



# MASTER DATA MANAGEMENT

Comprehensive Approach Note

**Vendor • Services • Materials • Governance**

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## Executive Summary

This document addresses the master data management challenges identified during our discovery session. MDM forms the foundation of every procurement and payment process - when master data is inconsistent, problems cascade through the entire P2R lifecycle.

**6K+**Vendor Codes  
(Possible Duplicates)**0**Services Master  
(Gap Identified)**15+**Disconnected  
Systems**No**Formal  
Governance

### Key Assumptions

The following assumptions are based on our discovery discussions and should be validated during assessment:

- Vendor Master:** There may be significant duplication in vendor records (~6,000+ codes with estimated 500+ duplicates)
- Services Classification:** Services may currently be purchased as materials with incorrect tax treatment (HSN instead of SAC codes)
- Material Descriptions:** Same materials could have different descriptions across locations
- Governance:** There may be limited approval workflows for master data creation/changes
- Cross-System Sync:** Master data updates in SAP may not propagate to all 15+ connected systems

## Challenge 1: Vendor Duplicates

### Potential Issues Identified

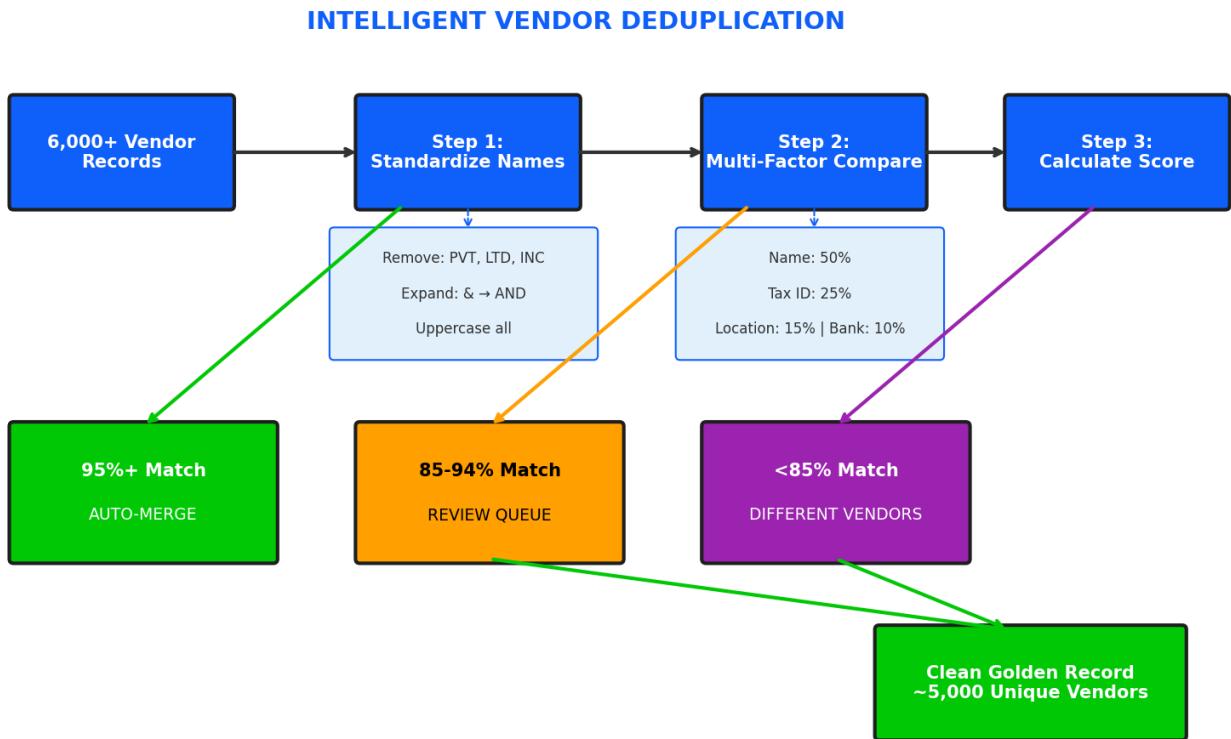
The vendor master may contain approximately 6,000+ codes with significant duplication. Same vendors could exist under different names:

