WHITE PAPER

STIBO SYSTEMS
MASTER DATA MANAGEMENT

Blind Spots and Broken Promises:

The Real Cost of Fragmented Customer Data

Setting the Stage

Organizations are sitting on mountains of customer data, but most of it is a mess. Despite the hype about enhancing customer experiences, most companies are failing at the basics: their data is fragmented, unreliable, and not ready for artificial intelligence (AI) or business intelligence (BI) applications. The reality? Business leaders are making decisions based on inaccurate reports, risking compliance failures, and frustrating customers with broken processes. The dirty secret is that no one really knows who their best customer is or how to reach them, because the data is scattered across dozens of systems and spreadsheets.

The biggest scandal isn't just inefficiency: a lack of data governance and a single trusted view of a customer means that companies are losing money, trust, and competitive edge every day due to poor data management. AI initiatives, personalized marketing, and seamless service are impossible dreams when the foundation is rotten. Boardrooms are waking up to the fact that their organizations are flying blind, but few want to admit just how bad the legacy systems are.

To understand what can be done to fix these issues, Stibo Systems commissioned a survey of 500 U.S. business leaders in key departments at manufacturing, CPG, retail, distribution, financial services, insurance, utilities, and telecommunications companies.

The findings highlight the real cost of messy customer data and challenge leaders to confront an uncomfortable truth:

> Until data is trustworthy and unified, every flashy tech investment is just window dressing.

Key Findings

82% are losing over **$100K** annually due to inaccurate customer information

4 in **5** leaders lack confidence in using customer data for critical business decisions

51% are not doing regular data audits or validation

76% of teams maintain off-system spreadsheets or shadow databases for customer data

49% say that developing new AI-driven products and services is a priority for 2025 but **28%** are facing difficulties in adopting AI

47% must correct reports or forecasts based on inaccurate customer data at least once a week

Myth: “We’re Already Data-Driven!”

Every company claims to be customer-centric and data-powered, but few truly are. Companies have skipped the core principles of data management to rush to adopt emerging technologies like AI and personalized customer experiences. The hype is everywhere: buzzwords and terms like AI, personalization, and seamless customer experiences populate marketing materials across industries, but few companies are delivering on these promises.

While companies expect that their data is fueling smarter business decisions and better customer service, this is not the case. Companies must make significant changes to use organizational data to its fullest potential.

Inc.

LEAD

Why Some Companies Adopting AI May Be Running Before They Can Walk If you’re rolling out AI to your workers and expecting them to use it, training them first is critical.

BY KIT EATON @KITEATON

OCT 3, 2025

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CX DIVE

DIVE BRIEF

Customers still don’t love AI in customer service

While AI is making inroads in customer support, 82% of customers say they’d prefer human support even if wait times and time spent are the same, a HubSpot and SurveyMonkey report found.

Published Aug. 15, 2025

Kristen Doerer
Senior Editor

CNBC make it

WORK

A new buzzword is hanging over businesses as they rush into AI

Published Sun, Sep 28 2025•2:08 AM EDT

Sawdah Bhaimiya

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PBS NEWS

Personalized pricing has spread across many industries. Here’s how consumers can avoid it

Economy Aug 3, 2025 6:56 PM EDT

Reality: "Our Data Can't Be Trusted"

In truth, most organizations are ignoring the foundational principles necessary for effective data management and consequently, are making decisions on inaccurate, siloed, and inconsistent data. Organizations are suffering from a lack of data governance, failing to conduct regular audits, practice standardized data entry, or use cleaning tools.

Lack of **data governance** in action

61%
do not use third-party data verification sources

58%
do not use automated data cleansing tools

54%
do not use third-party data verification sources

Moreover, organizations are relying on siloed systems and manual workarounds:

70% of employees must access between **3 and 10** systems that hold customer information on a weekly basis

60% report that their teams spend between **6 and 20 hours** each week manually cleaning, correcting, or reconciling customer data

> Bad inventory reporting caused lost sales and frustration with customers.
>
> - Operations VP at $1B + annual revenue CPG company

As a result, nearly seven in ten (69%) leaders don't fully trust their customer data, with nearly half citing incomplete (48%) and inconsistent (44%) data as top issues. Almost half (47%) must correct reports or forecasts based on inaccurate customer data at least once a week.

