



White Paper

Data Governance: 5 Questions for Sustainable SAP Data Quality Success

- SAP success is dependant on Business-Ready Data® quality - Is your governance model delivering and sustaining Business-Ready Data?



Purpose of this White Paper

With SAP Data Quality Experts, Enthusiasts and Project Managers in mind, this paper is written specifically for companies interested in understanding how to best approach and plan for maintaining sustainable business-ready data in SAP.

Introduction

Despite its common use throughout ERP vendor literature, the term “Data Quality” can often appear ambiguous and unclear. The best way to evaluate data quality is to focus on measuring the data’s ability to support the intended business processes in SAP.

The ultimate goal for nearly every company running SAP is to achieve the highest possible ROI through increased organizational efficiency. This is best achieved through improved business process performance. Discussing five key questions, this paper provides a best practices baseline from which an individual, group or organization may begin planning for a successful data governance strategy and implementation.

“Through 2010, Global 1000 enterprises will incur more costs due to poor-quality data than benefits, which they will gain from implementing CRM, ERP and BI applications.

- Gartner, 2007 - Understanding Data Quality and its Impact on Business

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1) Why is Data Governance Important?

With the corporate trend of consolidating legacy systems into one enterprise system, data is becoming increasingly important.

Corporations are producing data on a daily basis with little or no quality control. It would be unthinkable for any corporation to bypass quality control on the production floor. In fact, Total Quality Management (TQM), Six Sigma, and other quality-management models are products of the increasing need and desire to add to revenue and improve efficiency over the past decade. In response to the ongoing creation of new data, companies have employed myriad different models for handling the quality of their data.

“Companies that are consolidating to a single instance of enterprise resource planning (ERP) usually start thinking about master data management (MDM) when they realize they aren’t reaping the expected benefits due to data quality problems.”

Bill Swanton, VP AMR Research

In this revolutionary world of enterprise automation, business-critical processes are driven by a company’s most valuable asset – the data. Many businesses running ERP systems are not paying enough attention to their information quality and, unfortunately, the value of the data is often only discovered when the value of the company is negatively affected.

As businesses become more and more aware of the impact data quality has on bottom-line performance, increased awareness is breeding more proactive initiatives to MDM strategies. Companies considering data governance must understand the four levels of data governance and carefully decide and understand what should be done to achieve a sustainable and successful data-governance model.

2) Who Should be Responsible for Data Quality?

It's surprising to find that many organizations are confused in their understanding of data-quality responsibility. As a standard exercise, we often ask the following question of project teams and leadership: "Who owns the data's quality before, during, and after the SAP implementation?" Receiving their answers, often filled with hesitancy, we constantly see that various groups within the same organization have different answers. Some say IT; others say the business.

The answer should be perfectly clear: *The business owns responsibility for data quality.*

This is not to say that IT has no stake in it – merely that the business must understand and remain accountable for the quality of its own data.

Generating consensus around this business-critical understanding is essential before embarking on any data-quality initiative, whether pre- or post-implementation. We have found that SAP data-quality success is contingent upon this understanding. Companies that embrace this view to drive their planning, organization, tool selection, and implementation processes are most successful.

“As large organizations become aware of the impact of data quality, many will attempt to cross from an IT focus to a business focus. Organizations that make this transition successfully will reap the benefits in terms of increased productivity, accuracy and consistency of information.”

Gartner, 2007 - Understanding Data Quality and its Impact on Business

3) What are the 4 Data Governance Models, and Where Does My Company Rank?

