



Gain Competitive Advantage Through Improved Supplier Management

How to centrally manage and govern supplier master data

Master data management (MDM) enables data transparency by eliminating silos and barriers to the visibility and flow of trustworthy data. By delivering data transparency, organizations, their partners and customers can make more informed decisions, giving them an edge to succeed in a highly competitive business landscape. This is especially the case when businesses leverage data transparency to build stronger, more profitable supplier relationships across the supply chain.

Real-time connectivity, visibility and information transparency are essential components of a collaborative supply chain. Innovations such as the Internet of Things are accelerating these capabilities, enabling businesses to deliver the quality products and experiences customers demand. But while these technologies can provide a steady stream of updated information about almost every aspect of the supply chain, keeping it accurate and available requires a sophisticated approach to MDM.

MDM enables businesses to consolidate data from multiple sources and domains – such as products, customers, location, suppliers, etc. – and share and leverage it to benefit their customers, suppliers and partners. By making the access to data seamless and transparent, while maintaining strict privacy and control, MDM empowers the creation of insight, agility and value across the end-to-end supply chain, along with greater efficiency and profitability for all.

Companies that seek greater data transparency across their supplier ecosystem are embarking on supplier MDM projects to centralize the following important data management processes:

- **Connect & Collect**

The immediate practical problem facing most large organizations is the wide and varied IT landscape. Global organizations deal with thousands of suppliers, across multiple geographies, using dozens of different instances of applications. Enterprise resource planning (ERP), customer relationship management (CRM), purchase to pay (P2P) and product information management (PIM) tools, along with the ubiquitous Excel, are commonly used and often replicated for different product categories – with a single supplier regularly supplying to multiple categories.

A supplier MDM solution provides connectivity to all these applications, and either links to, or stores, all the various copies of supplier information back in a single, centralized repository, with a configurable data model to accommodate all the different attributes that need to be captured.

- **Clean**

Data quality and integrity is a huge and pervasive hurdle to overcome. Many supplier records will be incomplete, outdated, inaccurate, duplicated and as such, generally untrustworthy. It is impossible to run an organization and

make sound decisions with unreliable data. Continuous improvement of data quality should be an obsession.

A supplier MDM solution provides the capability to scan records and identify errors and inconsistencies in the data (known as “data profiling”), then record and alert data stewards to the problems. Plus, it also provides a rich set of tools to cleanse, standardize, validate and reformat that data to meet required levels of data quality and adhere to specific business rules defined by your organization. Dashboards can then be displayed to show key data quality metrics, improvement over time and any issues that require remediation.

- **Enrich**

External data services from organizations such as Dun & Bradstreet and Loqate can be used to uplift the value of your supplier data by standardizing and validating addresses, applying geocodes (longitude/latitude coordinates), and appending a large amount of additional curated data such as organizational group hierarchies, industry classifications, company information, financials and other geodemographic data as required.

- **Consolidate**

Having consolidated supplier records into a single repository, duplicates will abound, whether by having existed in many ERP instances or having been created many times using inconsistent formats such as referring to the same company as BT, B.T., British Telecom, BT London, etc.

A supplier MDM solution provides a powerful capability to review these records and automatically identify potential duplicates (known as “fuzzy matching”). It gives the ability to merge matching records into a single golden record and apply a unique global ID – an accurate and standardized hybrid record containing the best and most complete information possible (referred to as “survivorship”).



This merge/link process can be automated for records that meet defined thresholds of “match confidence,” and for those records where there is some uncertainty, they can then be passed to a data steward for manual review and decision making. Longer term, these match rules can be used to automatically run against new records that are created, either directly in the MDM platform or in the external ERP systems and can be used to search for existing records before allowing new records to be created.

▪ **Share**

Ensuring that every person and every process can access the most up-to-date information is critically important. Once stored and curated in a single trusted repository, supplier data can be accessed directly by business users, interfaced to business intelligence and analytics tools, automatically consumed by downstream processes, and in a fully operational MDM deployment, used as the single source of truth for connected business applications and even published back to update originating source systems. The process of data sharing can be automated, scheduled and delivered as a batch process or on-demand using web services.

Another aspect of managing and sharing supplier information, is supplier self-service. A supplier portal allows suppliers to register, onboard, enter, manage and maintain their own data, including uploading documents and submitting data that follow automated workflow approvals. In doing so, cumbersome processes become more efficient as a burden is removed from the buyer – allowing time to do things like derive insights from data rather than data entry.

Data governance underpins supplier risk assessment

Data governance lies at the heart of supply chain transparency. Because without transparency into trustworthy supplier data, it can be difficult to track suppliers’ delivery performance and product quality, not to mention monitor for fraud or non-compliance. These risks, if not identified and addressed, could lead to significant financial or reputational damage.

For a business to gain a complete and accurate understanding of its suppliers – including their organizational structure, products, performance, compliance to company and regulatory standards, and operating practices – it needs an innovative supplier MDM solution that centrally manages and governs supplier data.

There are two key aspects to data governance to consider:

1 Data accuracy and completeness
Supplier data definitions need to be defined and logged in terms of business semantics, metadata and data quality parameters. Data ownership and accountability should be defined, and executive-level sponsorship should formally identify data quality and governance as a key business issue.

With a supplier MDM solution, systematic processes are then put in place to enforce these definitions, along with data stewardship capabilities to remediate rogue data. Business users and data stewards need the ability to control, update, correct and have changes to data approved. This is achieved when businesses receive alerts about errors, inconsistencies or omissions – either through a collaborative work interface, portal, dashboard or messaging platform. This clerical review work should be straightforward, using standard tools and configurable workflows with sufficient precision to view data at a granular level.

