



Verdantis

DATA DRIVEN PERFORMANCE

THE VALUE MATERIAL MASTER DATA CLEANSING FOR ORGANIZATIONS

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In the fast-paced world of Fast-Moving Consumer Goods (FMCG), efficient and accurate data management is critical for maintaining a competitive edge. Material Master Data Cleansing (MMDC) is a strategic process that ensures data accuracy, completeness, and consistency across all business functions. This document outlines the benefits of MMDC, its business benefits, and the value drivers for achieving a significant return on investment (ROI).

Benefits of Material Master Data Cleansing

1. Improved Data Quality

- Accuracy: Cleansing processes eliminate errors, redundancies, and inconsistencies, ensuring that the data used across the organization is accurate and reliable.
- Completeness: By filling in missing information and standardizing data formats, MMDC ensures comprehensive data coverage.
- Consistency: Standardized data formats and terminologies lead to uniformity, making it easier to interpret and utilize data across different departments.

2. Enhanced Operational Efficiency

- Streamlined Processes: Accurate data helps in streamlining various business processes, reducing delays and errors.
- Better Decision Making: High-quality data enables informed decision-making, leading to improved business outcomes.
- Inventory Management: Accurate material data helps in optimizing inventory levels, reducing carrying costs, and avoiding stock outs or overstock situations.

3. Cost Reduction

- Reduced Operational Costs: Cleansing data minimizes errors and inefficiencies, leading to cost savings in operations.
- Lower IT Costs: Clean data reduces the need for frequent data corrections and maintenance, thereby lowering IT expenses.
- Optimized Procurement: Accurate data enables better procurement strategies, reducing maverick spends and benefiting from bulk purchase discounts.

Business Benefits of Material Master Data Cleansing

1. Operational Benefits

- Identification of Duplicate Items: Eliminating duplicates helps in better inventory management and cost savings.
- Improved Maintenance Efficiency: Clean data ensures that maintenance schedules are accurate and efficient, reducing downtime.
- Governance of Data Workflows: Robust data governance frameworks lead to improved workflow management and compliance.

2. Financial Benefits

- Reduction in Inventory Carrying Costs: Accurate inventory data reduces the need for excess stock, lowering carrying costs.
- Reduction in Maverick Spend: By ensuring compliance with procurement policies, MMDC helps in reducing unauthorized spending.
- Annualized Net Cost Reduction: Overall cost savings from improved data quality and efficiency contribute to significant financial benefits.



Value Drivers for Return on Investment

1. Increased Productivity

- Faster Data Retrieval: With clean and well-organized data, employees spend less time searching for information and more time on productive tasks.
- Enhanced Collaboration: Consistent data formats across departments improve collaboration and data sharing.

2. Risk Mitigation

- Compliance: Clean data ensures compliance with regulatory requirements, reducing the risk of fines and penalties.
- Reduced Errors: Accurate data reduces the likelihood of errors in reporting and decision-making.

3. Strategic Advantages

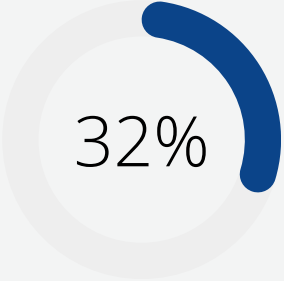
- Better Market Insights: High-quality data provides better insights into market trends and customer behavior, aiding in strategic planning.
- Competitive Edge: Organizations with superior data management capabilities can respond faster to market changes and customer needs, gaining a competitive advantage.

4. Long-term Savings

- Scalability: Clean data supports scalable business operations, enabling growth without proportional increases in data management costs.
- Future-proofing: Investing in MMDC prepares organizations for future technological advancements and data integration needs.



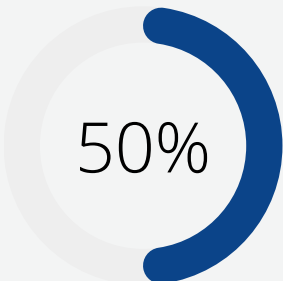
Operational Benefits



32%

Identification of Duplicate Items:

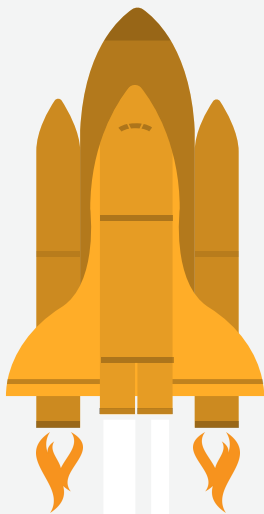
According to Experian Data Quality, on average, U.S. organizations believe **32%** of their data is inaccurate



50%

Improved Maintenance Efficiency:

IBM and ARC Advisory Group (Bunzel, 2016) found companies can cut preventive maintenance costs by up to **50%** by optimizing based on equipment condition. IoT and AI technologies help collect and analyze data to predict failures more accurately.



