

Our data is pretty bad.....

Data quality is a long-term issue for many organisations – of that there is *little* doubt. The sad thing is...it's not easily fixed overnight.

The banking sector recognised many years ago that to keep customer data active and of value - data management is not an event – but a long-term maintenance issue. ERP data quality too is a journey – but one where a little skilled help can make an enormous difference if you are trying to drive value from your data.

In our discussions with sourcing teams we often hear “our data is just hopeless – we can do very little with it.”

If you think about the data, origin, source and utilisation - it really *can't be all that bad.....*

The data that is used for spend analysis comes generally from an ERP or accounting system of some kind. There are ageing legacy systems still around – but data wise they all have to capture the same data as their more modern counterparts to pay an invoice. This will include Vendor name, GL code, description, amount, cost centre and so on. This data has to be captured and stored in the application – effectively, without this data the financial systems cannot create the Profit/Loss and balance sheet. Logically, no data can be that badly structured that it's unusable in accounting terms.

So where does this myth originate ? Admittedly, there are some very old legacy systems still running in organisations. The issue for most sourcing professionals is being able to ask the *right questions* to get the *right answers* from the IT team in terms of data. Modern ERP systems can be incredibly complex and getting the right data can take sometimes be a matter of lengthy discussion with the database team. In terms of getting spend analysis data right – this is a crucial element of success. If the data is badly extracted – or wrong – then it just creates a poor analysis and outcome.

To combat this – a spend analysis provider will often give you a data extraction guide and be prepared to spend time with both you and your IT team to ensure that the data is extracted correctly and validated (our programme covers this element in some detail as some providers cannot manage all the data you may find useful). Without doubt this can be the most time-consuming element of the spend analysis process. However, for internal company spend analysts this is invaluable as this knowledge is crucial to understanding the organisational context of the information. The key to success long term is ensuring someone on your team *understands the data and its structure* – and how to create value from it regardless of the technology you deploy.

Once your spend analysis cube is built – the hard work starts. Data quality can only be improved by using the information you have now to refine and improve data capture and internal processes.

Unless you make a start at trying to both analyse and improve your spend data within your own team mindset– the value it can deliver to your organisation will remain steadfastly elusive. No one else can do that for you....and if they do – there is almost certainly a hefty premium attached to it.