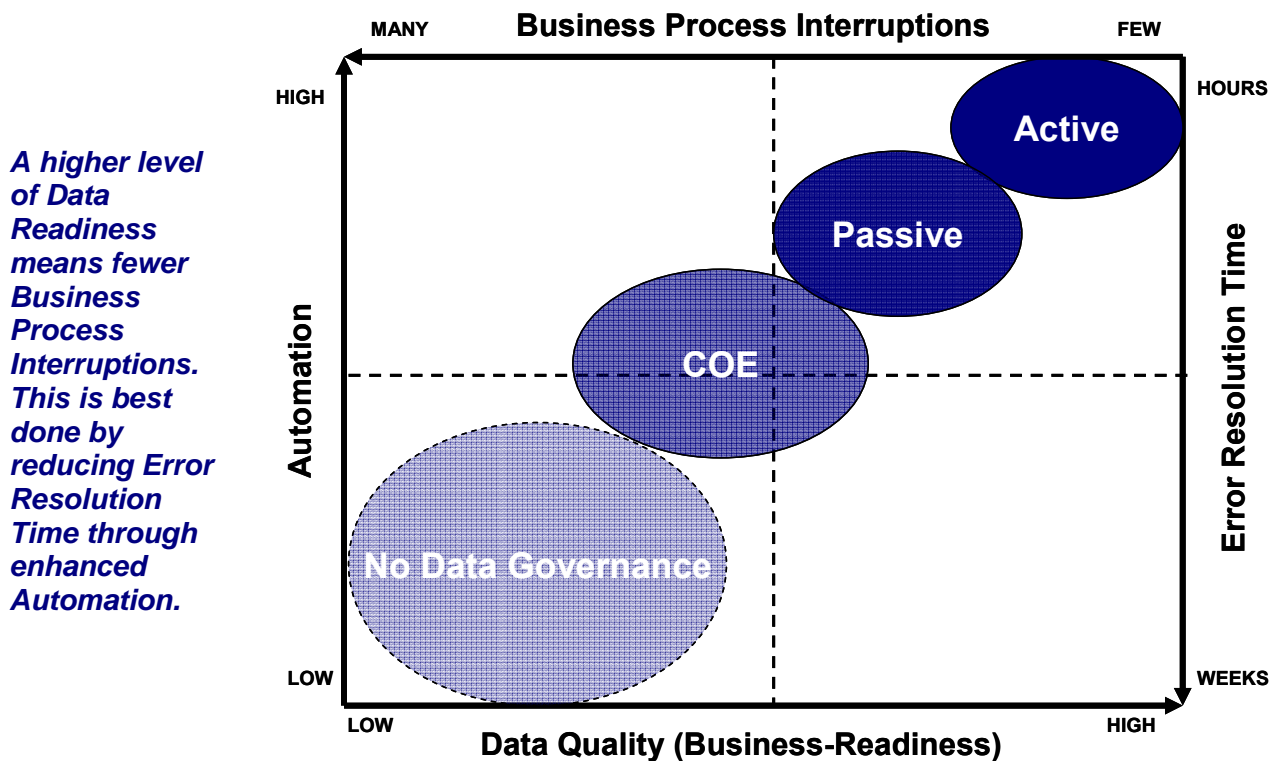
As increased data-quality awareness has spread, many companies are defining departments or teams to take charge and responsibility for data quality throughout their enterprise. During this much needed development in corporate priorities and structure, we have seen various models under which data-governance strategies are defined and implemented. The first step is to evaluate the current and intended data-governance models.

- **Model 1: No Data Governance** This is a classic model for data governance that we like to refer to as the “Wild Wild West.” Every user is trusted to enter their perfectly accurate data on time while minding corporate standard operating procedures and regulatory-compliance statutes. The reality is that despite rigorous training, many of the users are casual users and standard operating procedures are most often not followed. Based on the lack of control and accountability, this is clearly the least efficient and most risky model.
- **Model 2: Center of Excellence (COE)** A common model in many different industries is the Center of Excellence, or COE. This is a model where a central group is charged with the responsibility of creating and verifying all data requests before posting them to the SAP system. The intention is to have a central core entering an agreed-upon “single version of the truth”; however, in many cases this model can result in costly downstream effects. Common problems are bottlenecks resulting in slow and often costly data-entry times. Also, in some cases the team members of the COE are overburdened with monotonous, repetitive tasks that underutilize their knowledge and company experience. Furthermore, this is not a scalable model from a cost or resources perspective.
- **Model 3: Passive Data Governance** Users enter data into the SAP system, and then a toolset or reporting mechanism iteratively identifies data-related errors in the system. Errors are automatically reported back to their authors for correction, and quality metrics are

delivered to management. This model enables a valuable, measurable process that we will discuss in the next question.