Pattern	Example A	Example B
Legal suffix differences	ABC Foods Pvt Ltd	ABC Foods Private Limited
Spelling variations	Amul Dairy	Amual Dairy
Abbreviations	XYZ & Company	XYZ AND CO
Branch vs HQ	Vendor (Mumbai)	Vendor Corporate

### Business Impact (Potential)

- Cannot consolidate spend for volume negotiations
- Same vendor may receive payments through multiple codes
- Duplicate payment risk across vendor codes
- Inaccurate vendor performance analysis

## Proposed Solution: Intelligent Vendor Deduplication



### The Deduplication Process

#### Step 1: Name Standardization

- Convert to UPPERCASE
- Remove: PVT, PRIVATE, LTD, LIMITED, INC, LLC
- Expand: & → AND, CO → COMPANY
- Remove: M/S, M/s, punctuation

Example: "M/s. ABC Foods Pvt. Ltd." → "ABC FOODS"

#### Step 2: Multi-Factor Comparison

Name Similarity:	50% weight
Tax ID (GSTIN):	25% weight
City/Location:	15% weight
Bank Account:	10% weight

TOTAL SCORE = weighted sum of all factors

#### Step 3: Decision Rules

- IF score  $\geq$  95% → AUTO-MERGE (clearly same vendor)
- IF score 85-94% → REVIEW QUEUE (needs confirmation)
- IF score  $<$  85% → NO ACTION (different vendors)

### Expected Outcomes

Metric	Current (Estimated)	After Implementation
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Vendor codes	6,000+	~5,000 unique
Duplicate detection	Manual/None	Automated
Spend consolidation	Fragmented	Unified view

## Alternative Approach: API-Based Golden Record

If historical deduplication is too complex initially:

- Focus on preventing future duplicates using government APIs
- New vendor provides only GSTIN and PAN
- System calls GSTN/MCA APIs to auto-populate legal details
- Duplicate check before any new record creation
- Existing duplicates cleaned gradually

