



Why It Pays To Analyze Data on Day One of a Business Transformation

When conducting a system-wide transformation, there are certain details that tend to be neglected. While some missing pieces can be less harmful than others, there is one that can derail your plans completely: Data.

TACKLE DATA FIRST

There's much to focus on in a system-wide transformation and, as such, it's easy to get lost in higher-level tasks. However, lower-level tasks can also add up and cause serious knock-on effects. Data is the item that can hurt you the most and is most frequently forgotten.

When you change sources for front office, operations, or accounting, your security master, reference data, and third-party data should be carefully compared to your legacy data. In most cases, this is a vast number of data elements multiplied by the number of securities you hold. Instruments like private placements and other infrequently valued securities may have a particularly large deviation from what you expect to what may be natively populated and updated.

Comparing and analyzing this data is tedious, but if you start out of the gate and take it in increments, it's far less daunting. In fact, this should be done on day one of a business transformation. Leaving a data conversion to the end could cause analytics issues in your front office, leading teams to rapidly lose confidence and hinder overall transformation progress.

WHY IS DATA SO DISRUPTIVE?

Data is such a significant component because there is simply so much of it. It's the downstream effects of ignoring your data that can be devastating. For example, there can be selective variability in many of the securities attributes which can affect the calculations they drive. The security setup can affect things like analytics, paydowns, factors, trade date and settle date cash.

What is less commonly considered is the effect on compliance. Investment guidelines may be on a legacy system or your future state, but both will drive off of the new data. Again, analytics come into play. Many fixed-income teams have guidelines based on certain analytics.

With your new underlying data, you may breach your compliance rules inadvertently. Analyzing the data and its downstream impact ahead of time removes this risk. Otherwise, you have a portfolio management team scrambling to adjust the portfolio, or having a very uncomfortable conversation with a client. If you multiply this by your actual portfolio level rules and the different nuances, there could be a great deal of explaining day one of go-live when things are already hectic.

Data also has significant impacts on performance and cash. As with compliance, any discrepancies will need to be explained and it will be very urgent and unsettling for the team.

HOW MERADIA CAN HELP

When it comes to a business transformation, your firm can't afford to neglect data. Meradia brings a comprehensive toolkit to streamline this transition, including:

- Proven operations transformation experience
- A data analysis plan
- Subject matter expert identification for various security types
- A report of security-level outliers to present to a Data Governance Committee
- Documentation and implementation of key changes

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Elizabeth has deep expertise leading large, technical trading and analytics platform implementations. She brings 20 years of experience in the areas of performance, risk, data, and asset allocation derived from working with a breadth of hedge fund, fund of hedge fund, and mutual fund strategies.

About Meradia

Founded in 1997, Meradia provides strategic advisory and implementation services to the global investment management industry.