The hidden truth behind inaccurate, untrustworthy data is that many organizations don't know who their best customer is, or how to reach them. Without a **golden record** – or the most accurate, complete, and trusted version of a customer profile – organizations cannot deliver the right message, at the right time, on the right channel.

> Customer data at a more real-time level is missing for us. It prohibits us from being able to effectively forecast.
>
> - Finance SVP at $1B+ annual revenue insurance company

Golden customer records are foundational for delivering consistent and tailored omnichannel experiences. Businesses that use golden records also achieve stronger campaign performance, higher retention, and long-term customer loyalty. Organizations that operate without this trustworthy, integrated single source of truth are forced to make decisions based on inaccurate, outdated customer information.

Four in five leaders are not comfortable making the following types of decisions based on available customer data:

Sales forecasting	85%
Inventory management	83%
Pricing strategy	83%
Marketing campaign	80%

Fragmented and unreliable data undermines marketing, customer experience, and revenue growth. Inaccurate, incomplete data not only prevents true hyper-personalization, but also erodes customer trust and loyalty. Bad data also puts organizations at risk of non-compliance, which can have serious reputational and financial consequences.

Over half 55%

say that inaccurate and siloed customer data has led to missed opportunities or lost revenue, with four in five (82%) saying their organization has lost over $100K per year.

Using inaccurate or siloed customer data has significant negative consequences for organizations. One-quarter have wasted budgets or experienced poor ROI (25%), had inaccurate sales forecasts (25%), or launched new services or products that did not resonate (25%) due to untrustworthy customer data.

> Inaccurate database information has created many misguided advertising investments.
>
> - Operations Director at $1B+ annual revenue retail company

Nearly half say their organization's goals for 2025 are improving customer support and service (45%) and customer experience (40%). However, it is clear they are struggling to achieve this goal as one in four report slow customer response times (26%) and fragmented customer journeys (23%).

Disconnected data influences the customer experience, as one in three (32%) admit that a marketing campaign targeted the wrong audience due to unreliable customer data. Negative customer experience can result in a loss of the customer, as well as a negative brand perception that influences the ability to retain other existing customers and acquire new customers in the future.

> Due to an error in data segmentation, we mistakenly sent promotional emails to unrelated customers.
>
> - Account Management SVP at $300M+ annual revenue distribution company

This tension is especially evident in the frustrations organizations are facing in meeting customer needs and expectations, including inconsistent customer data and limited tools in sharing customer information.

What are the greatest frustrations your organization faces in meeting customer needs and expectations? Top 5

Inconsistent customer data and information across the organization	33%
Sudden fluctuations in demand or service needs	28%
Limited tools in sharing customer information and data	25%
Ever changing global / local regulations for data privacy	24%
Not able to meet consumer service needs fast enough	21%

Data Decay and Customer Churn: The Silent Saboteurs of **Business Growth**

Customer data is not static – it is in constant motion. Every day, individuals move to new homes, change phone numbers, switch jobs, or update their contact details. Meanwhile, in the corporate world, companies are merging, organizations are rebranding, and enterprises are making changes to their leadership teams.

Industry research shows that customer data decays at a rate of up to 30% per year. Nearly one-third of customer records could be inaccurate within twelve months. For some data types, such as email addresses and job titles, the decay rate can be even higher.

- **Missed Opportunities:** Outdated contact details mean sales teams reach out to the wrong people, and marketing campaigns miss their intended audience.
- **Customer Churn:** Poor personalization and irrelevant communications drive customers away, eroding loyalty and lifetime value.
- **Compliance Risks:** Inaccurate records can lead to regulatory breaches, especially in industries where customer data must be kept current.

Despite the risks, **51% of organizations are not doing regular data audits or validation.** This lack of oversight allows data decay to accelerate unchecked, leaving businesses exposed to costly errors and missed opportunities.

Data decay is inevitable, but its impact is not. Organizations that invest in Master Data Management (MDM) and embed governance into their data strategy can dramatically reduce churn, improve customer experience, and unlock new growth opportunities. MDM doesn't just clean data – it connects disparate sources, enforces governance, and ensures every team works from a single, trusted golden record that evolves as your customers do.

The alternative? Wasted spend, lost customers, and decisions based on yesterday's news.

Myth: “We’ve Invested in the Right Tools so we are Ready for AI”

With innovative technology solutions emerging daily, business leaders at organizations across industries have begun to erroneously believe that customer relationship management (CRM), BI, and AI platforms will solve their data problems overnight. As a result, organizations are investing millions in new tools and platforms with the expectation that these plug-and-play solutions will produce high-quality insights.

