

Item Master Data Management – Global Industrial Automation Company [1/2]



The client successfully reduced the Item Master size, improved data quality by 95%, achieved data/ brand transparency with a single source of truth, gained better analytics insights, enhanced Item quality, transparency, and compliance, improved operational efficiency, and automated data management processes. These advancements resulted in streamlined operations, better decision-making, and increased business efficiency across departments.



STATXO’s team helped us achieve significant improvement in item management, reducing the Item Master size, and boosting data quality by 95%. This has led to improved data transparency, better analytics insights, streamlined operations, and enhanced our overall business efficiency.”

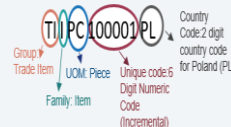
- VP, Procurement

Q CASE FOR CHANGE

- A global industrial automation company, with an expenditure exceeding EUR 2 Bn and a diverse portfolio featuring over 100 brands sought to explore the digitalization of its operations. The client was dealing with multiple challenges in item management
 - Lack of a defined Item Master due to multiple ERP systems
 - Approx. 5.5K SKUs, ~EUR 200 Mn spend in scope, and 5 different source systems
 - Absence of a global process for new item creation
 - No centralized Global Item Repository
 - Lack of a standard format for Item Nomenclature
 - Presence of inaccurate, untrusted, isolated, and duplicated information
 - Data inconsistency and inaccuracy
 - Limited data sharing and collaboration

🚲 SHARED VISION

- To **embrace digitalization** in managing spend, identifying tail spend, tracking savings, and striving for continuous improvement through automation
- Our goal was to establish a **robust data management system** that encompasses the handling of interchangeable items, centralized data storage, and efficient data sharing of data from different source systems



👤 FEASIBLE PLAN

- Set up a step-by-step approach to create the clean Master Item Data along with the process of creating further items globally:
- **Data Collection:** Gather accurate data from diverse internal legacy systems
 - **Data Quality Enhancement:** Improve data quality with Artificial Intelligence (AI) and Machine Learning (ML)
 - **Flagging Interchangeable Items:** Associate interchangeable items, disregarding descriptions or codes
 - **Centralized Repository:** Implement D365 as a centralized data repository
 - **Efficient Data Sharing:** Enable smooth data sharing across entities, addressing nomenclature differences
 - **Syndication Across Channels:** Consistently syndicate product data across multiple channels
 - **Data Quality Rules:** Establish standardized rules for maintaining data quality
 - **Integration and Consolidation:** Integrate and consolidate data from various sources

✅ CAPABILITY TO DELIVER

- **Reduced the size of the Item Master** by removing redundant and duplicate items.
- **Improved Data Quality** by 95% with accurate, consistent, and complete reference data to ensure that data is properly classified and can be used effectively across the organization
- **Improved data integration** to ensure that the data can be integrated across different systems and platforms
- **Achieved data/ brand transparency** with a single, trusted source of truth having complete reference data for both analytical and operational use cases
- **Better analytics insights and data-driven decisions** leading to improved strategic and operational decisions
- **Improved item quality** by preserving precise and full item data to define an item uniquely, improve item features, and increase item quality
- **Improved transparency and compliance** to support mergers and acquisitions with a streamlined process for merging and reconciling multiple data assets
- **Enhanced overall operational efficiency** due to improved data integration, data sharing, and collaboration across departments and streamlined business processes
- **Improved business efficiency** by automating data profiling, discovery, cleansing, standardizing, enriching, matching, and merging in a single central repository



Key Challenges with Data

- ✓ Direct Items identified as identical in Central Datawarehouse but not in local systems
- ✓ Direct Items identical but with different codes and descriptions to reflect different sourcing/ supplier choices
- ✓ Indirect Items requiring to reflect buying channels (*which recurring items need to be created - items going in a catalog even if recurring would not need to be created*)



3 Phased Approach



Phase 1: Data Deep Dive

Identify and Analyze

- Identify and consolidate the Spend data from different source systems
- Identify In-Scope data set
- Define and analyze all “Grey” areas from the data set
- Propose category mapping based on defined criteria
- Leverage D&B information Propose mapping based on defined criteria to minimize manual mapping of vendors
- Define process and tool to ensure mapping is validated by the Client teams



Phase 2: Understand ERP Requirements and Gaps

Prepare for Appropriate Strategies

- Validate the Item MD template provided by the Client and Run maturity analysis per site and check gap versus To Be
- Critical analysis of the quality of the extracts - Define criteria to assess relevant live items and the size of the gaps versus defined standards
- Prioritise drivers of gaps (*e.g., missing units of measures*). Identify interchangeable items for Direct (*either flagged or not flagged as such*)



Phase 3: Prepare and Transition

Implement & Track

- Define process and approach to close gaps and missing data fields
- Fill up gaps, Collect & Consolidate data, Establish quality checks
- Define cleansed Item master DB to upload
- Create the User Manual for Global Item Mast Data Management
- Defining how to create and delete any item
- Defining Attributes, Nomenclature, and Category Mapping of each item