Identification of
Duplicate Items



Reduction in
Total SKUs



Reduction in
Unplanned
Downtime



Improved Maintenance
Efficiency



Governance of Data Workflows

Governance of Data Workflows

40%

According to Gartner, organizations that invest in automation tools for data management can expect to see a **40%** reduction in data-related errors and a **30%** increase in operational efficiency.

3%

A study by the Aberdeen Group found that companies using manual processes for inventory management have a **3%** higher likelihood of stock-outs and excess inventory, compared to those using automated systems. This inefficiency leads to an estimated **8%** loss in revenue annually due to missed sales opportunities and reduced customer satisfaction (Aberdeen Group, 2021).

20%

According to research from Capgemini, businesses that implement integrated order and warehouse management systems see on average a **20%** increase in inventory accuracy and a **15%** improvement in order fulfilment rates. This integration leads to a reduction in order processing times by up to **25%**.

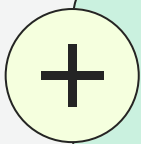
A report by MHI and Deloitte highlights that companies utilising real-time data capabilities in their inventory systems report a **35%** improvement in order fulfilment accuracy, significantly minimizing the costs associated with returns and misplacements (MHI Annual Industry Report, 2023).

35%

Financial Benefits

Reduction in Inventory Carrying Costs

- Aberdeen Group: Companies using procurement software saw a **25%** reduction in inventory carrying costs, **20%** reduction in stock outs, and **15%** increase in inventory turnover (Aberdeen Group).
- GE Appliances: Implemented procurement software, reducing inventory carrying costs by **10%** and improving inventory turnover by **20%** ("Leveraging Procurement Software for Improved Inventory Management," Apr 13, 2022).
- L'Oréal: Implemented procurement software, reducing inventory carrying costs by **15%** and improving inventory turnover by **25%** ("Leveraging Procurement Software for Improved Inventory Management," Apr 13, 2022).



10-25%

Reduction in maverick spends:

According to a report from Basware, many companies are missing their savings targets by **10-20%** due to maverick spending.

Financial Benefits

Short-Term Benefits:

- Data Optimization: Improve sourcing, architecture, governance, and consumption to reduce waste and manual effort.
- Cost Reduction: Cut annual data spend by **5-15%**.

Long-Term Benefits:

