

# OUT FROM UNDER THE DATA: SHIFTING DATA FROM TASK TO STRATEGIC PRIORITY

The financial industry's data mavens know well that crisis inspires change. New regulations and increasing volumes have been moving data management up to the notice of company decision-makers. But how far has the industry gotten in considering managing data content as an asset? For some, enterprise data management seems to be getting more its due with executives starting to realize there is a business opportunity to be had. For most others, while they have made progress in getting data management positioned as an important task, there remains many battles to be won in the areas of organizational alignment, governance, and funding. *Windows in Financial Services* recently conducted a WFS Council roundtable moderated by EDM Council's Michael Atkin. The purpose of the roundtable was to take stock of where we are as an industry in setting data management as a business priority. The following experts participated: John Bottega, Citigroup; Rob Casper, Morgan Stanley; Joe Cleaver, Microsoft; Peter Giordano, CIBC Oppenheimer; Adam Honore, Aite Group; Mohammed Jafar, MetLife Investments; George Lipsker, Avande; John Mulholland, Royal Bank of Canada; Jim Perry, Goldman Sachs; Peter Serenita, JPMorgan Chase; Larry Tabb, TABB Group; Julie Warren, New York Life; and Paul Yaron, Bear Stearns. An abridged transcript of the discussion follows with the complete version and additional photos available online at [www.windowssf.com](http://www.windowssf.com). The discussion was sponsored by Microsoft and Avande.



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Michael Atkin,  
Managing  
Director,  
EDM Council

**Atkin:** Let's talk about the drivers of the data management activity from where it started to where it is now. Is crisis the driver?

**Perry:** We do operate from a crisis mode but I think there are a number of business areas that will fund projects if there's a business opportunity in the market.

**Bottega:** A lot of what spawns the activity at Citi was based on a re-engineering exercise based on the pain points the business was experiencing. The pain points of migrating and globalizing a company with multiple acquisitions became a driver.

**Serenita:** Mergers are the initial driver perhaps but I think sophisticated clients are driving the fact that you have to have it or you're not going to be competitive.

**Atkin:** So you could almost suggest that before anybody gets their arms around data as something that's critical to manage, something has to go wrong.

**Yaron:** I think that that's too broad of a generalization. I think that, in fact, it impacts different corporations in various ways. Someone may get hit by a lawsuit. But then you also see that there are regulatory events that may drive you down a path of centralization or investment. I don't think we want to talk about centralization. It's really an issue of capital investment, in terms of people, process, technology.

**Serenita:** Initially a data management program typically starts with the goal of resolving data quality issues, but hopefully, it quickly goes beyond that. The primary driver for our program was not the resolution of data issues but our business growth plans. We knew that we had to come up with a capability that would support that growth and still make us profitable and competitive.

**Tabb:** I think it also has to do with the complexity of the business. For the organizations around this table, the challenge is that you are dealing with multiple systems and multiple geographies and capabilities that need to move data across platforms where they traditionally haven't. And now all of a sudden you're re-engineering all this old technology that just wasn't meant to work that way. And I think it creates crises. Crises funds some of the solutions as well as what Jim said, as the business leaders see the capabilities of being able to integrate these products and services, all sorts of new opportunities fall out.





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Larry Tabb,  
CEO,  
TABB  
Group



**Atkin:** Well, that could be terrific news and a significant step for the industry if the notion of organizational-wide data management is becoming a cultural value within the financial institution. But while it might be that way around this table, I don't necessarily hear that across the industry. I think we're talking a little bit nirvana here.

**Warren:** Well strategy and getting people to fund, they're very different. I think for us it's still viewed as a discrete task. It's not supposed to be. It's this sort of living, breathing thing throughout the organization that makes the whole thing run. And it's ongoing and constantly needs feeding. It's never done.

**Atkin:** I'll reinforce that Julie. The good news is the concept resonates but moving from concept to strategic reality is not simple.

**Giordano:** One of the events for us with an equity focus was the flurry

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Jim Perry, VP Data Management,  
Goldman Sachs



of regulation last year. We've put it in particular data models and now for not a lot of cost we can put some applications on top of that and start to derive some business value out of it and try to figure out different ways to service the client. So you know, I think what you said is very astute, that what got it funded is not the strategic endgame but if you do have sophisticated managers, you can standardize your data and hopefully get this ancillary benefit for free.

**Atkin:** I think there were three drivers, right? Crisis, regulation and acquisition.

**Giordano:** But then there's a really smart business guy who says, 'I want to do this, can our data support it? No? Well then I am willing to fund it.' Or maybe not, and that's where the challenge comes in.