Unfortunately for many organizations, these investments often end up creating even larger headaches for business leaders due to poor data management practices lying underneath.

CNBC

TECHNOLOGY EXECUTIVE COUNCIL

Companies are spending big on agentic AI without always knowing what it does

PUBLISHED WED, SEP 24 2025·8:00 AM EDT

Bob Violino

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CIO DIVE

Enterprise software spend accelerates amid AI adoption blitz

As the technology ripples through IT budgets, it’s driving up costs across infrastructure, data management and applications, according to West Monroe.

Published Sept. 22, 2025

Matt Ashare
Senior Reporter

siliconANGLE

Gartner sees 10% IT spending jump in 2025, but don’t get too excited

BY PAUL GILLIN

Reality: "Disconnected Tools without Unified, Trustworthy Data are Costly and Ineffective"

No matter how much capital is invested, flashy tech investments will fail without a connected data foundation. This is especially true of technologies like AI that are quickly taking hold throughout business units and often being implemented without deeper governance processes or data policies in place. Nearly half (49%) say that developing new AI-driven products and services is a priority for 2025. Despite this, nearly three in ten (28%) are facing difficulties in adopting new AI-enabled technology.

Greater evidence for this can be found in that CRM adoption is high among organizations across industries, but Master Data Management (MDM) and data governance policies are rare. While most (58%) organizations are using CRM systems to manage customer data, only 34% are using MDM systems.

Many business leaders are convinced that CRM is the only tool their organizations need to effectively manage customer data, but CRM is not enough. Enterprise tech stacks have become expansive, with many companies maintaining several tools for organizing customer data, multiple platforms for tracking content performance, and additional services to collect customer feedback. Due to this, customer data lives in several places, spanning different solutions and crucial business systems like ERP, billing, shipping, finance, and marketing automation platforms.

This is exemplified by the fact that three-quarters (76%) of organizations keep off-system spreadsheets or shadow databases for customer data, displaying a distrust of the data available within authorized systems.

76%

of teams maintain off-system spreadsheets or shadow databases for customer data

When these systems don't communicate or data is siloed, organizations get varying versions of the same customer data, resulting in conflicting information, incorrect reporting, and missed opportunities. Maintaining and integrating data across multiple sources is extremely challenging. Only three in ten (29%) say it is very easy for them to integrate customer data from multiple sources across their organization. Further, over half (57%) do not have data governance policies. Utilizing CRM platforms without MDM systems and data governance policies is like building a house on an unstable foundation. The consequences of disjointed and untrustworthy data undermine AI and BI, further destabilizing organizations and setting them up for increasing problems down the line, such as duplicate records and outdated customer data.

How often do you encounter the following situations?

