DATA MANAGEMENT: IMPROVING DATA QUALITY WITH BEST PRACTICES

BACKGROUND

Managing complex and massive amounts of data and the supporting application suites poses significant challenges to large, global financial institutions. Budget and resource constraints affect firms, even those with a strong vision of their desired architecture. Creating redundant systems and processes covering a firm’s many locations, agendas and time zones is critical. Since all global financial organizations duplicate data and process, opportunities abound for improving operational efficiencies. Even so, firms tend to ignore flawed data practices until a watershed moment occurs that drives change.

An investment services firm experienced such a moment when its largest client threatened to leave when data quality issues arose. The firm acted quickly by engaging Meradia to help it overcome an inferior architecture that led to unsustainable timelines, data quality that was hard to manage, skyrocketing market data costs and additional headcount that resulted from adding new security level indexes. Meradia’s accounting and market data expertise, as well as the ability to deliver a neutral, unbiased analysis, drove a successful engagement that created best practices for the firm’s data and application suite architecture.

ANALYSIS & TEAMWORK

Data is one of the least glamorous, yet most critical and often mismanaged components of an investment services company’s operations. Meradia understood that a key part of the assignment would be to challenge the status quo – asking the tough questions that, without an external third party influence, would likely go unanswered, if even asked.

Throughout its significant experience with designing, building and managing financial data warehouses, Meradia has found that deep-seated, long-standing business practices are a major culprit behind data management issues facing investment firms. With this understanding, Meradia set out to gather the relevant information to develop a new set of company-wide best practices for key stakeholders.

Meradia worked with a large group of stakeholders to develop a set of mission critical principles that would serve as a guide for the group.

SUMMARY

Meradia was retained by an investment firm to design best practices supporting the firm’s data management processes and client retention efforts.

CHALLENGES

- Overcome organizational inertia to implement data management best practices
- Create effective data ownership strategy
- Liaise with large group of internal stakeholders to design appropriate solution

SOLUTION

- Gather critical business process details to develop best practice framework
- Implement data ownership structure and governance board
- Create action steps to help firm improve processes and operating efficiency
ABOUT MERADIA

Meradia Group is a professional services firm that helps companies in the financial sector maximize operational efficiency and manage change. Meradia has been leading and executing all types of strategic initiatives since 1997 with an emphasis on data quality, automation, and cost-control.

After much debate, several best practices emerged:

- Identify and protect authoritative data stores
- Eliminate direct calls to authoritative stores (create data access layer)
- Correct data at the source
- Eliminate sources of data redundancy
- Minimize “invisible” processing between applications
- Destination applications will manage application-specific logic
- Source applications will manage common manipulations

With a best practices framework in place, Meradia turned its focus to ownership. Creating a strong foundation begins with authoritative data stores. Without volunteers or an internal champion, many groups use data as they see fit, and without controls, for a particular need. As a result, data is often grossly mismanaged. Firms frequently sidestep data ownership by nominating panels, or committees, tasked with data oversight. While this is a reasonable theory, in practice, Meradia has not observed any level of success with this approach. Data changes far too quickly for a committee of busy investment professionals to provide proper oversight. Following Meradia’s recommendations, the firm designated owners and implemented a governance board.

With ground rules in place, Meradia then addressed the most pressing needs of the organization. Issues were prioritized based on overall business objectives, and three top challenges emerged that, if met, would promote effective change:

- Reduce new accounting data source implementation timelines
- Improve quality controls, eliminate redundancies and provide ability to add new daily, constituent-level indexes by centralizing market data
- Centralize customer reference data and entitlements to facilitate use across accounting, performance, compliance, risk and client reporting functions

To address these challenges, Meradia organized and detailed the issues underpinning each challenge and created specific action steps and projects for key staff members to follow. Meradia crafted the end-state, big picture view by facilitating cross-functional discussions with global stakeholders and technology.

RESULTS

Meradia worked closely with the client’s senior team to develop the roadmap and lead and execute various project components. By bringing to bear its accounting, market data and best practices expertise, along with an unbiased, external perspective, Meradia delivered a successful engagement. Colleagues with long-standing working relationships were challenged to think outside the box, and advocate change to components they had long defended. Meradia facilitated the dialogue between stakeholders by transforming working sessions into materials that promoted effective decision-making. By assisting the client with breaking through long-held legacy views, Meradia helped the firm overcome organizational inertia, implement new process leadership and enhance operating efficiency.