

Inside Reference Data

April 2008 Volume 2 Number 12

www.irdonline.com

Integration: The Key to Enterprise Data Management

Financial institutions are increasingly investing in enterprise data management solutions, writes **Mario Orphanou**, product manager at Odyssey Financial Technologies

In the world of enterprise data management (EDM), integration is key. The biggest challenge financial institutions face in today's data-intensive environment is winning support for an enterprise approach to data at every level of the organization and ensuring this data reaches end-users.

The introduction of new regulations such as Basel II, the Markets in Financial Instruments Directive and the Single Economic Payments Area has put pressure on financial institutions to ensure their data management is in good shape. Regulatory obligations have placed data quality in the spotlight and financial institutions have responded by investing in EDM to collect, normalize, and manage the quality and storage of reference and market data in an efficient and cost-effective way.

EDM enables disparate data sources to share information from a centralized platform and manage data content on a business/data-silo (vertical) to an enterprise-wide (horizontal) basis. However, while EDM solutions have allowed financial institutions to improve the quality of data, many are struggling to effectively address the issue of integration: how to get the data to the systems that need it, when they need it.

Effective Data Distribution

To reap the benefits of EDM, it is vital that data is integrated with front-office and mission-critical applications. EDM is largely viewed as a back-office issue and, as a result, end-users' needs are often dealt with last and sometimes even ignored.

EDM solutions often have a mass of legacy infrastructure, as well as a huge variance in data terms from both internal and external data users and/or providers, to contend with. In addition, the layer between the data store and the applications is complex and can be costly to build, because every single application that needs the data consumes it in different ways.

Market data is increasingly used in investment decisions, and having the wrong information at the wrong time can severely hamper an organization's ability to deal with fast-moving markets. While reference data is seen as a back-office, necessary function, that does not directly

EDM enables disparate data sources to share information from a centralized platform and manage data content on a vertical to a horizontal basis

impact the investment decision process; it is important that an organization's systems all use the same high-quality reference data and that this reaches the appropriate business functions efficiently. This will significantly reduce reconciliation issues, and improve risk management and compliance.

A Front-Office Approach

A front-office product development approach, based on service oriented architecture (SOA), focuses on offering tools to get the data to the users. By starting with the mission-critical applications and developing through to the back end, EDM systems become more interactive with front-office solutions, improving usability.

When dealing with legacy applications, financial institutions are often constricted by the existing methods and data structure to get data into legacy systems. Odyssey's extract, transform, load tool transforms and disseminates data so these problems can be resolved through mapping. This removes the need to build new complex interfaces or lose the quality provided by the EDM system.

Enterprise-Wide Co-ordination

The success of EDM can also be hindered by individuals. As an enterprise solution, it requires the buy-in and support from the entire organization, which means co-ordination with a number of internal sponsors. The requirements of many departments must be taken into consideration, as EDM projects can suffer if not carefully managed. Many large organizations have realized this problem and now appoint senior executives to co-ordinate and provide enterprise-level strategy and direction. By properly structuring projects, financial institutions can achieve the best return on investment and time to market.

Today's firms need more than reference data management, and must progress from simply collating, cleansing and storing data. This can be achieved by adopting a broader enterprise-wide strategy that encompasses workflow orchestration and subsequent distribution to downstream applications. EDM solutions that provide integrated coverage will allow organizations to rapidly deliver high-quality data to critical business functions, improve risk management and compliance and ensure a rapid return on investment.



Mario Orphanou is product manager, Odyssey Financial Technologies