

The Evolution of Meradia's Approach to Investment Performance Data Migrations

Authored by

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Part 1 of 2

Less history, less risk. For more than a decade, Meradia approached performance implementations with this mantra. Conventional wisdom says to migrate as little historical performance data as possible, because anything more brings unnecessary complexity without a commensurate payoff. This defensive stance was born from hard-won experience. Too many projects became bogged down by large data conversions, aggressive timelines, and historical data that added complexity without delivering meaningful value.

Two key assumptions underpinned the “less is more” philosophy:

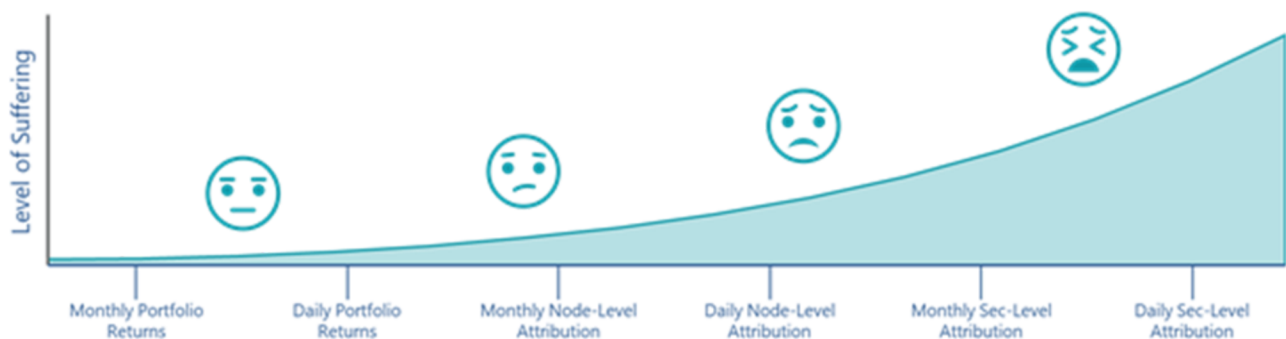
- ➔ **Assumption 1** – Performance implementations become more difficult with longer histories and more granular data.
- ➔ **Assumption 2** – The exponential increase in project risk from migrating longer and more granular historical performance data does not yield an outsized return on investment.

How “Less Is More” Earned Its Merits

Assumption 1 – Performance implementations become more difficult with longer histories and more granular data.

The “less is more” stance stood the test of time for good reasons. Performance history conversions are punishingly difficult, and more data means more ways to fail. Reviewing the first assumption, history migrations become harder as granularity and history length increase. How difficult do they get? The jump from monthly to daily total level history is a 30x increase in data volume. The jump from daily total level to daily position level is a factor of the average number of positions (call it 50 positions, so 50x). Those two decisions increased your data volume by 1500x and are widely considered table-stake requirements. Every decision on granularity is multiplicative, but volume is the least of your worries. This point does not warrant extended discussion, as it is well covered elsewhere. For a thorough treatment, see Claude Giguère’s paper in the Journal of Performance Measurement, “Data Quality Working Group – Report of Findings.”

With so many pitfalls, it’s rational for firms to limit scope. Every additional year or extra slice of detail introduces one more reconciliation nightmare. The result? The more history migrated, the more inherited suffering, and often on a non-linear scale (see highly technical graphic below).



Performance Migrations Carried Lots of Risk with No Return






Assumption 2 – The exponential increase in project risk from migrating longer and more granular historical performance data does not yield an outsized return on investment.

Performance implementations by nature are risky endeavors. From Meradia’s perspective, we’ve been called into a variety of “distressed situations.” We’ve found that performance projects go wrong at the onset, caused by misconceived presuppositions (silly assumptions) which deteriorate progress over time. See common misconceptions, root causes of project failures, and lessons learned below.

