How the Right Data Management Foundation Fosters Digital Transformation Success

To move through the three crucial phases of digital transformation, enterprises need a solid foundation of data management.

In today’s digital era, organizations need to have a solid foundation of trusted master data to support successful digital transformation efforts and drive better business results at scale. A solid data management foundation can foster digital transformation success, including transitioning through the three crucial phases all enterprises should incorporate into their data strategies.

To move through these three phases, organizations need to transform from a legacy state of multiple data silos to an integrated enterprise built on data relationships, and ultimately to a connected ecosystem based on a trust network. By taking this approach, organizations can maximize the long-term return on digital transformation investments, pursue new business models, and gain operational efficiencies.
Let's take a closer look at the three key phases that enterprises are moving through to achieve this integrated approach.

**Phase One: Legacy State**

This is where most enterprises begin their transformation journey. They have in place multiple data silos that create disparate data supporting business functions such as sales, marketing, finance, and operations.

Oftentimes the systems that support these functions and hold the relevant data do not seamlessly connect at the data layer, making it a significant challenge to share information collaboratively across various departments.

As organizations try to be more innovative and progress toward digital transformation, they continue to grow in complexity and fragmentation. The trend of persona-based technology stacks including enterprise resource planning (ERP), customer relationship management (CRM), financial technology, marketing technology, and so on, offers unprecedented flexibility.

Inherent in each new application is yet another data silo, however, and in each silo is the potential to create another version of the same data. Different departments, regions, channels, and go-to-market initiatives produce separate data. These multiple systems and workflows create disparate data sources that lack internal standards.

Adding to the challenge are globalization and mergers and acquisitions, which tend to increase operational barriers and make it difficult to scale. Furthermore, various relationships -- customers, prospects, vendors, partners, and other important entities such as brand, product, and service -- often have different definitions across different parts of the same organization.

Being in this legacy state does not mean organizations lack modern technology and infrastructure. It just means they have not taken the steps needed to put relationships at the center of their processes -- both strategically and systematically.

They need to first acknowledge the legacy state of having multiple silos and systems that do not seamlessly work together, then take steps to advance to the next phase.

**Phase Two: The Integrated Enterprise**

This is the phase in which enterprises take steps to achieve relationship centricity by putting business relationships at the center of every enterprise activity. Relationships are the basis of all business activity. Although many organizations like to think they are customer-centric, their data hardly supports that notion.

To create the kinds of digital experiences that will make customers happy and keep them coming
back, and increase fulfilment and loyalty among employees and business partners, enterprises need to embrace the concept of being relationship-centric.

When based on standard definitions, relationship centricity is a consolidated view of relationships and brands across the entire enterprise. Important compliance trends around “know your customer” and data privacy regulations require a consistent shared view and definition of each unique relationship.

The foundation of account-based marketing is a solid, shared definition of “account.” This idea of the integrated enterprise and the importance of being relationship-centric is only achieved by establishing and governing a common version of the truth about those relationships.

**Phase Three: The Connected Ecosystem**

In the third phase, organizations engage in trust networks across connected ecosystems to enable initiatives such as multichannel e-commerce, customer self-service, and supplier onboarding. Once enterprises have fully embraced relationship centricity and it becomes stable, they need to look outward and participate in trust networks. This includes engaging, interoperating, and seamlessly communicating with different partners across different value chains, and can manifest itself in channel partner platforms, e-commerce customer self-service, supplier onboarding systems, vertical industry identifiers/standards, and programmatic marketing.

Connected ecosystems can only reach their full potential if they are built on accuracy and trust. Oftentimes, business dealings based on personal feelings and good faith can degrade quickly if the data supporting the relationship is inaccurate, outdated, and unstructured.

Leveraging common data and syndicated processes enables interoperability in a trust network to scale. Using the same standard data and definitions across verticals and markets provides the basis for seamless integration.

**A Final Word**

During all these phases, remember that master data is always behind the scenes. Master data management (MDM) has a foundational role to play in supporting critical priorities related to relationship types and business entities.

Because digital transformation runs on data, properly managing the diverse types and enormous quantities of data will directly impact an organization’s ability to succeed and survive in the digital age of business.