

Supply Management Term of the Month

Master Data Management

From Wikipedia, the free encyclopedia

In business, **master data management** (MDM) comprises the processes, governance, policies, standards and tools that consistently define and manage the critical data of an [organization](#) to provide a single point of reference.^[1]

The data that is mastered may include:

- [reference data](#) – the business objects for transactions, and the dimensions for analysis
- analytical data – supports decision making ^{[2][3]}

In [computing](#), a master data management tool can be used to support master data management by removing duplicates, standardizing data (mass maintaining), and incorporating rules to eliminate incorrect data from entering the system in order to create an authoritative source of master data. Master data are the products, accounts and parties for which the business transactions are completed. The root cause problem stems from business unit and product line segmentation, in which the same customer will be serviced by different product lines, with redundant data being entered about the customer (aka party in the role of customer) and account in order to process the transaction. The redundancy of party and account data is compounded in the front to back office life cycle, where the authoritative single source for the party, account and product data is needed but is often once again redundantly entered or augmented.

Master data management has the objective of providing processes for collecting, aggregating, matching, consolidating, quality-assuring, persisting and distributing such data throughout an organization to ensure consistency and control in the ongoing maintenance and application use of this information.