CRM Is Not Customer MDM
Take relationships to the next level combining CRM with Customer MDM

"Why do we need customer MDM when we already have CRM in broad use across the company, doesn't CRM do that already?"

Logical questions like this are often raised when we talk with IT and business leaders about adding customer master data management (customer MDM). Decision makers may also need to address them when they seek approval on their recommendation.

The short answer is, *"no, hard to believe as it seems, CRM doesn't do a lot of things you might expect it would. To get maximum value from it, you need to add customer MDM."*

The conversation typically extends to the differences between the two technologies, and how, depending on the size and structure of the organization, adding customer MDM can dramatically amplify the value of their CRM investment. And to help deliver a far more engaging customer experience (CX) in the process.

Sometimes, CRM alone is enough

For some organizations, CRM alone can be adequate, without adding customer MDM to the mix. For example, if your data is centralized, modelled and managed by a single instance of CRM, an MDM governance initiative may not be required.

That said, it's rare for a large or even midsize company today to have a single instance of CRM, especially if they have grown through mergers or acquisitions. It's not uncommon to have a dozen or more instances, sometimes on the same platform, sometimes many more.

Even if there is only one, data enrichment is still mandatory for delivering greater business process efficiencies. Cross-referencing can be another challenge where adding MDM helps discover relationships and hierarchies.

In most cases, CRM is better with MDM

In addition to multiple CRMs, it's not unusual to find customer data in other enterprise apps like ERP. To create a single customer view (SCV) across all of these systems, companies need something that transcends the ability of CRM.

CRM also focuses primarily on contact data. The complexity of digital business means businesses need a way to manage and eliminate variation across every data set in the organization. This is where customer MDM is critical.

According to Kimberly Collins, Managing VP for Customer Service Applications at Gartner, "Master data management is a critical success factor in constructing and executing optimal customer experience management processes. Application leaders responsible for CRM and CX projects or programs must incorporate the MDM discipline into their overall strategy."[1]

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> — Kimberly Collins, Gartner

The benefits of adding MDM to CRM

While CRM was meant to give a single view of current and potential customer data, it was not built to provide a unique view of business master data. This makes an effective MDM implementation one of the few strategic IT programs a company can pursue to realize immediate business process improvements.

Many organizations with complex and/or expansive CRM implementations strive to make this the basis of a master data initiative by customizing the business and data model. It's an appealing prospect, given the potential to leverage existing infrastructure and technical and business knowledge. As they usually find out, CRM was never designed to support master data management, governance or the generation of a single, centralized record across the enterprise. This is something they typically didn't know when their implementations began.

Understanding the limitations of CRM

Early CRMs weren't made to support all users' needs, leading many organizations to add other apps to boost functionality. This led many to make CRM their core transaction engine, even though much of the data was maintained outside of CRM. Over time, CRM evolved and built on its advantage over – or acquired – those applications, but core process models remained the same as before they were added. This is something most companies don't realize today.

> " *One misconception is you can build MDM by maintaining a golden record in CRM. This can lead to costly mistakes.*"

Another common misconception is you can build an MDM system by maintaining a golden record in existing systems like CRM. This can lead to costly mistakes and ruin prospects for achieving data governance. In contrast, a well-implemented MDM system has no operational goal beyond ensuring high-quality data. It must take this stance in order to accept master data from all relevant sources. When this happens it creates a process-agnostic place for data quality stewardship and governance to thrive.

Reasons you need both CRM and customer MDM

1 **Ensuring data quality**: If CRM offers address standardization, third-party verification of publicly available data, or data deduplication, it makes sense to use those services. However, if there is more than one instance of CRM, requiring one to be the "winner," the two will become so closely connected it makes future integrations daunting.

2 **Data stewardship matters**: Stewardship refers to maintaining data quality enterprise-wide. In a well-designed framework, stewards report to the governance team. Many companies don't have dedicated data stewards; more often, it's part of other responsibilities. This can create problems. For example, sales often focuses on data needed to close deals, but not data points that drive engagement. Asking them to add data quality to their focus sets the rest of the organization up for failure.

