No BS Guide to Data Governance

Building the Business Case / Understanding the Value Proposition

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Data Governance – What Is The Hype All About?

With an abundance of industry buzzwords and jargon thrown at us every day, it is difficult to know what messages to let pass and those that we should grab on to. Data governance is a hot topic appearing across multiple channels, from articles to advertisements, and conversations spanning the board room to the airport bar. The noise around the term "data governance" is almost deafening at times.

There are industry participants that are willfully stretching the truth behind their offering, while others are stuck with deeply academic perspectives that do not fit real world needs, and yet others so broad in their approach that they aren't saying anything of value. However, we must not lose sight of the intended benefits from deploying a successful data governance program as we tune our ears to ignore the noise and focus on the substance. Our aim here is to help you cut through that noise as you try to make sense of what data governance can offer you and your organization.
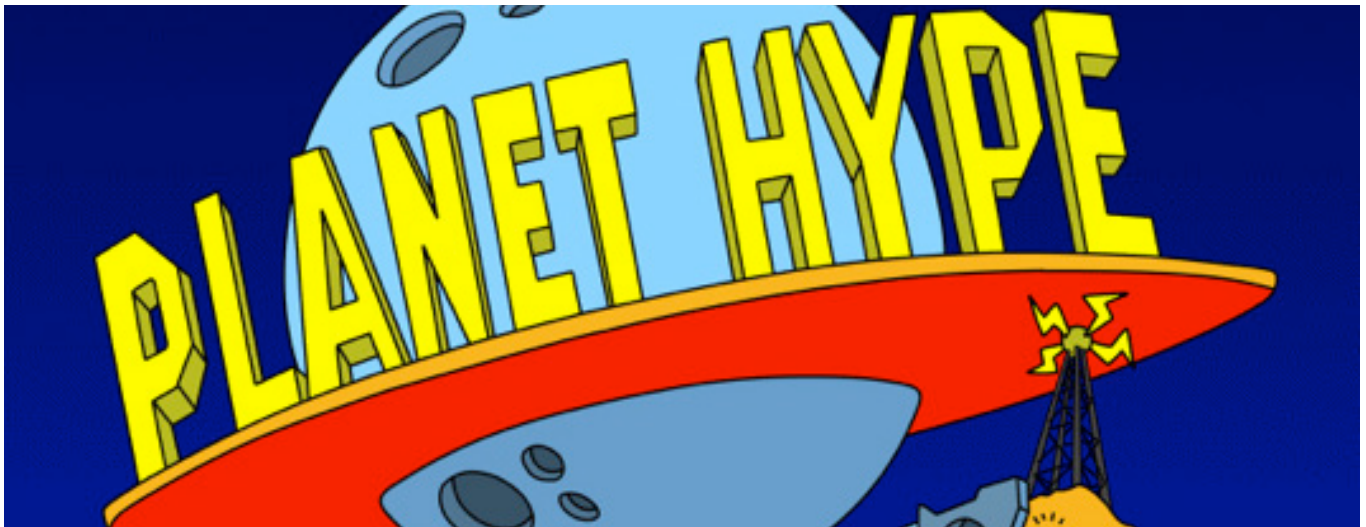
"Properly aligning business users of information with the tools to confidently and efficiently access data while providing the technical and organizational structures to reliably support them should be a key goal for all successful asset managers."

Just as good lobster is an asset for a seafood restaurateur, data is the asset investment managers depend on to effectively manage portfolios and win clients. Data governance is the means by which an organization protects and maximizes the benefits inherent to its data assets. Data governance provides the framework for decision making, managing data quality and the technical architecture, as well as providing the means for consumers to interact with the data.

Properly aligning business users of information with the tools to confidently and efficiently access data while providing the technical and organizational structures to reliably support them should be a key goal for all successful asset managers. Governance provides the structure for making decisions and

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carrying them out across business and technology functions, as well as establishing the communication protocols necessary to keep stakeholders informed and well-coordinated.

