



Data Management

Transforming the middle office into a center of excellence | By Alexis Walker, David Ingleson and Matthew Fell

Data management has always been a key challenge for the middle office, but in the digital age the pressure is increasing and coming from multiple fronts. The key issues include:

Information overload: Whether data is on new products or used to feed the reports needed to fulfil mounting regulatory obligations, the volume of information that passes through the middle office is larger than ever and continuously expanding. This means capacity must constantly scale, and that the middle office must be able to handle ever-increasing information loads without letting service levels slip.

Diversity of requirements: Though important, simply being able to scale to support rising data volumes is no longer enough. Data management must also be dynamic and versatile, enabling the middle office to capture and provide different data sets in various formats to meet the needs of different end-user groups, whether risk, compliance or the business.

Exacting standards: While in the past speed was often the primary consideration, regulatory compliance and other changes means it can no longer be obtained at the expense of quality. The expectation is not only that data has to be delivered in a timely manner, clean and accuracy are equally important.

Disparate sources: Asset managers must also grapple with the fact that information must also be gathered from disparate sources and systems that lack standardization. In some cases, the origin and quality of data can be hard to validate, making it difficult to meet business expectations for speed and governance.

For the middle office to address these challenges, it needs clear oversight of all the data it processes, as well as a clear understanding of how that data flows through systems and is used by various functions. A single platform that efficiently consolidates data from various sources can contribute significantly to these goals. Yet to be able to deliver fast, high-quality information that supports the needs of different user groups requires not only a strong technological foundation, but also the right internal policies. Our recommendations for a future-ready data management approach are as follows:

Understand the landscape before implementing new solutions

To select and successfully implement a data management solution that will meet the business needs, it is important to have a clear understanding of the current data landscape:

- **What are your data sources, and how credible are they?** In the diverse Asia Pacific region in particular, asset managers receive information from a disparate range of sources. It can be difficult to even access original data, let alone assess its quality.
- **How is the data used?** Other than informing the front office, data is dedicated to other tasks such as performance, client reporting and regulatory compliance. Various user groups may also manipulate or transform data in different ways, with limited oversight or control. It is important for the middle office to have an accurate picture of the different requirements of these various users,

and the ways they interact with data, so that these factors can be incorporated into any new data management approach at the beginning.

- **Where is the data located?** Given the variety of users, data resources are often spread across multiple business functions. An effective data management plan will map out where various data sets are located, and who has ultimate responsibility for each set.

By carrying out a comprehensive review and creating a clear blueprint of existing data sets and their uses and ownership, investment managers will be in a better position to understand their data management needs, and areas of redundancy, inefficiency or weak governance that need to be tackled. This will also minimize the frictions caused by the transition to a new system.

The capabilities current realities demand

Once the data landscape has been assessed, attention should turn to solutions that are capable of drawing the necessary connections, and supporting business and regulatory demands well into the future. The basic building blocks of a more agile middle office approach are a centralized source of investment – typically, in the form of an investment book of record (IBOR) as well as tools that enable data to be more effectively managed. Investment managers have no shortage of options in this regard, but best-in-class solutions are defined by the following features:

Visibility: The data source should offer a real-time window into investment activity across all asset classes that is instantly accessible regardless of location. At the same time, users should be able to drill down into the data around individual assets or activities when necessary, to levels of granularity that support risk management and effective decision-making.

Versatility: As the requirements of user groups differ and evolve, a comprehensive data management solution should be able to source and deliver vital information in a variety of formats on an on-demand basis, to support the needs from traders on the front line to the C-suite. Inherent flexibility ensures intelligence flows to the right places at the right time, and that reporting requirements can be met across various functions.

Governance: For data to contribute to compliance and strategic value it needs to be secured, transparent and of a high level of integrity. The data management platform should allow the enterprise to consistently apply data standards across the organization and processes, and make it easy to trace data back through various processes and owners to its original source.

Scalability: As requirements and resource demands continue to grow, it is vital that whatever solutions the organization has in place are capable of scaling to match - with no visible impact on speed, governance or performance. Managed services offer a means to rapidly and efficiently expand the middle office's capabilities to address business growth and evolving regulatory requirements. The right partnerships will also support the organization at the strategic level, allowing it to effectively 'import' the expertise and experience needed to drive expansion into new markets, or the interfaces that connect customers to new products.

Freed of the need to find or cultivate these resources internally, the middle office can focus on ensuring data delivers value to the business – with complete confidence in the present and future of its infrastructure and day-to-day data management obligations.

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