

Information management: Shift to an enterprise model or stay focused on business units?



Some analysts are reporting huge growth in expenditures for information management and analytics. Is an enterprise approach really the smart way to go, or should individual business units drive their own information management agendas? Some analysts today are reporting huge growth in expenditures for information management and analytics. Moreover, our experience suggests that companies are investing more in enterprise information management (EIM) models, and shifting away from their historical focus at the business unit level. Which raises these questions: Is an enterprise approach really the smart way to go, or should individual business units drive their own information management agendas? Which investment strategy is the more cost-effective?

Here's the debate:

	Point	Counterpoint
<p>Shift to an enterprise model</p> <p><i>Big benefits, lower costs, less risk.</i></p>	<p>Big business is going global. Information management needs to go global too. It's the only way leaders can see the whole picture.</p>	<p>Companies may be going global, but customer relationships and sales are local local local. A holistic EIM system doesn't add much value when you're trying to make your numbers. It can even get in the way.</p>
	<p>Without enterprise transparency, it's impossible to understand overall risk and performance. Companies have to know where the numbers are coming from and how reliable they are. Shareholders – and regulators – expect it.</p>	<p>The benefits don't offset the time and expense. Trying to rationalize information across all the functions – finance, manufacturing, sales, HR – isn't worth the trouble. There are always going to be risks, even with EIM.</p>
	<p>Your competitive environment can change in a heartbeat. Unless you're managing information at the enterprise level, you won't have what you need to make smart, timely decisions.</p>	<p>Anything can change at any time. That's why small, decentralized systems are smart. Just getting agreement on global metrics takes a ton of time. A holistic, complicated EIM system will really slow things down.</p>

	Point	Counterpoint
	You have an enterprise strategy, right? You won't be able to execute it without an aligned global level EIM strategy. It's that simple.	For some enterprises, strategy is driven through independent business units. Holding companies don't need EIM. That can be true for highly diversified companies, too.
Stay focused on business units <i>Smaller is better – and more agile</i>	Enterprise information management takes operating freedom away from business unit leaders who are responsible for delivering results. This feels too much like another layer of bureaucracy.	You can have it both ways. The right EIM will give business unit leaders everything they need – while delivering the transparency you need for effective governance, compliance and risk management.
	Companies that play big in M&A need the ability to carve out business units quickly, without a lot of drama. Managing information at the business unit level makes everything easier.	That's truer for divestitures – which is not something that happens every day. Building an information strategy around the rare need to carve out a business doesn't make sense.
	The language of business is different in different geographies. So are the realities of regulation. There's a limit to how much enterprise standardization makes sense.	Some things can't be standardized, but others can be – and should be. Finding the right balance is key.
	Business units have developed the talent and resources they need. Scaling up to an enterprise model will strain both. Not to mention the politics of who's driving what when consolidation happens.	Any big change requires redeploying talent. Your best people will step up to the challenge and be better off for it.



My take

Jane Griffin, Principal, Deloitte Consulting LLP

Like many technology trends, Enterprise Information Management (EIM) is evolving quickly to respond to the unique needs of different kinds of organizations and industry sectors. As well it should. Any kind of off-the-shelf approach is almost certain to falter under the weight of cultural differences, geographic footprint, diversity of business lines, regulatory requirements, and even business models. A top-down enterprise approach could be the last thing many companies need.

Instead of thinking about EIM as a big technology system that gobbles up all the information across your enterprise, I prefer using a services-oriented business framework that breaks the system and the business processes down into manageable chunks – let's call them services – each responding to specific information management requirements. For example, if you're looking to manage compliance risk across the enterprise, you'd want to create a compliance business service aligned with the needs of individual business units, as well as spanning across all the business units.

As a practical matter, compliance, governance and risk management are three of the capabilities most often driving enterprise information management. For many organizations, these are good places to begin upgrading your IM effectiveness. Other business functions – such as customer management within a global conglomerate – can and often should be managed at the business unit level.

Each organization needs to find its own unique balancing point. To help do that, I recommend starting with a sharp focus on the business drivers – not the technology. That can help create better alignment of governance processes, which should lead to more consistent behaviors both within and across silos. You get the right information to the right people on a timely basis, which can help drive improved performance, improved compliance and risk management, and better protection of your data assets.

A view from the life sciences perspective

Rich Cohen, Principal, Deloitte Consulting LLP

When it comes to information management in life sciences, there's a perfect storm brewing. For starters, healthcare itself is undergoing a major shift, with unprecedented pressure for organizations across the healthcare continuum to share more information, more freely. Life sciences companies are also expected to comply with even more rigorous disclosure and regulatory requirements than ever before. Major drugs are coming off patent, creating new opportunities for some – and new threats for others. All against the backdrop of a more challenging economic environment, where pricing pressures don't leave any room for mistakes.

In this environment, I believe companies that are able to exercise real control over their mountains of information have a distinct competitive advantage. They're able to move more nimbly in response to shifts in the marketplace, as well as to time-consuming regulatory demands. They can collaborate more seamlessly with partners up and down the healthcare food chain. And they can use their own valuable information to innovate in ways their competitors couldn't dream of doing.

Harnessing the vast amounts of data generated by life sciences companies is a steep challenge – one that requires a clear strategic vision combined with the right processes and technologies to make it a reality.

A view from the insurance perspective

Linda Pawczuk, Principal and Gordon Gaudet, Director, Deloitte Consulting LLP

Over the past decade, the insurance industry's information management strategies were typically driven both by the enterprise and individual business units. This often resulted in a proliferation of data from multiple and redundant business applications, creating material variances and inconsistencies with the information. That's especially problematic for companies seeking a 360-degree view of customers, core business processes and market factors. It's hard to see how large enterprises will get the visibility they want in the future with systems that are siloed at the business-unit level.

Forward thinking insurance company's today are pushing the data technology envelope by merging structured data (policy, claims and customer data) with unstructured market data about external events and conditions to help create game-changing analytics, improved risk selection, more powerful segmentation strategies, and better customer relationship management. The winning approach starts with a focus on data quality and includes a solid information management strategy that is driven all the way down to business unit operations. That's the only way to get the reliable, single source of truth needed to make smart decisions.

A view from the oil and gas sector

Jim Vick, Principal, Deloitte Consulting LLP, Umesh Hari, Principal, Deloitte Consulting LLP and Greg Mitchell, Director, Deloitte Consulting LLP

Global operations are nothing new to oil and gas organizations, but many continue to struggle with balancing the benefits of standardization against unique regional requirements. For the most part, we believe the only need to manage master data and meta data at the enterprise level is when there is a global requirement for the specific attributes. Even then, companies must still manage business unit, regional and country attributes – such as tax data or prospect data – at the local level. In some cases, organizations are creating flexibility to allow for well- or plant-level data capture, while reporting for such things as MRO material data, vendor information, operational efficiencies, prospect management, or facility/equipment utilization at a global level. The benefits of such a program can be significant:

- Standardized upstream, midstream, downstream master data access capability to support multiple initiatives
- The ability to use trusted and easily accessible master data in reducing the cost profile of future initiatives
- A ‘Rosetta Stone’, allowing global search and other analytics as a pass through to the underlying applications containing further enriched attribution
- Enabling integrated reporting, analysis and BI capability

Once achieved, the right balance allows companies to harmonize master data with multiple creation points across business processes, and minimize the impact to the business process owners.

For more information, please visit: www.deloitte.com/us/debates/informationmanagement.

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