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2007-08 Milestones on the CDI-MDM Roadmap

Monday, April 22, 2007

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Milestones on the CDI-MDM Road Map

Research analysts at the CDI-MDM Institute annually produce a set of twelve milestones for their "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 twelve "milestones" for our CDI-MDM Roadmap and then explore and publish them via our CDI-MDM Alert research newsletter. This set of strategic planning assumptions presents an enlightening view of the key trends and issues facing IT organizations during 2007-08 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 twelve 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-MDM Alert will present the below CDI-MDM Milestones:

1. Market maturation
2. Market momentum
3. Market consolidation & diversification
4. Budgets & skills
5. Data governance
6. MDM convergence
7. Architecture & data models
8. Customer identification, data quality & data profiling
9. Master data delivery
10. Analytics
11. Policy hubs & business services
12. Enterprise search/master reference data/semantics

1. Market Maturation

- During 2007, the CDI-MDM market will continue to shift gears from "early adopter" to "mainstream" as 95%+ of financial services, communications services, & pharmaceutical/life sciences enterprises actively plan to replace homegrown CDI-MDM solutions.
- Through 2008-09, verticalization/horizontalization of CDI-MDM solutions will expand beyond financial reporting, EMPI healthcare, etc. into financial services & government especially.
- By 2010, the market for MDM solutions (software & services) will exceed US$2B.

2. Market Momentum

- During 2007-08, CDI-MDM software solutions such as IBM, ORCL, SAP, & TDAT will monopolize the majority market share in the Global 5000 enterprise; while mid-market solutions will arrive from MSFT, Nimaya, & ORCL plus Data Quality vendors (Pitney Bowes, SAS/DataFlux, Trillium); concurrently, a niche market will arise for hosted solutions led by early-to-market vendors Alliance Consulting & Unisys.
- Through 2008-09, both mega & best-of-breed CDI-MDM vendors will aggrandize the traditional master customer DB business of Data Service Providers such as ACXM, DNB, & GUS/Experian as these vendors struggle to deliver on-premise CDI hub solutions.
- By 2009-10, every major application & database vendor will provide either native or OEMed CDI-MDM capability – including DOX, MSFT, & CRM.

3. Market Consolidation & Diversification

- During 2007, mega IT vendors (IBM, ORCL, SAP) will continue M&A-driven R&D gyrations in moving to an enterprise MDM-centric portfolio.
- By 2008-09, IBM (ASCL/CRSW/DWL/LAS/SRD/Trigo) & ORCL (HYSL/iFlex/JDE/PSFT/Retek/SEBL/Sunposis) will begin to overcome most of the same architectural/BPM/metadata/platform issues that confounded SAP earlier (SAP MDM/A2i xCat/Callixa).
- Through 2009-10, mega IT vendors (IBM, ORCL, SAP, & TDAT) will dominate the CDI-MDM market with niche/best-of-breed vendors (i2, Initiate Systems, Kalido, Purisma, Siperian) thriving in specific industries & horizontal/corporate applications.

4. Budgets & Skills

- During 2007, the typical Global 5000 size enterprise will budget/spend US$1M for CDI-MDM software solutions, with an additional US$3-4M for systems integration services; Global Service Providers will operate under this price floor by applying highly-customized, labor intensive frameworks & related accelerators.
- Throughout 2007-08, skill shortages will greatly inflame project costs as demand for data stewards, enterprise data architects, & other individuals with strong affinity for data governance will outstrip the market for experienced individuals; concurrently, Systems Integrators will fill the void in their classic style by baiting & switching senior veterans for junior rookies.
- By 2008-09, the market will have stabilized as enterprises react by training & protecting their own CDI-MDM staff with specific software product & project expertise.

5. Data Governance

- During 2007, enterprise-level data governance will be mandated as a core deliverable of large-scale CDI-MDM projects delivered via RFPs.
- Through 2007-08, major systems integrators & CDI-MDM boutiques will focus on productizing their data governance frameworks while most CDI-MDM solution providers will struggle to link business process design with process hub architecture.
- By 2008-09, both corporate & LOB data stewards will be a common position as Global 5000 enterprises formalize this function amidst increasing de facto & de jeure recognition of information as a corporate asset.