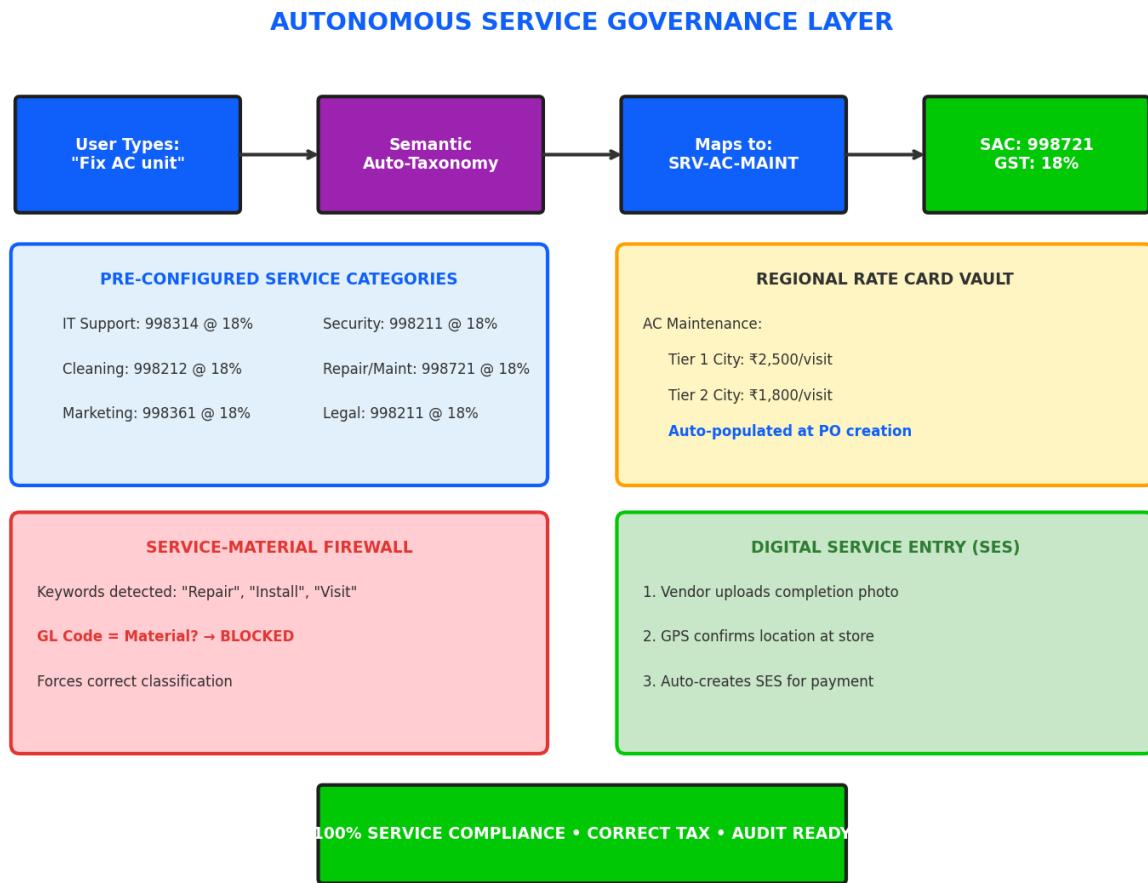
## Challenge 2: Missing Services Master

### Potential Issues Identified

This is a critical gap. Buying services as materials may cause:

- **Wrong Tax Codes:** HSN codes (for goods) used instead of SAC codes (for services)
- **Incorrect GL Posting:** COGS accounts instead of Operating Expenses
- **GST Compliance Risk:** Services incorrectly reported as goods in returns
- **No Price Governance:** Same service may cost different amounts across locations
- **Zero Visibility:** Cannot analyze service spend by category

## Proposed Solution: Autonomous Service Governance Layer



### Solution Component 1: Semantic Service Auto-Taxonomy

When a user types "fix fridge" or "AC repair", the system maps the intent to a Universal Service Master ID:

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User Input: "Fix AC unit in kitchen"
↓
System Analysis: Detects "fix", "AC", "repair" keywords
↓
Maps to: SRV-AC-MAINT (AC Maintenance)
↓
Auto-assigns: SAC 998721 | GL 5200400 | GST 18%
  
```

### Solution Component 2: SAC-Locked Tax Compliance

Every Service Master ID is hard-linked to its government-mandated SAC Code:

Service Category	SAC Code	GST Rate	GL Account
IT Support & Maintenance	998314	18%	Technology Expenses
Security Services	998211	18%	Security Expenses
Facility Management	998212	18%	Facilities Expenses
Cleaning & Housekeeping	998212	18%	Cleaning Expenses

Repair & Maintenance	998721	18%	Maintenance Expenses
Marketing & Advertising	998361	18%	Marketing Expenses
Legal & Professional	998211	18%	Professional Fees
Manpower/Staffing	998519	18%	Contract Labor

### Solution Component 3: Regional Rate Card Vault

Price standardization across all locations:

Service: SRV-AC-MAINT (AC Maintenance)

Regional Rate Card:

Tier 1 Cities (Delhi, Mumbai, Bangalore): ₹2,500/visit

Tier 2 Cities (Lucknow, Jaipur, Indore): ₹1,800/visit

Tier 3 Cities: ₹1,200/visit

When PO created:

System detects store location → Auto-populates correct rate

No manual price entry → Price governance enforced

### Solution Component 4: Service-Material Firewall

Prevents misclassification by keyword detection:

Firewall Logic:

Scan description for service keywords:

"Repair", "Installation", "Visit", "Labor",  
"Maintenance", "Cleaning", "Service"

IF keywords detected AND GL = Material Account:

- BLOCK transaction
- Force reclassification to Services

Result: 100% of service spend correctly classified

### Solution Component 5: Digital Service Entry Sheet (SES)

Proof-of-service verification:

1. **Vendor Completes Work:** Uploads completion photo via mobile app
2. **GPS Verification:** System confirms vendor was at store location
3. **Time Validation:** Check-in/check-out tracked
4. **Auto-SES Creation:** Digital service entry generated
5. **Payment Ready:** Audit-ready documentation for processing

### Alternative Approach: Mandatory Classification

If semantic classification is complex initially:

- Add mandatory "Is this a Service?" checkbox at PO creation
- If Service = Yes, show dropdown of service categories
- System auto-populates SAC code and GL based on selection

- Cannot save without proper classification

## Challenge 3: Material Description Inconsistency

### Potential Issues Identified

Same materials may have different descriptions across locations:

Location 1	Location 2	Location 3
MOZZ CHZ 1KG	Mozzarella Cheese 1Kg	Mozerella Chz 1000GM
TOM KETCH 5L	Tomato Ketchup 5 Litre	Ketchup Tomato 5LTR

### Business Impact

- Cannot aggregate demand across stores
- Cannot negotiate volume discounts (no consolidated view)
- Inaccurate inventory reporting
- Forecasting models fail

### Proposed Solution: Semantic Material Normalization

#### Standardization Process:

1. User enters: "Mozz Chz 1Kg pkt"
2. System analyzes:  
Product: Mozzarella Cheese (from "Mozz Chz")  
Size: 1 Kilogram (from "1Kg")  
Package: Packet (from "pkt")
3. System searches existing catalog:  
Found: "Dairy - Mozzarella Cheese 1 Kilogram Block" (92% match)
4. System prompts:  
"Material already exists. Did you mean:  
 Dairy - Mozzarella Cheese 1 Kilogram Block  