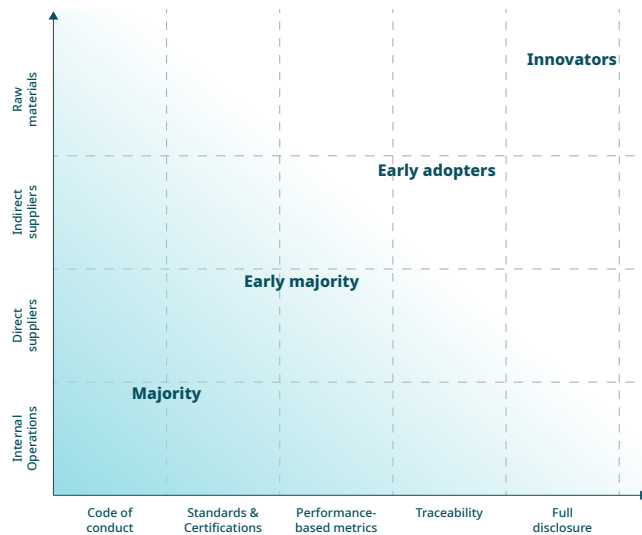
2 Supplier performance, governance, risk and compliance
Supplier MDM solutions should provide the capability to monitor suppliers so reviewing and tracking their performance and compliance is possible. Procurement teams or category managers should be able to:

- Search, browse and report on supplier performance
- Build supplier performance dashboards
- Initiate questionnaires
- Upload documentation
- Build scorecards
- Track spend, saving and price changes
- Track innovation, risk assessments, quality audits, continuous improvement, quality and delivery performance
- Potentially aggregate this into geographic or operating regions, business units or corporate hierarchies

Consider, too, updating supplier compliance and profile information on an annual basis, which can be tracked and alerted by the supplier management system.

Gauging supply chain transparency maturity

Organizations must embrace supply chain transparency and the role master data plays in managing the abundance of available structured and unstructured data. This includes consolidating that data, ensuring it is compliant and fit for purpose, and sharing it across the enterprise. The demand for supply chain transparency is growing and can only be met with a trusted, rigorous and curated master data foundation.



Source: Alexis Bateman and Leonardo Bonanni
Figure 1: How to gauge supply chain transparency



According to Alexis Bateman and Leonardo Bonanni for the **Harvard Business Review**, understanding where your company is on its supply chain transparency journey is dependent on two factors: supply chain scope and transparency milestones. Bateman and Bonanni note that most companies are just beginning their journey and are either in the majority or early majority stages (see Figure 1).

Stibo Systems Supplier MDM solution supports the effective onboarding, lifecycle management, governance and understanding of suppliers. This enables organizations to generate a more intimate knowledge of their suppliers and build better relationships while mitigating risks and driving efficiency and productivity in the supply chain.

Master data optimizes supply chain processes

The relationship you have with your suppliers is vital to your business. A key component to that relationship lies in the way you manage your supplier information, including their performance. This is especially true since the data volumes – and the demands on you to disclose it – are growing.

Establishing a single, consolidated view of supplier data enables you to work more closely with your suppliers to ensure that their data is correct and in the proper format by applying data governance and customized business workflows. A single supplier record also makes it easier to track performance, manage contracts, or even enable self-service access for certain types of supplier data. This can

Key features of Stibo Systems Supplier MDM

Global supplier onboarding

Reduces data management costs by efficiently onboarding new suppliers and full product catalogs, merging supplier accounts with automated workflows and standardized processes.

Single supplier view

Delivers a complete and trusted view of suppliers and sub-suppliers across all channels and digital touchpoints by sharing supplier and associated product data with business units, procurement teams and regional offices across the enterprise.

Self-service data management

Improves onboarding and ongoing maintenance of supplier information by enabling suppliers to update their own master data.

Data quality and governance

Improves the bottom line by centrally managing supplier data and associated product information while ensuring consistent data quality standards.

Risk management

Mitigates procurement, compliance and supply chain risks by streamlining contract lifecycle management, ensuring data meets corporate and regulatory requirements, and monitoring supplier scorecards.

Product MDM coexistence

Allows suppliers to upload new product catalogs and capitalize on the multidomain capabilities of Stibo Systems MDM platform and expertise in product MDM to ensure you have suppliers' most current and complete product data.

reduce costs and drive efficiencies throughout your entire supply chain. Likewise, building a centralized hierarchy of your suppliers and their parent companies allows for a broader view of your network to optimize sourcing, contracting and communication efforts.

Drive value from supplier relationships and protect your organization's reputation by fueling supply chain processes with master data. To learn more about how Stibo Systems Supplier MDM can improve your data management processes, visit stibosystems.com/suppliermdm.

About Stibo Systems

Stibo Systems, the master data management company, is the trusted enabler of data transparency. Our solutions are the driving force behind forward-thinking companies around the world that have unlocked the strategic value of their master data. We empower them to improve the customer experience, drive innovation and growth and create an essential foundation for digital transformation. This gives them the transparency they require and desire – a single, accurate view of their master data – so they can make informed decisions and achieve goals of scale, scope and ambition. Stibo Systems is a privately held subsidiary of the Stibo A/S group, founded in 1794, and is headquartered in Aarhus, Denmark. More at stibosystems.com.