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Passive vs. Active Data Governance

Why They're Not Mutually Exclusive

More than one person is inevitably responsible for creating and maintaining a company's data in today's global business environment. For companies to remain compliant with the Sarbanes-Oxley Act, for example, they have dedicated considerable effort to ensuring that jobs and responsibilities are divided and monitored in ways relatively unheard of 10 years ago.

In addition, most companies run their enterprise solutions across multiple locations or plants. Consider that, at any given time, different employees within the same company could be:

- Entering new material data into their SAP system in Chicago
- Extending an order to Puerto Rico, where the material is made
- Creating a sales view for their Raleigh site, where their material is shipped

With so many global transactions taking place, it's inevitable that many people are responsible for creating and maintaining company data.

So how do you coordinate and enforce the quality of these efforts across different locations? And how do you ensure that your SAP system is optimally running on Business-Ready Data – data that is complete, up to date, and accurate?

Beyond the more typical Center of Excellence approach to data governance (or worse, no data governance plan at all), BackOffice Associates has developed two master data governance models: **passive data governance** and **active data governance** (see **Figure 1** and sidebar on the next page).¹ It's important to remember that these models are not mutually exclusive; they can, in fact, be complementary.

¹ For more information on the models of data governance, see the Governance, Risk, and Compliance special feature article "What Data Governance Model Is Right for Your Company?" in the October-December 2007 issue of *SAP Insider* (www.SAPinsideronline.com).

Key Terms

A **passive data governance** model allows users to interact directly with their source systems and monitor the results with reporting.

An **active data governance** model governs the creation of master data by providing a guided process for introducing and managing master data in the chosen systems.



Start with Passive Data Governance

A passive data governance model allows users to interact directly with their source systems and monitor the results with reporting; thus, users can identify and fix any issues or inconsistencies with the data.

This method can lower your error rates and reduce business process interruptions. But first you need reports, metrics, and a distribution mechanism to drive the business's understanding and management of this process.

The passive data governance model ensures you can answer critical questions, like: Who is responsible for entering and correcting every data object and data element at each of your organizational units? It sounds simple, but without knowing *who* is tasked to fix these errors, it's unlikely they will be fixed.

To make it easy for companies to implement passive data governance, BackOffice Associates created DataDialysis, a toolset that monitors the state of your data on a continuous basis through both strategic and tactical reporting. With over 500 prebuilt reports and easy customization, this solution allows companies to implement their passive data governance model in 30 days or less, on average.

Take Preventive Measures with Active Data Governance

An active data governance model governs the creation of master data by providing a guided process for introducing and managing master data in the chosen systems. It turns master data management into a business process with a

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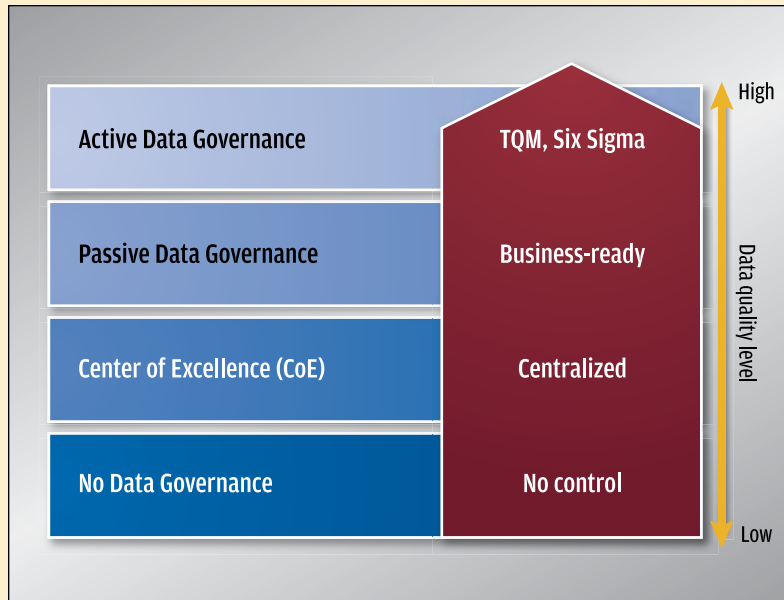


FIGURE 1 ▲ The four levels of data governance

proactive set of actions. Rather than allowing users to work without guidance and then *reactively* looking for errors, this model allows users to coordinate their data collection across multiple organizational units. Active data governance helps companies ensure that the data they create is error free and business ready.

BackOffice Associates offers a complete suite of active data governance applications for SAP customers, including cMat, cCust, cVend, and cFico solutions. For more information on these solutions, visit www.boaweb.com.

What's the Right Approach for You?

We recommend taking a combined approach to data governance since both models are viable and complementary:

- **Passive data governance** is designed to find existing errors. It's a good place to start if you are trying to clean up data already loaded in your SAP system. This model also produces metrics that can be used to identify emerging or chronic data issues. A simple example of passive governance is retiring old data – such as materials, customers, or vendors – to help free up your database. For this, companies have embraced passive data governance reports to notify users about data that is no longer viable so they can archive the data.
- **Active data governance** focuses on new data and changes to existing data. Any data already in your system will not be directly affected by an active data governance

The 4 Levels of Data Governance

Many companies have departments or teams in charge of data quality throughout their enterprise. To date, we have seen various levels of data governance strategy:

1. No Data Governance

In this model, it is up to the individual users to enter their data accurately and on time, all while minding corporate standard operating procedures and compliance statutes.

2. Center of Excellence (CoE)

Companies using this model assign a central group, the Center of Excellence, the responsibility of creating and verifying all data requests before posting those requests to SAP systems.

3. Passive Data Governance

With this model, users enter data into the SAP system, then a toolset or reporting mechanism iteratively identifies data-related errors within that system. Errors are automatically reported back to their authors for correction and quality metrics are delivered to management.

4. Active Data Governance

Businesses employing this model collect all data required to support the configured SAP business process prior to posting it to the SAP system and validate it automatically through a collaborative environment. This eliminates the possibility of business-process interruptions due to omissions, duplicates, consistency and content errors, or a lack of standards in the data.

At BackOffice Associates, we recommend that companies take a combined passive and active data governance approach.

solution. Think of this approach as a firewall for the creation of business-ready data and a preventive measure to avoid data errors.

Many of our customers use passive data governance to start improving their existing data quality, then implement active data governance in the areas that they need a more robust data quality program.

To learn more about these data governance methods and understand which approach is the best fit for your company, please visit www.boaweb.com. ■