With the stakes higher than ever, software selection must be considered as a long term strategic mandate that enables growth and competitiveness, versus one that is relegated to line of business decision makers.

Guiding Principles

An effective data governance program will help prevent independent decisions from adversely impacting broader community needs by bringing clarity, cohesion and accountability among relevant stakeholders.

Although there are volumes of academic approaches to tackling the data governance questions firms face, the solutions they present are often impractical for the real world and propose to add onerous layers of bureaucracy that impede efficiency and stifle productivity. The perils of poor data governance can be costly and outweigh the benefits such efforts intend to deliver – too many committees, no clear ownership, inertia, delays, and frustration. Done well it is a huge benefit, done badly it can be fraught with operational issues. This is where it's wise to partner with people who understand that the business comes first and data governance is meant to support and compliment the strategic goals of the firm. Defining effective guiding principles is critical to ensure the operating model foundation is developed appropriately to deliver real-world solutions. Core data governance principles include:

- Creating a culture that recognizes the value of data as an enterprise asset
- Building a governance infrastructure, including technology and a supporting organizational structure that:
  - Promotes the design, creation and reuse of components and common functions across the enterprise
  - Optimizes data for efficient access and processing
- Establishing an environment of assumed "right the first time"
- Measuring, monitoring and managing data quality
- Deploying tools for efficient and clear user interactions with data assets
- Ensuring an effective risk, compliance and regulatory support infrastructure is in place

These principles provide a basis for data governance, but there is no one-size-fits-all approach. Finding the right fit given the unique priorities, capabilities and culture of each individual organization will ensure the program lives up to its potential and delivers the greatest value. Partnerships between business and technology are required for data governance benefits to be realized. Owned by the business, data governance is implemented across the organization and defines the roles, processes, policies and standards required to effectively administer and manage data across the enterprise.

Successful data governance is executed according to agreed-on models outlining:

- Who takes what actions and when
- With what information
- Under what circumstances
- Using what methods

More than an IT Imperative

Data governance is not simply a technology function any more so than other functional asset management areas. For example, portfolio managers depend on electronic tools to make investment decisions, traders use sophisticated technologies to execute orders swiftly and accurately, and compliance and risk officers utilize a variety of IT applications to execute their functional duties. Other groups use technology to ensure the financial resources of the organization are well looked after and accurately reported, or to help manage the human assets in an organization. While each functional area depends on technology, these are not considered IT functions. The same is true for managing the firm's data assets. Business users understand the data needed and how to apply it to suit their purposes. It is the role of the technology partners who are engaged to support the business goals to stand up and maintain a safe and efficient infrastructure to reliably meet the data needs of the business consumers.

What's In It for You?

In the highly competitive investment management industry, those who have better, faster access to quality data gain advantage and generate greater returns. This sounds straightforward, but in walking the main streets and back roads of the asset management world, it's clear that some people live and breathe this stuff while others simply do not.

Organizations with well delineated roles and responsibilities can keep people focused on their specific area of expertise and drive value. Companies need to empower their people with the tools and support to reliably execute their job duties. Yet good intentions alone do not equate excellence. We spend countless hours working and want to make sure that time is used to its fullest extent. Data governance helps provide the framework for organizational optimization.

A properly aligned data governance program framework can provide the following benefits:

- Superior data quality and coverage
- Greater efficiency
- Better support for risk management activities
- Standardization and data clarity
- Peace of mind
- Improved morale

Better data improves decision making which leads to better results. Firms with a demonstrated track record of success know that establishing a strong financial position requires more than maintaining the status quo. Data is no longer the exclusive domain of the IT department; contributions are required across today's data consuming organization and a well thought out framework with good communication protocols makes all the difference. Data is a core business asset that demands a specialized and focused approach in its oversight, stewardship and delivery to the investment professionals who need it to make money in today's asset management industry.

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