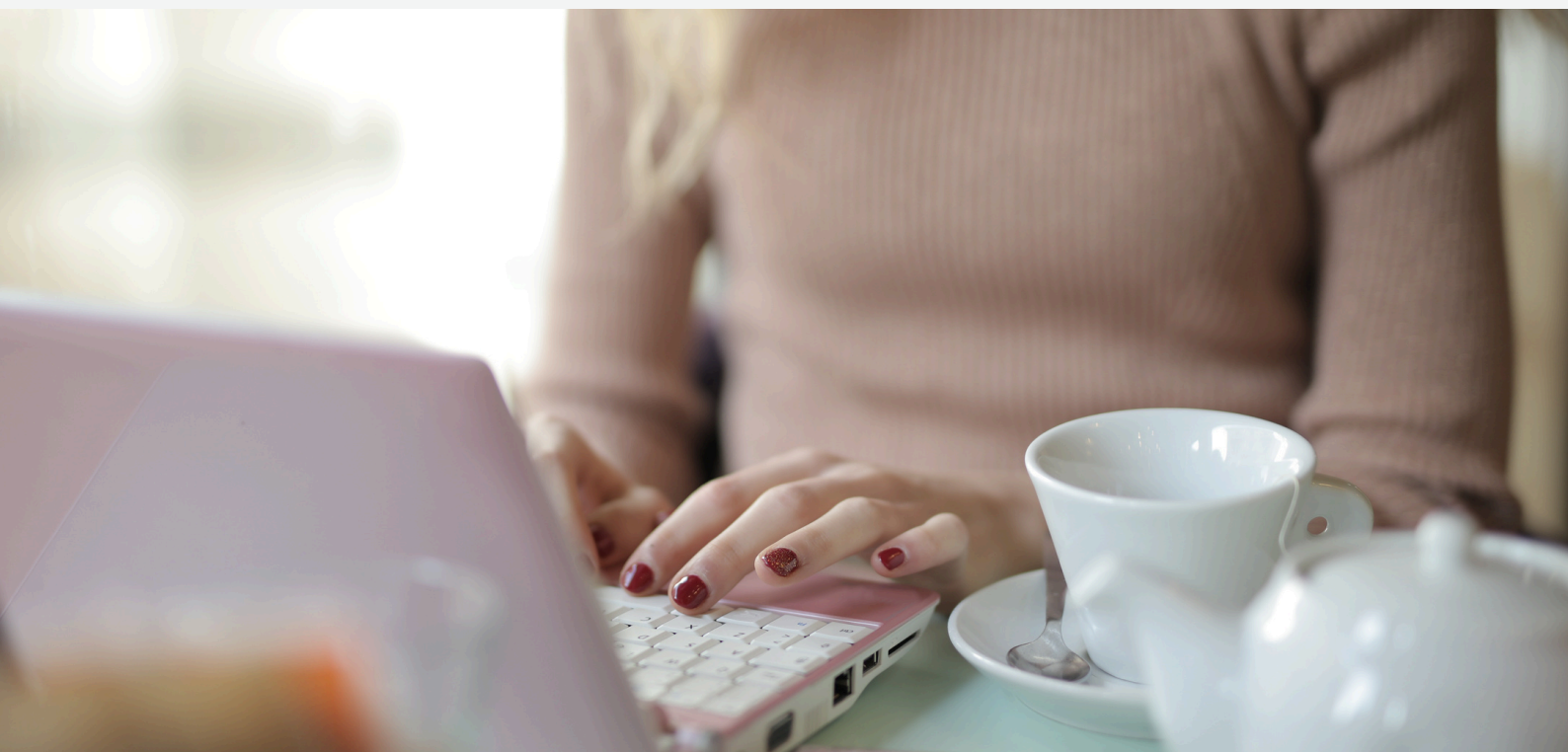
- Process Redesign: Double savings by redesigning and automating core processes.
- Advanced Tech Integration: Implement advanced technologies and new workflows.

Impact of Poor Data Quality:

- Annual Loss: Average organization loses **\$8.2 million** due to poor data quality (Gartner).
- Data Errors Cost: U.S. businesses lose over **\$3 trillion** annually (IBM).

Software Benefits:

- Procurement Software: **20%** reduction in supply chain costs and **30%** increase in inventory accuracy (Gartner).



Environmental Benefits

16% Improvement in Delivery Times:

A 2023 study found that companies using Big Data analytics for route optimization improved their delivery times by an average of 16%.

75% Enhanced Visibility:

Additionally, 75% of supply chain professionals reported enhanced visibility as a key benefit of Big Data integration, leading to reduced lead times and improved customer satisfaction.

Enhanced Product
Lifecycle Management

2

Sustainable Decision-
Making

4

Regulatory Compliance

6

1

Optimized Resource
Utilization

3

Efficient Energy
Consumption

5

Improved Supply Chain
Efficiency

Source: "Revolutionizing Supply Chains:
The Big Data & Analytics Advantage"

Master Data Cleansing is not just a technical exercise but a strategic initiative that can drive significant business benefits. By improving data quality, enhancing operational efficiency, reducing costs, and providing a solid foundation for strategic decision-making, MMDC offers a compelling return on investment. Organizations that prioritize MMDC are better positioned to navigate the complexities of the modern business environment, ensuring sustained growth and success.

About Verdantis

Verdantis stands at the forefront of **Master Data Management** (MDM) innovation, offering advanced **AI-powered SaaS solutions** designed to deliver real ROI and substantial business value. Our platform is uniquely engineered to address the complexities of managing organizational master data by focusing on its business use and application.

Verdantis offers comprehensive Master Data Management solutions across various data domains, each designed to streamline and enhance data management processes for organizations. Our platform supports:

- Material Master
- Vendor Master
- Service Master
- Product Master
- HR Master
- MRO - Indirect Materials
- Asset Master
- Customer Master
- Equipment Master

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