP.
- Through 2007-08, systems performance will remain problematic as enterprise infrastructure teams hedge between virtual, persisted and composite/hybrid hubs; applying point solutions such as enterprise information integration middleware will help adjudicate both performance and political stalemates.
- By 2008-09, both market-leading enterprises and CDI/MDM vendors will have completed their transition from client/server to service-oriented architecture (SOA) by migrating from “data hubs” to “process/policy hubs”; concurrently, CDI/MDM requirements will drive vendors into 4th generation, full spectrum hubs (support for structured and unstructured info with extreme scalability).

8. Data Models

- During 2006-07, mega CDI-MDM vendors (IBM, Oracle/Siebel, SAP) will continue to focus significant resources (R&D and marketing) on the “industry content” aspect of data models which will force specialist CDI-MDM vendors to stay “data model lite” via specializations such as B2B hierarchy management and distributed CDI-MDM.

- By 2007-08, sophisticated hierarchy management will become a mainstay feature of all CDI-MDM vendors, yet support for metadata repositories to link the mega vendors' multitude of acquisitions will continue to lag significantly.
- Not until 2008-09, will the mega CDI-MDM vendors have rewired software to fully support their strategic application infrastructure (Oracle Fusion, SAP NetWeaver, et al). Concurrently, CDI-MDM vendors will migrate from data model-centric architectures to a process model centricity.

9. Customer Identification

- During 2006-07, independent data quality vendors will struggle to compete against better funded match/merge and data profiling capabilities increasingly integrated with mega vendor CDI-MDM solution (e.g., IBM Customer Center with WebSphere QualityStage, Oracle Customer Data Hub with Data Librarian).
- By 2007-08, standalone data quality vendors will evolve into standalone CDI hubs focused on the mid-market while maintaining postal service address cleansing as their forte.
- Through 2008-09, high speed probabilistic matching algorithms will dominate over deterministic models despite hybrid solutions providing the best results.

10. Master Data Delivery

- During 2006-07, EAI / EII / ETL vendors will scurry to either add persistence to their products or align themselves with CDI-MDM vendors as a complimentary role by enabling customer data hubs to interweave data from multiple diverse master sources with master data persisted in a central hub.
- Through 2007-08, these vendors will thrive by providing increased throughput and additional repurposing and publishing capabilities to classical CDI-MDM solutions; such federated/virtual CDI-MDM will be increasingly designated as "dynamic CDI".
- By 2008-09, EAI / EII / ETL middleware will have been fully assimilated into broader CDI/MDM vendor community via M&A.

11. Analytics

- During 2006-07, data marts will continue to function as bridges across the void between operational, historical and analytical data to correlate customer information across multi-channels, LOBs, and internal trusted sources.
- Through 2007-08, ongoing evolution of enterprise data warehouse (EDW) and operational data store (ODS) to support trickle-feed update will increasingly blur the lines between real-time analytics and dynamic CDI-MDM style aggregation.
- By 2008-09, inline and real-time analytics derived from CDI-enabled aggregation of both transactional and historical data will have become the major source of sustainable competitive differentiation for G5000 enterprises.

12. Business Services/Workflow

- During 2006-07, CDI-MDM vendors will lag their BPM counterparts in providing workflow orchestration to synchronize the trusted sources that comprise a federated master data store.
- Through 2007-08, the mega CDI-MDM vendors (IBM, Oracle/Siebel, SAP) will struggle to provide BPEL-compatible workflows while the specialist CDI-MDM solutions rush distributed CDI-MDM capabilities to market.

- Without such flexible workflows, organizations are merely rebuilding the same master data files they evolved the past 15-20 years with their ERP and CRM infrastructures.

BOTTOM LINE

Hopefully, the milestones discussed above will catalyze discussions (and consensus) within your IT organization regarding the road map IT professionals must craft for the next 3-5 years. We look forward to your emails and phone calls during the next six months as we evolve these planning assumptions.

"Heads up" from the CDI front lines (and see you at the first annual CDI-MDM SUMMIT in San Francisco on March 2nd and 3rd).

Aaron Zornes
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