Often - At least once a week or more often

49%
Duplicate customer records

47%
Inaccurate or outdated customer data

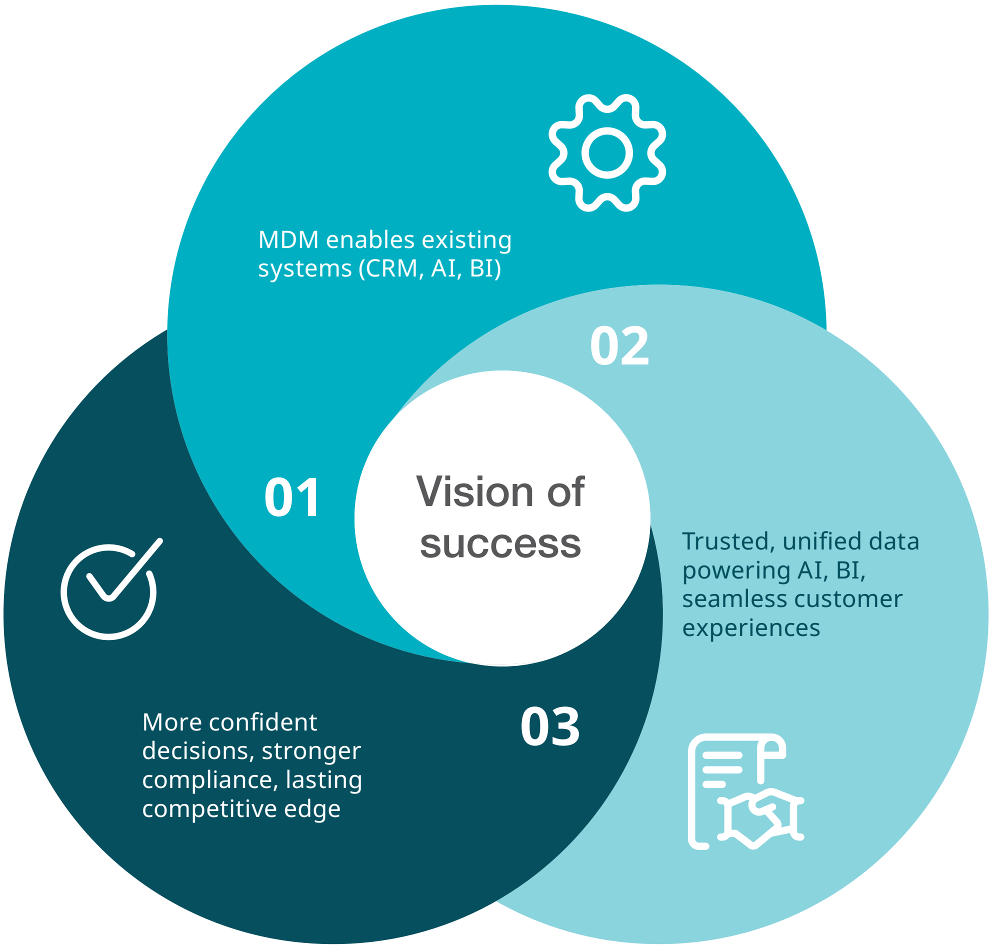
44%
Difficulties in matching customer identities across platforms

These data errors are often caused by human error, a lack of process, and multiple data sources, showing the need for a greater connection to manage data across systems. Only 4% say they do not experience any data errors in their organization.

What are the most common causes of data errors or duplication in your organization? Top 6

Multiple data sources	33%
Human error	25%
Lack of process / standardization	23%
Integration challenges	23%
Data sync issues	22%
Merging / migrating systems	22%

A MDM solution is the missing connective tissue for most organizations. Leveraging MDM and implementing strong data governance principles enables existing technology, like CRM, AI, and BI, to work and deliver on their promise. Flexible MDM is optimized for integration, allowing organizations to manage a range of data assets from multiple domains, all on the same platform. This single source of truth gives organizations a consistent view of their data, ensuring the reliability and scalability required to adapt to changing business needs. In turn, organizational data is trustworthy and unified across business units, creating seamless customer experiences, driving organizational growth and efficiency, and empowering more confident decisions within companies.



However, implementing robust MDM and data governance practices is just the first step. To sustain progress, organizations must commit to continuous improvement by conducting ongoing audits, using feedback loops, and adapting to new challenges. There must also be commitment from organizational leadership to make connected data a board-level priority.

The Truth: "Here's What Actually Works"

Boardrooms must confront the uncomfortable reality that their organizations are facing. Lack of data management and proper governance standards is negatively impacting their ability to make clear, informed business decisions. Data that is inaccurate or siloed negatively affects the customer experience. Furthermore, fragmented data leads to missed opportunities and lost revenue.

Luckily, there is a clear solution and framework for organizations to follow, by using data governance principles, audits, automation, and a unified customer view.

Framework for **data management**

- **Assess:** Conduct a comprehensive data health check and audit current systems.
- **Govern:** Establish clear policies, standardized entry practices, and defined accountability.
- **Automate:** Implement automated cleansing, validation, and third-party verification tools.
- **Unify:** Move toward a single, trusted customer view – integrate CRM, MDM, and eliminate shadow databases.
- **Empower:** Train teams, foster a data-driven culture, and support confident decision-making with trusted data.

Organizations that follow this framework will see significant returns. Trusted data – that is both consolidated and consistent – enables innovation, high-quality customer experiences, and competitive edge.

We are at a pivotal moment where it is more important than ever for companies to stop believing in the myths of easy, quick fixes of emerging technology and instead fix the basics before chasing the next big thing.

About the Study

Stibo Systems commissioned TEAM LEWIS Research to conduct an online survey of 500 U.S. business leaders of director level or above at organizations with 500+ employees and $100M+ revenue. All respondents were business leaders in key departments at manufacturing, CPG, retail, distribution, financial services, insurance, utilities, and telecommunications companies. Data was collected from September 10 to 17, 2025.