3 **Data governance**: MDM needs to store and represent data as it exists and is used in ANY source of master data. Otherwise, data stewards cannot see all the data. If CRM is the source for master data, it will take too much time to map and normalize it to match what CRM requires. Customer

MDM enables teams to move data in quickly so stewards can see how things really look. Only then can decisions be made about which systems adhere most closely to enterprise data quality standards.

4 **Data silos**: CRM meets the definition of a data silo. It has its own database and invents its own identities for customers, accounts, leads, etc. This causes confusion when an account must be deactivated or merged with another to streamline operations. If any systems are using CRM as their reference data set, this can create major problems.

5 **Present at creation**: Sources of customer data can be divided into two basic groups. Sanctioned data lives in CRM, ERP and other operational systems managed by IT. Unsanctioned data lives in spreadsheets, end user databases and websites. The latter, which is often where analysts/knowledge workers store important customer attributes and relationships, can be the most valuable for data governance and creating customer engagement. MDM needs to accommodate it; something CRM can't typically do.

Don't let others confuse CRM with MDM

CRM providers promote MDM functionality, but they fall short, especially with data governance. However, if you don't extract master data from its source, those managing governance must do so in a process-oriented system. This would hinder governance by tying it to the process requirements of the source systems. MDM solves this by creating a "data jurisdiction," where the extracted data can be governed independently from the sources.

Some people also think CRM is a good place to "do" customer MDM, since modern CRM systems are built to promote data quality, and since most have extensible data models, making it easy to add data from other systems. However, since customer data often starts in CRM, if one follows the *"garbage in, garbage out"* theory, it would be crucial to get it right at the very start, a process that really requires MDM.

Finally, CRM vendors often claim to have an integrated MDM component, capable of managing products, vendors and other domains in addition to customer data. This can only be found in true multidomain MDM, representing another major advantage of using customer MDM and CRM.

Making the case for CRM + MDM

While CRM is truly indispensable to most companies, it has never delivered on the promise of providing a single platform, system or entry point for all front and back-end enterprise system data. For many organizations, this resulted in application and data silos that made creating a single, actionable view of customer data far more complex.

While some new CRM suites address some of these problems, they lack flexibility to manage master data across today's expanding range of enterprise systems, architectures and data sets. CRM also lacks sophisticated data matching. And while their search functionality might be useful at *"exact match,"* they aren't as strong at the kind of *"fuzzy searching"* crucial to uncovering duplicate entries with subtle differences.

Finally, by bypassing all protocols, CRM gives users the ability to unknowingly create duplicate records, a process MDM is meant to prevent. There's also no way to create a "golden record" for use across multiple heterogeneous

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systems or to maintain survivorship rules for overlapping data across systems. CRM also can't merge or split records to accomplish data reconciliation, or complete data audit trails in the form of transaction history or suspect cases. Nor can it resolve conflicts by linking and updating a golden record across the enterprise.

Drive engagement with CRM and customer MDM

Stibo Systems Customer MDM complements long-term investments in CRM by optimizing the quality, value and management of enterprise customer data. With Customer MDM you can effectively collect, consolidate and maintain customer data across multiple implementations of CRM and other enterprise applications, and replace fragmented, outdated or duplicate data with complete, timely and accurate trustworthy customer records. And that is just the start.

Customer MDM is part of a fully-integrated multidomain offering from Stibo Systems, an innovator in master data management, with deep experience empowering leading brands to drive success across industries and around the world. Our Digital Business Hub (DBH) strategy enables organizations to gather their most valuable data assets once — from across multiple systems and data domains — and distribute them to all users, empowering the delivery of data transparency and providing a single, reliable enterprise-wide version of the truth.

To learn more about our unique approach, or our Customer MDM solution that can drive customer centricity and maximize the value of your investment in CRM, visit **stibosystems.com/cmdm**.

[1] "MDM Is Critical to CRM and Customer Experience," Gartner Research, Kimberly Collins, Managing VP for Customer Service Applications, 2017