 Create new (requires justification)"

### Standard Naming Format

**Format:** [Category] - [Product Name] [Size] [Unit] [Package]

### Examples

Dairy - Mozzarella Cheese 1 Kilogram Block

Condiments - Tomato Ketchup 5 Litre Bottle

Packaging - Pizza Box 12 Inch Pack of 50

## Alternative Approach: Picklist-Only Materials

If semantic analysis is complex:

- Central team maintains approved material catalog
- Store managers can only select from picklist
- No free-form descriptions allowed
- New materials require formal request and approval

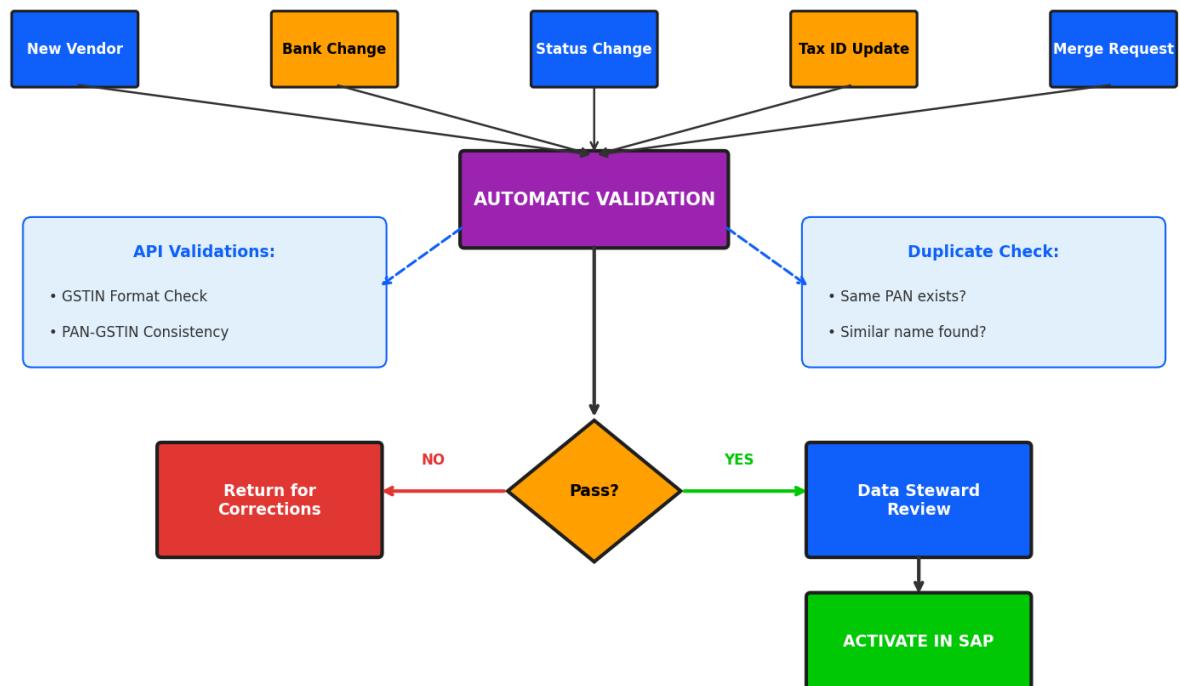
## Challenge 4: MDM Governance

### Potential Issues Identified

- Anyone may be able to create or modify master data
- No approval workflow for new vendors
- Bank detail changes made without verification
- No duplicate checking at point of entry
- Limited audit trail of changes

### Proposed Solution: Centralized MDM Governance

MDM GOVERNANCE WORKFLOW



## Governance Roles

Role	Responsibility	Scope
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Data Owner	Overall accountability, sets policies, escalation point	3-5 people
Data Steward	Day-to-day management, reviews/approves records	5-10 people
Data Entry Users	Submit requests with documentation	As needed

## Request-to-Activation Workflow

### New Vendor Request:

#### Step 1: SUBMIT

User provides: GSTIN, PAN, supporting documents

#### Step 2: AUTOMATIC VALIDATION

- GSTIN format check
- GSTIN API lookup for legal details
- PAN-GSTIN consistency check
- Duplicate check (same PAN/GSTIN exists?)

#### Step 3: STEWARD REVIEW

- Verify supporting documents
- Confirm no duplicates
- Approve or return for corrections

#### Step 4: ACTIVATE

- Create in SAP
- Sync to all 15 connected systems

## High-Risk Change Controls

Bank account changes require additional verification:

1. **Documentation:** New cancelled cheque, letterhead confirmation
2. **Validation:** Penny-drop test to verify account
3. **Hold Period:** 24-hour payment freeze
4. **Notification:** All stakeholders alerted

## Alternative Approach: Simple Approval Workflow

### If full governance is too complex initially:

- Implement basic approval workflow for all changes
- Manager approval required for new records
- Dual approval for bank detail changes
- Audit log for all modifications

## Implementation Approach

### Phased Roadmap

Phase	Duration	Focus	Deliverables
1. Assessment	Weeks 1-3	Extract data, profile quality	Quality report, duplicate analysis

2. Vendor Cleanup	Weeks 4-8	Deduplication, merge execution	Clean vendor master
3. Services Master	Weeks 9-12	Build classification, rate cards	Service taxonomy live
4. Governance	Weeks 13-16	Workflows, controls	Full governance active

## Solution Selection Guide

Challenge	Recommended	Alternative If
Vendor Duplicates	Multi-factor Dedup	API prevention if cleanup too complex
Services Master	Autonomous Governance Layer	Mandatory dropdown if simpler start needed
Material Naming	Semantic Normalization	Picklist-only if strict control preferred
Governance	Full MDM Governance	Simple approval if quick start needed

### Next Steps

1. **Validate assumptions** during detailed assessment
2. **Prioritize** - Services Master may be highest impact
3. **Extract samples** from vendor and material masters
4. **Define governance roles** with stakeholders