**Warren:** Sometimes you might not reach crisis but you might reach a breaking point where people are just tired of running reports and getting different results.

**Atkin:** Let's shift the conversation away from nirvana theory and talk about what you're working on currently.

**Serenita:** Part of my new position is to be the global head of pricing operations in JPMorgan Worldwide Securities Services, and part of my program in that role includes a new technology platform that we are deploying so we can perform securities pricing globally. We're also changing our operating model so we can price our securities for our clients in a regionalized/follow the sun model. All of this really is to raise the bar a bit on our securities pricing capability and one of our goals is obviously to be more efficient and to reduce costs, but also to be the best pricing shop on the street. We truly believe this is a competitive advantage.

**Honore:** I think that some of the opportunities that are occurring right now revolve around speed-to-market and electronic trading and how you can support that when you look at some of the projects even around risk. You might fall into the incident bucket but really it could be an opportunity bucket when you're dealing with a global trading platform, and your responsibility is to bulk load an accurate master in the morning and then support it through some event processing so that you've got real-time position roll ups right to the cash.

**Atkin:** That's certainly a business opportunity driver, wouldn't you say?

**Honore:** Right and it's not just an incident-driven capability and it's not just a latent BI requirement. There are other opportunities being driven out of other channels that are driving new projects.

**Atkin:** All right. So new pricing platform and new operational

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Julie Warren,  
Managing Director,  
New York Life

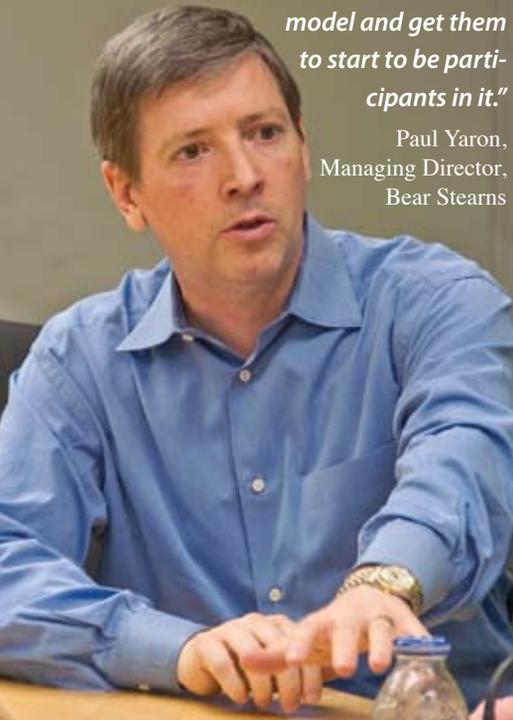


**model, that's what's driving what's going on right now. Paul, what's going on with Bear Stearns?**

**Yaron:** What *was* going on. You gotta laugh about things, right? What we were actually doing was looking at a hub-and-spoke model where we would actually bring it into a centralized repository. The biggest problem that we actually were faced with and didn't yet have a good strategy around was really how do you get changes that occur in the various repositories that are out there for line of business expertise. How do you get those subject experts and their changes and ideas back into the centralized model to then get out to the other organizations? It was a problem that needed a solution and, of course, we were also dealing with the generalized cross-reference master keys.

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Paul Yaron,  
Managing Director,  
Bear Stearns



decision and a good strategy vehicle. So our strategy here was to start to work by slowly changing those existing systems, get them to drink the Kool-Aid, get them to start to realize that opportunity existed in this centralized model and get them to start to be participants in it. I said it is going to probably take a minimum of five years to really deliver. We decided the best strategy for us on the budget that we had was to do the push model and also then to learn and discover what we didn't know.

**Serenita:** Having the feedback loop of people in the field is an important aspect of data management that normally isn't talked about. It usually tends to be a centralized push model, but having the experts out in the field to be able to provide remediation to the content and add value is a key differentiator. Now clearly the changes coming from the field need to be controlled.

