Implementing Standards is Hard, but Data Governance Helps

A paper written by Jens Poulsen CEO Marcura, an Energy LEAP member Company – 10 Nov 2021

"The best-laid plans of mice and men often go awry. Chaos is roving through the system and able to undo, at any point, the best-laid plans. The devil fools with the best-laid plans. Riches do not come by crossing your fingers and walking through the day hoping."

Why open with this quote by Robert Burns? Well, isn't launching a new standard much like agreeing on a well-laid plan for improved processes from which the industry stakeholders should benefit? And do we not say "the devil is in the details"? And, finally, once a standard has been agreed upon, what comes next? Indeed, hope will not be enough.

Implementing Standards is Hard

Thesis: Data Standards need significant, genuine and committed transactional pressure to survive. The desire to define a common standard springs from the recognition that counterparties adhering to different standards impose unnecessary transaction costs on each other.

Internal processes work because of internal standards. Both sides of a transaction must perform costly "translations" of incoming information to utilize it in their respective internal processes.

Now, let us assume that a standard is agreed upon and communicated. Next comes the dreaded Change Management challenge: The new standard, by definition, will be at odds with the prevailing internal processes. So, something has to give.

As logical as it may be, a new standard will be a compromise for the internal processes and trigger justified resistance to change, as it is cumbersome, risky and time-consuming to change what already works in mid-flight.

Not everyone will Succeed

Should a transition to a standard succeed for some stakeholders, others will not succeed at the same pace – or at all. As a result, a quite significant residual flow of necessary transactions that do not comply with the new standard will remain. Consequently, the legacy processes that were robust but nonstandard will have to run in parallel, creating double cost and some confusion.

Real-life transactions will also challenge the serviceability of a new standard: for instance, is this new piece of information a new name for a terminal, or is it for a berth? A new commodity grade, or is it a sub-grade? How should an addition or amendment to a standard be consistently deployed internally and amongst the stakeholders? And who should bear the costs of upholding the domain expertise, responsiveness and discipline needed? Logically, the overhead of this capability must either be internalized by all stakeholders – or shared between them.

Data Management Helps

The process of maintaining and updating a standard to function in the ever-changing reality of energy trading and shipping could be called Data Stewardship and be part of Data Governance or Master Data Management. Knowing that business will not wait for master data to adapt, Data Stewardship is a permanent requirement and a necessary capacity for a standard to survive contact with reality.

Consider the governance of shared standards like phone directories or DNS servers that connect all IP addresses on the Internet. Companies do not individually maintain phone directories nor DNS servers. The need to sync continuously with all the other companies' internal directories would be prohibitive. Also, due to relatively low individual transaction volumes, any internal directory would not be exposed to enough challenges from reality and would rapidly degrade.

Ergo, such master data are provided as a managed business service on behalf of all stakeholders. Call it a utility.

Energy LEAP Conclusion: (written by Peter Harvey, Energy LEAP Programme Director)

The above article by Jens highlights the challenges which companies face when they implement an Energy LEAP standard. Whilst Energy LEAP provides the ongoing maintenance for its Standards, and within these any long terms formatting or coding conventions, individual companies take responsibilities for their own transactional data management.

Whilst Energy LEAP cannot advocate any specific solution provider, we recognise that companies may benefit from adopting the services of solution providers, as without a coherent data management approach, implementation projects will struggle, and potentially fail.

Energy LEAP continues to value the involvement of Marcura and other solution providers in the development of standards, and appreciates their assistance to ensure our publications can facilitate real implementation, and not just sit on the shelves as theoretical niceties, but instead deliver real business value.