Master Data Management Market 2023

MarketUpdate

Introduction

This market update provides a snapshot of the Master Data Management (MDM) market. Master data is data that gives context to business transactions and is shared, for example *"customer"*, *"product"*, *"location"* and *"asset"*. Large organisations have many systems which store such information and the management of the multiple versions and competing definitions of this data is known as master data management.

In this document we include a full spectrum of MDM products. Some have a heritage of either CDI (customer data integration) or PIM (product information management), while others were designed from the outset to deal with multiple data domains. These days, almost all vendors are capable of dealing with multiple domains, at least to a degree.

Key Market Issues

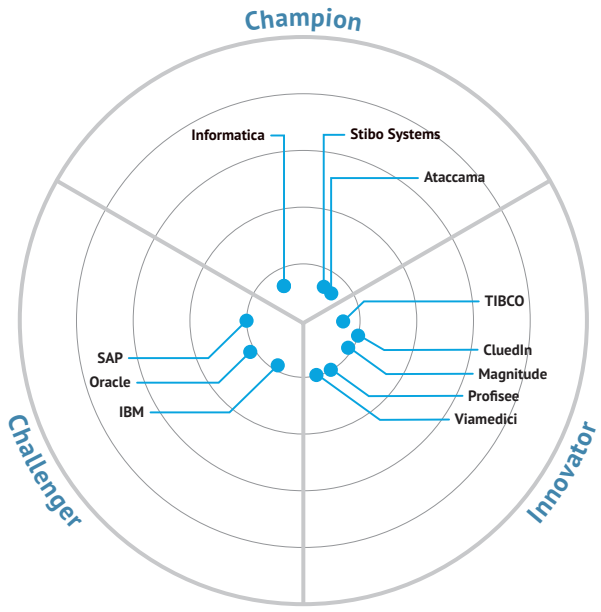
Master data is a key element in making operational business decisions. Companies need to know how profitable their products, channels and customers are, but struggle to answer these questions due to there being multiple versions of this master data, as well as potentially different cost allocation rules across different subsidiaries and regions. MDM software aims to tackle this rather intractable problem, identifying multiple versions of data about customers etc and linking these versions together, either virtually or by physically consolidating records into a single *"golden record"* based on business rules. For example, some core systems may be more trusted than others, some versions of a product or customer record may have been updated more recently than others and some may be more complete than others. Rules to handle this ambiguity (*"survivorship rules"*) can be established in a master data hub and applied in order to create a trustworthy system of record within an organisation.

Actually implementing such software and processes across a global organization is hard, and involves overcoming internal politics as well as handling technology issues. For this reason, data governance initiatives, assigning ownership of core business data to stakeholders across business lines, has been shown to be an underpinning necessary for successful large scale MDM projects. Most modern MDM software provides a degree of support for data governance, allowing *"data stewards"* to set up workflow and business rules to resolve inconsistencies that arise and make decisions in cases that need human intervention.

It can be seen that MDM systems are all about building trustworthy data, so most MDM suites have some data quality capabilities built in, either natively or via embedded specialist 3rd party data quality software. Since a degree of data movement across systems is usually involved, some MDM software has also developed data integration capabilities, or has developed close links to leading 3rd party data integration tools. Many vendors now over suites of software covering MDM, data quality data integration, reference data and support for data governance.

The gradual migration of more and more core computer systems to the cloud has been mirrored in MDM. Some MDM systems are cloud native, but at the very least they offer the ability to handle data either on-premise, in the cloud or in hybrid configurations. Artificial intelligence (AI) in the form of machine learning has been used in certain products for some

Figure 1: The highest scoring companies are nearest the centre. The analyst then defines a benchmark score for a domain leading company from their overall ratings and all those above that are in the champions segment. Those that remain are placed in the Innovator or Challenger segments, depending on their innovation score. The exact position in each segment is calculated based on their combined innovation and overall score.



years to help with matching data records, a process that frequently requires human decision making by a domain expert – machine learning can be trained to observe such experts and automate more of the process. The recent explosion of interest in generative artificial intelligence is causing vendors to look carefully at how this newer form of AI may be applied to MDM, beyond just using chatbots for technical support. It is fair to say that in mid 2023 most MDM vendors are still exploring this opportunity, but there is so much market excitement about the technology that it will soon find its way into MDM products, if initially more in the Powerpoint slides that help sell the tools rather than in the core products. One possible use case would be to use generative AI to scan metadata to understand relationships between data and to map data lineage.

The MDM Market

Figure 1 is an overview of the current state of the MDM market, showing the main participants. The market has matured since its early days around 2004, with considerable consolidation through acquisition by larger players. This acquisition continues to this day, with for example recent acquisitions of Riversand by Syndigo and of Magnitude by insightsoftware. Most vendors nowadays offer a broader platform than simply an MDM hub, usually with data quality built in along with support for data governance, and sometimes with data integration capabilities too.

The MDM market continues to show healthy revenue growth, roughly double the growth in the general enterprise software market.

Summary

MDM is a maturing market but its deployment in large enterprises is still patchy and often incomplete, with the MDM market still growing faster than the general enterprise software market. The industry has adapted to the cloud computing paradigm, and for many vendors the majority of new software sales are of cloud deployments of their technology, even if they still have substantial on-premise deployments in their installed base. Most vendors typically now offer a broad platform approach covering data quality and data integration as well as core MDM, usually with support for data governance too.

The industry has used machine learning for some time to help with data record matching, and recently further opportunities for the use of AI have arisen with the advances in generalise AI solutions. Deployment of this technology is still at an early or research stage in most MDM software, but use cases are already emerging and it is certain that MDM vendors will latch on to generative AI as a tool to help further in the automation of master data management.

Note

The positioning/scoring of vendors is based on assessments of their standing in the dimensions of: financial viability, customer base, revenues, growth, technology breadth, technology depth, geographic coverage and breadth of partner network, within the Bullseye methodology. The overall score determines how near a vendor is to the bull: the nearer the centre, the better. The *"clock position"* is a secondary measure related to the level of innovation of the software.

It is important to understand that the overall scores for a vendor are a weighted average of these factors into a summary score, and may not reflect the specific needs of your project. Some products are more proven at dealing with *"customer"* than *"product"*, or vice versa, some are strong at data governance, others weak, while scalability varies significantly. You are recommended to discuss your specific project needs with a Bloor analyst in order to match your needs to a vendor shortlist.

About the author

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Andy is an established software industry authority, an independent strategy consultant advising corporations, venture capital firms and software companies. He is the founder of Kalido, which under his leadership was the fastest growing business intelligence vendor in the world in 2001. Kalido was recognised as an innovator in data warehousing, and then launched arguably the first true master data management product, a market which at the time did not exist but is now a well recognised and fast growing industry. Andy was the only European named in Red Herring's ***"Top 10 Innovators of 2002"***. He was a pioneer in blogging with his award winning ***"Andy On Enterprise Software"*** blog.

Andy started his career with Esso, working in a number of technology roles before moving to Shell. He was Technology Planning Manager of Shell UK, then Principal Technology Consultant for Shell International. He later established a global information management consultancy, which under his leadership grew to 300 staff.

MarketUpdate

Bloor overview

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