**Bottega:** That's consistent with something that we've been talking

**Atkin: It was an extension issue?**

**Yaron:** I wouldn't say that. We were really working in the way you would expect any reference data that grew up in this organic way to work with everyone actually having their own piece. The idea is how do you get and bring content into the firm, manage it in an appropriate way so you have process procedures and controls around it. You have business ownership around that content and you can put the right people into the right communication slots. When you've got an organic organization, you have business owning one piece, you have IT owning another piece, you have had decisions that start to take place. And what you want to do is centralize it into a good

about for a while and that's the federated model. I don't think anybody here actually wants to own all the data but we do from a data management perspective want to own the problem. We've actually been spending a lot of time around the organization of data management, actually taking it to the point where we want to institutionalize what we started. I am with Citi going on my second full year, so my first full year was almost built in a test tube. We were pretty much focused on capital markets, but we introduced the three legs of the stool if you will: the organizational change, the technology change and the service or the utility to support this. And now we're looking at that model and seeing how does it scale across the other parts of the firm and what's the right level.

**Atkin: Was it actually an incubator: if this works we extend it?**

**Bottega:** Was it done that way intentionally? Probably not, because the initial pain point, as I mentioned before, was capital markets, so that's where we were kind of born. But now we've got a point and yes, I'm sure the activities of the subprime market have got everybody's attention now to look at data. So now they're saying it isn't just capital markets, proper data management also impacts our cash management business, our alternative investment business, etc. So they're seeing where this model can go.

**Atkin: I think that's really terrific because in essence you're saying the culture of data management that was built in this one area really driven by some pain is now creeping throughout the rest of**

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JPMorgan Chase



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Rob Casper,  
Managing Director,  
Morgan Stanley





the organization.

**What I hear, present company excepted, is our executive management gets this, but they don't really have a lot of patience.**

**Serenita:** Technology is usually the long pole in the tent. It takes a long time to develop, implement, roll out and integrate systems. But we need to think about it more holistically. That includes the operational capabilities. So while the technology is being developed, we are actually putting in operational solutions, operational consistency, operational controls, etc. So, it isn't, 'Wait for two years for the whiz bang system.' First we implement good metric reporting, then we converge

operations around the globe, which will provide some cost reduction, and then we include additional process controls. Those metrics we first introduced? We will start to see not only the cost effectiveness but the quality improvements, etc. This is all before we have the new system. Then once the new system is up, it will provide additional improvements in cost, control and quality.

**Atkin: What you've outlined sounds like incremental wins in the context of a data management objective.**

**Cleaver:** Regarding fundamental cultural shifts in an organization, it sounds like this is happening again. If you go back to these massive \$70 million projects that everybody undertook, there came a point when everyone realized, 'Okay this isn't going to work.' But how do you get the business out of 'I want it all tomorrow?' You start to do the incremental thing and now you're starting to build a system where it's starting to become almost viral within the organization. So, it's really trying to take whatever the next piece after incremental is and make that the next kind of cultural shift so the business and the IT folks can play together nicely in the sandbox.

**Atkin: Well you said it correctly. The goal here is to achieve a cultural change in the way we operate and move from our business-unit focus to understand interdependencies that exist, which raises my next topic. I don't get a sense out there that there is a composite view that most people take of how things flow from system to system and process to process and application to application.**

**Yaron:** My own view is that developers tend to be very myopic because they're compensated to be myopic. They're not told to be enterprise architects to integrate the information.

**Lipsker:** There's a Catch 22 that we see whenever we take a look at initiatives that can be leveraged across the enterprise. It's difficult to make the ROI argument for things that are purely architectural.

**Atkin: How hard was it to create this kind of alignment that exists now within the institutions you're describing to get all the components, IT, operations, business, data to play nice together?**

**Yaron:** It seems to me in order to get into a business unit, you have to have the trust, you have to have the capability to deliver to that business organization and information at a quality level that's as good as they can do, if not better.

**Casper:** I would agree totally. I think that the single biggest factor as to whether you're going to succeed is your ability to navigate the large organization, to bring down barriers and to gain credibility.

**Atkin: The issue of the politics of positioning of data within the organization and getting the organization to operate with a data culture is one of the prime objectives and it sounds to me like we've made fairly significant progress in doing that.**



George Lipsker,  
Financial Services  
Industry Director,  
Avanade



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Peter Giordano,  
Executive Director,  
CIBC Oppenheimer

**Bottega:** I think part of it is that collectively we're a little smarter because we went through an experience. Personally, I am trying to pull away from being the purist. The model is more complicated than a black and white who owns it, who doesn't. It gets very complicated and if you try to fight that, you'll lose. So we're taking the position of well, let's adopt to that complex model and embrace the smart people in the different businesses and basically bring them inside the tent. And we find we get a lot more cooperation when we do that.

**Editor's Note: The industry roundtable transcript concludes at [www.windowsfs.com](http://www.windowsfs.com).**