- Model 4: Active Data Governance** All data required to support the configured SAP business processes is collected and validated automatically prior to posting through a collaborative environment. Data is deemed business-ready prior to entry into the SAP system, eliminating the possibility of business-process interruptions due to errors in omissions, consistency, content, duplicates, misuse of SAP, or lack of standards. This model is discussed more in-depth below.

The objective of data governance is to reduce business-process interruptions due to data by increasing data readiness. Increased data readiness is accomplished by reducing data-error-resolution times through increasing automation with advanced data-governance technologies. The image below clearly identifies how the four data-governance models compare to one another based on these principles.



4) Why is Passive Data Governance Important, and How do I Get There?

Based on the practices of many Fortune 500 companies, it is no secret that often the COE model may improve the quality of data but increase the time required to collect, validate, and enter data into SAP manually. This model proves difficult to scale with a growing SAP footprint.

Introducing automation and creating accountability and ownership at the user level, passive data governance is the best first step away from the Wild Wild West or COE models. The first step to implementing the passive model is acquiring a preconfigured toolset.

Understanding that each SAP system has its own particular data requirements, this toolset should be built specifically for the data challenges of your SAP environment.

“The passive model’s automation of data governance implements control while alleviating any bottlenecks associated with SAP data entry.”

The toolset should include out-of-the-box functionality for workflow enablement, quality-metrics reporting, and duplicate detection. For global organizations, the tools should be multi-lingual. Most important, in addition to preconfigured content and functionality, the toolset should be easily configurable by business people, not IT. Enabling the business to control the data is imperative to effectively encapsulating your specific business-process requirements, so the tools must be business-user-friendly.

Once implementation begins, a business-process repository is constructed based on your then-current knowledge of the data requirements. Over time the configuration of this repository should be capable of iteratively reporting on all business-critical master and transactional data.

The passive model’s automation of data governance implements control while alleviating any bottlenecks associated with SAP data entry. This is a great step forward; however, it

does not solve the entire data-governance conundrum. After all, bad data is still getting into the system.

In some cases the passive model is sufficient as a standalone solution. Companies needing only passive data governance are complacent about having acceptable levels of data errors in their system at any given time. Having identified this fact, BackOffice Associates, LLC has its own passive data-governance solution, DataDialysis[®], built specifically for SAP.

For companies demanding the most sophisticated data-governance solutions and those operating in strictly regulated industries, such as pharmaceuticals, the passive solution alone is not sufficient. Active data governance is necessary for these companies to control and validate data prior to entry into SAP. Recognizing that both the passive and active models are business-critical, the best passive solution should serve as a roadmap for implementing an active model.

5) Why is Active Data Governance Important, and How Do I Get There?

The mission of data governance is to enhance bottom-line performance by eliminating business-process interruptions related to incomplete, missing, or erroneous data while fully complying with general business and industry-specific regulations. The best way to accomplish this is to restrict any data that is not business-ready from ever reaching SAP. An Active Data Governance Model™ achieves this by implementing an automated system to manage the data collection and validation process.

Passive data governance automates remediation of existing data errors; however, erroneous and incomplete data still gets into SAP causing unforeseeable business interruptions. Fully aware that the passive model alone was not a holistic proactive solution, BackOffice Associates, LLC dedicated its internal development efforts to developing active data-governance solutions. The development team has developed a suite of collaborative applications built specifically for SAP that manages the data-entry and -change process through a validated collaborative workflow environment. The applications become a firewall for SAP data ensuring that only business-ready data reaches SAP through an automated and transparent process.

