

Topic Analysis # 7

Using Two Different Governance Models in the Same Organization

Define and highlight characteristics of two models. Explain how each has its own strengths and weaknesses.

Centralized governance and local governance are the two approaches that I would like to describe and highlight in this article. Local governance comprises of application data and data that is solely used by certain businesses, while centralized governance consists of global master data.

Centralized governance:

- **Strength:**
Because the data follow the global standard, the data quality is guaranteed.
- **Weakness:**
Because the data is widely used in different industries and many different processes rely on it, centralized governance will be very costly to maintain.

Local governance:

- **Strengths:**
Because there is no global standard to which businesses must adhere, the governance process is more adaptable. Furthermore, because the data is governed within the businesses, companies can innovate from the data without fear of affecting other industries (*White and Beyer, 2016*).
- **Weakness:**
Since all the data is governed locally, the quality of the data is questionable. For example, companies might face data redundancy, and inaccurate data (*Pedersen, 2020*).

Describe ways that each is used for a particular type of data management. Then discuss how two of these models could be used in the same organization.

Master data management is the data management type for centralized governance, and application data management is the data management type for local governance (Pedersen,

2020). The benefit of master data management is that it provides consistent data across industries; examples of master data include user addresses, phone numbers, and usernames. Application data management is a method of managing local business data that is not publicly accessible (Pedersen, 2020). I'd like to use an online retail store as an example to demonstrate how these two models could be used in the same organization. When a customer orders a product from an online retailer, the retailer shares the customer's username, address, and phone number with a third-party shipping company. Master data management is in charge of this information. Meanwhile, my browsing history is kept on the online retailer's servers and is not shared with other companies. Application data management is in charge of this data.

What aspects of governance would overlap? What areas are specific to the defined purpose, and should have its own set of policies and procedures?

The aspect of governance that would overlap is some information that has global standards. For instance, my user address will be the same across industries. However, my Facebook password and my photos stored in Google's cloud platform should be governed solely by these two companies. As a result, this type of data should have its own set of policies and procedures.

What's the value of using two models within the same organization?

Because data management methods differ between centralized and local governance, there are advantages to using both models within the same organization. For example, data within a company can be divided into data with global standards and data that is unique to the company. Furthermore, the data change frequency varies (Pedersen, 2020). Some data, such as usernames and addresses, do not need to change on a regular basis; however, data such as income balances and business expenses do. Given this, instead of governing all data with centralized or local governance, it is more effective and efficient to separate these two data types and manage them separately.

What would be the challenges to maintaining two governance models, based on your understanding of how information governance works?

The difficulty in combining these two models is that businesses will have to manage two different models at the same time. Because master data management and application data management are very different, implementing both governances will increase the company's labor costs compared to using only one model. Additionally, businesses must determine which

data can be governed by centralized governance and which data should be governed by local governance. Implementation may be difficult for some businesses without prior experience.

Reference:

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Pedersen, Nils. "What Is Application Data Management and How Does It Differ from MDM?" *W*www.stibosystems.com, 29 Aug. 2020, www.stibosystems.com/blog/the-difference-between-mdm-and-adm-and-why-it-matters-to-you. Accessed 10 Nov. 2022.