6. MDM Convergence

- During 2007, customer & product data interdependencies will quickly broaden CDI-MDM requirements – i.e., from “customer” to “product” to “vendor”; concurrently, vendor dogma will promote nouveau approaches such as Collaborative MDM to assuage the multi-hub conundrum.
- Through 2007-08, select best-of-breed vendors (Kalido, Purisma, Siperian, Stratature) will provide multi-hub (entity, architecture & brand) connectivity via hierarchy management extensions.
- By 2008-09, enterprises without an overall, long-term MDM strategy run the ironic risk of building “MDM silos”.

7. Architecture & Data Models

- During 2007, the market will further evolve as vendors specialize at Analytical MDM & Operational MDM.
- During 2008-09, mega vendors (IBM, ORCL, SAP, TDAT) will continue to focus significant R&D & marketing resources on “industry content” of data models which will force specialist vendors to stay “data model lite” via specialization in B2B/B2B2C hierarchy management & distributed CDI-MDM.
- Not until 2009-10, will the mega CDI-MDM vendors have rewired their foundational software to fully support their strategic application infrastructure (Oracle Fusion, SAP NetWeaver, et al) & have completed transitioning from client/server to service-oriented architecture (SOA); concurrently, Global 5000 business requirements will drive vendors into 4th generation, full spectrum hubs that support both structured & unstructured info.

8. Customer Identification, Data Quality & Data Profiling

- During 2007, independent Data Quality vendors focus on name & address cleansing as their forte as they struggle to compete against better funded match/merge & data profiling capabilities increasingly integrated with mega vendor CDI-MDM solutions.
- By 2008, sophisticated hierarchy management capabilities will include “global IDs” as a mainstay feature for all CDI-MDM vendors to link both legacy & newly-built hubs with Data Service Providers’ enrichment data; concurrently, support for metadata repositories to link the mega vendors’ multitude of acquisitions will continue to significantly lag.
- Through 2009-10, high-speed probabilistic matching algorithms will dominate over deterministic models despite hybrid solutions providing the best results.

9. Master Data Delivery

- During 2007, EAI/EII/ETL vendors will scurry to either add persistence to their products or align 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 or distributed hub.
- Through 2007-08, systems performance will remain problematic as enterprise infrastructure teams hedge between virtual, persisted & composite/hybrid hubs; applying point solutions such as enterprise information integration (EII) middleware will help adjudicate both performance & political stalemates.
- Through 2008, these middleware vendors will thrive (& be acquired) by providing increased throughput & additional repurposing/publishing capabilities to classical CDI-MDM solutions; by 2009, EAI/EII/ETL middleware will have been fully assimilated into broader CDI-MDM vendor community via M&A (e.g., ORCL/Sunopsis, SAP/Callixa, & TIBCO/Staffware).

10. Analytics

- During 2007, the convergence of CDI-MDM & business intelligence (BI) will accelerate as enterprises leverage CDI-MDM concepts in a BI context.
- Through 2008-09, ongoing evolution of Analytical MDM & Operational MDM increasingly benefit enterprises by blending such transactional hubs with master reference data repository.
- By 2010, inline & real-time analytics derived from MDM-enabled aggregation of both transactional & historical data will have become the major source of sustainable competitive differentiation for Global 5000 enterprises.

11. Policy Hubs & Business Services

- 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, ORCL, SAP) will struggle to provide BPEL-compatible workflows while specialist CDI-MDM solutions rush distributed Collaborative MDM capabilities to market.
- By 2009-10, without such flexible workflows, organizations will merely rebuild the same master data files they evolved the past 15-20 years with their ERP & CRM infrastructures.

12. Enterprise Search/Master Reference Data/Semantics

- Through 2007, the unique properties & behavior of master reference data will spawn a series of vertical applications & specialized features within CDI-MDM solutions.
- During 2008-09, semantically-enabled metadata will enable "search" for both structured & unstructured info across a variety of applications such as catalog management & deep web search, & enterprise search.
- By 2009-10, enterprise semantics & SOA-enabled data services will provide the technology foundation for policy hubs; concurrently, the 4th generation of hubs will innately support Analytical, Operational, & Collaborative & MDM business services.

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 next CDI-MDM SUMMITS in London and Sydney May 1-2 and May 28-29 respectively).

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Feel free to pass along a copy of this newsletter to colleagues who may be interested.

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