“The best way to eliminate business process interruptions is to restrict any data that is not business-ready from ever reaching SAP.”

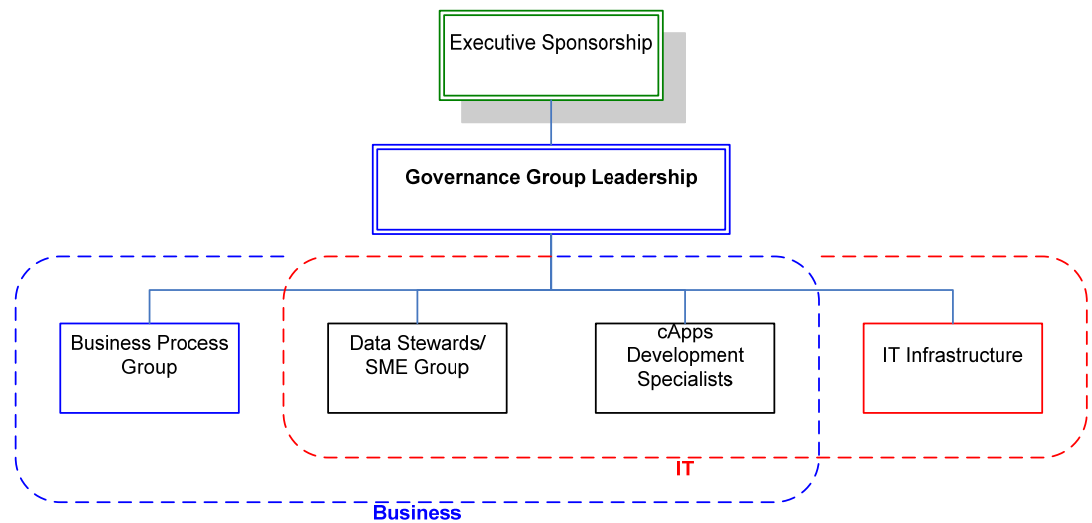
The data-governance applications are deliberately created for the business user, and the technology skill level is based primarily on SQL statements. So far, applications have been developed and released designed specifically for materials, customers, and vendors. Known as cMat™, cCust™, and cVend™, these applications are live and running for several Fortune 500 companies.

Generally speaking, implementation of these applications takes anywhere from six to nine months and hinges heavily on the scope of business processes and customization a company requires. A large portion of the effort required to kick off a data-governance

initiative must be accomplished internally to build the team organization and structure. An effective data-governance structure should include the following groups:

- **Executive sponsorship:** Corporate buy-in, prioritization, and budgets
- **Governance group leadership:** Best-practices implementation coordination, data-governance rules, and quality-assurance management
- **IT group:** Application development, integration, and security management
- **Business group:** Subject matter expertise for data stewardship and business-rules determination

“[O]rganizations should not jump blindly into purchasing tools. They must consider the supporting organizational roles, such as data stewards, and their data quality processes, methodology and metrics.”



- Gartner, 2007

After the organizational structure is determined and operational, collaboration and planning begin. Initial considerations should be in determining business processes, data requirements, integration, infrastructure, and security. Throughout this collaboration between business and IT, identification of the users' responsibilities should become more and more apparent. The ultimate goal is to come to a unified consensus with signoffs on:

1. How the data-creation process should operate
2. Which individuals are responsible for the various data elements and validations along the way

Once live, companies implementing this approach and solutions are on the forefront of risk mitigation, experiencing zero business-process interruptions due to data in SAP.

Essential for Success

Implementing a data-governance strategy is essential for sustainable SAP success. If your organization has not yet considered data quality on its critical path to SAP success, it is strongly recommended that you reconsider. In nearly every case, the costs of implementing a holistic data-governance solution greatly outweighs the risks involved with not having any governance. If you would like to learn more, please visit our Web site at www.boaweb.com or contact us directly at info@boaweb.com.

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