

Whitepaper

MasterDataOnline – Duplication Document

Duplication in Master Data have numerous Root Causes

The simple scenario highlights a few root causes responsible for the inconsistency in Master Data which include:-

Various Master Record Formats:

As a result, no two software systems share the same master record format. Therefore, a one to one correspondence between the fields is not possible and any data migration between the systems will result in incomplete and inaccurate records.

Various Systems of Record:

The vast majority of organizations use more than one software application. Integration of all these applications is not a guarantee of data integrity.

Incongruent Naming Standards:

Item codes and descriptions are too often a window to the creativity of those who created the master record. Consequently abbreviations proliferate. Deciphering part names become an IQ test and search engine fail to find the right part. Duplicate records are created when existing parts can not be found.

Lack of Standardized Classification Conventions:

As an aid to finding items and for reporting purposes, Master Data codes are classified, but all too often organizations use incomplete classification systems, which leads to the item being wrongly classified or not classified at all. Consequently reports are incomplete and inaccurate, which has an impact on decision making.

Incomplete Fields:

This is simple yet effective way that master record quality is reduced. Inadequate validation routines often are the cause of incomplete fields being passed on.

The effect of Bad Master Data is on Business initiative is Profound

ERP System Consolidation

Increasingly more organizations are consolidating their ERP instances, targeting savings and efficiencies. Business drivers for these consolidations include SOX compliance pressures, the end of SAP® R/3® version support, system harmonization across business units or geographies, and architectural upgrades that allow companies to leverage service-oriented architectures. However, attempting consolidation before the master data is rationalized will lead to a contaminated single instance. Cleansing the data once it lands in the new system is enormously expensive and time consuming.

Inventory Visibility

Warehouse management systems, ERP systems, and third-party logistics service providers manage aspects of parts and finished goods inventories. This fragmented system landscape clouds inventory visibility and leads to over purchasing, stock outs, inventory write-offs, and disruptions of manufacturing operations. Bad material data is the key culprit behind issues such as cash locked up in excess inventory, lack of inventory visibility within and across plants, low employee productivity, false stock outs and increased plant downtime. Increased inventory cost is the single largest bottom-line effect of unstructured and inaccurate material

Master data.

Decreased Plant and Equipment Availability

Poorly-described material items, especially MRO items, often lead to incorrect and untimely part orders. Inefficient buying of critical supplies increases the cost of maintaining equipment and frequently results in decreased plant and equipment availability.

Decreased Employee Productivity

Duplicate and obsolete inventory leads to excess material records. This compounds the problem for most of the materials management software tools which are buoyed by a lack of effective search functionality. According to an Aberdeen Group survey of leading manufacturing firms, maintenance workers spend as much as 60% of their time identifying and searching for MRO parts, indicating that most organizations could benefit from improvements in their loss of "wrench time". In addition, sometimes employees searching for the right part often lack the product expertise or time to manage the process effectively. The additional time, resources and expertise needed to find the necessary parts to run an organization's plant and equipment leads directly to decreased worker productivity.

Sourcing

Sourcing projects and the make-versus-buy decision process in general require a view of what exists already in the approved parts lists and approved vendor lists. Bad Master Data data can result in supplier proliferation, part proliferation, and a failure to leverage existing contracts.

Part Reuse in Design

An engineer's design decisions can have lasting financial impacts on product margin as well as on the organization. Part reuse is dependent on the engineer's ability to find the right part based on attributes. When existing parts are incompletely or wrongly classified and attributes are missing, frustrated engineers find it easier to create a new part than to perform an extended manual search. This undermines sourcing strategies and merger-and-acquisition synergies, and further bloats inventories.

Visit our official website: <http://www.masterdataonline.com>

Addresses, phone numbers, and fax numbers are listed on the Prospectasoftware.com Website at www.prospectasoftware.com/contact.htm