Misconception	Description
Operational staff can handle both BAU and project work	Projects consistently require more capacity than initially planned. Most firms run lean operations teams, leaving insufficient bandwidth for sustained project execution. This is cited as the top reason for project failure.
People will naturally embrace change	Change adoption does not happen by default. Effective change management is a specialized skill and should not be assumed to exist within operational teams. Treating it as implicit materially increases delivery risk.
Shortcuts speed up delivery	Tactics such as fixing data downstream, patching issues instead of correcting at the source, or making ad hoc architectural decisions may appear to accelerate timelines. In practice, they introduce long-term operational risk that surfaces post implementation.

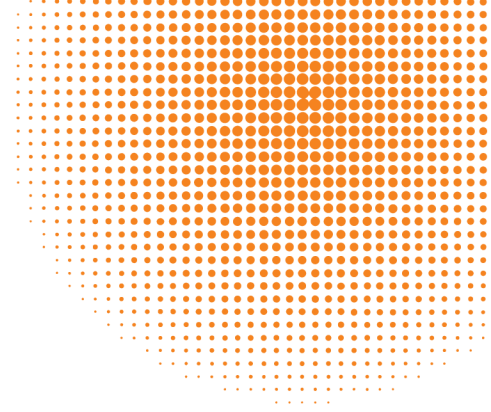
Root Cause	Lesson Learned
Critical tasks assigned to novices	Key responsibilities, such as technology team mapping accounting data to performance inputs, are often handled by insufficiently experienced staff.
Data not performance-ready	While minimum implementation data requirements may be met, the data is frequently not fit for performance measurement and reporting.
Excessive historical data scope	Security-level attribution going back to inception may not be necessary, yet it often drives unnecessary complexity.
Performance recalculated for prior periods	Recalculations are driven by demand for better inception-to-date analytics or by adopting new methodologies that did not previously exist.
Insufficient pre-work leading to ill-defined	Poor upfront preparation results in unclear scope, making effective planning and execution difficult.

We've covered how projects can go wrong, but how about the return on investment? After all, you can't expect a return without taking on risk, right? Just because the data is migrated doesn't mean it's utilized. There's often a disconnect between what performance teams want to bring over and what business stakeholders really need for decision-making. Further, there are limitations to what performance systems can do with history once migrated. Below are some common drivers of operational change. It's important to consider whether migrating extra performance history moves the needle towards any one of these outcomes.

 Modernize	 Improve Efficiency	 Expand Services	 Reduce Risk	 Mergers & Acquisitions
<ul style="list-style-type: none"> ✓ Replace End-of-Life Applications ✓ Move to the cloud to improve scale ✓ Leverage decentralized data stores 	<ul style="list-style-type: none"> ✓ Rationalize systems ✓ Consolidate functions into fewer systems ✓ Outsource all or part to asset servicer 	<ul style="list-style-type: none"> ✓ Accommodate new business lines, like ESG ✓ Expand into new regions ✓ Improve analytics offerings 	<ul style="list-style-type: none"> ✓ Tackle Excel anarchy and eliminate user-defined tools ✓ Adhere to changing regulatory requirements 	<ul style="list-style-type: none"> ✓ Consolidate systems ✓ Aggregate data

So, What Changed?

FactSet's Performance Solution (FPS) fundamentally challenges both assumptions. With multiple successful client implementations, Meradia revisited the notion of "less is always more." Look out for part 2, where we explore specifically how FPS changes the economics of performance history.



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Clay Corcimiglia supports clients by integrating enterprise data architecture, big data analysis, and investment performance operations. He effectively collaborates with both business and technology teams to implement practical solutions for complex challenges. Clay has contributed to projects involving performance implementations and operating model transformations for investment managers and vendors. Clay assists with operational dashboard initiatives, utilizing often-overlooked datasets to improve processes and enhance efficiency. With a hands-on approach, he participates in user acceptance testing for multi-asset class datasets, addressing data issues and ensuring smooth client implementations. Whether involved in strategic planning or detailed analysis, Clay consistently demonstrates his adaptability and client-focused approach.

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