

Centralized Power: Harnessing Data with a Single Source of Truth

In today's financial landscape, the rise of alt data and the increasingly wide array of disparate data sources makes it difficult to drive alpha efficiently. For financial firms, the key to harnessing big data is organizing it. Whether you prefer to call it a single source of truth, a golden copy of data, or a source system of record, it's important to understand how compiling consistent, concordant, easy-to-access data can help you remain competitive with the market.



WHITEPAPER

SECTION 01: PROBLEMS

Having Trouble Navigating the Sea of Data? You're Not Alone.

Almost every function within a financial firm deals with data:

- Data scientists are tasked with finding the right data.
- Quants have to prepare raw data sets for analysis.
- C-Suite Executives have to optimize data vendors to keep operating costs down.
- Portfolio Managers ensure the right people have access to the right data.

Considering all the key roles in a financial institution that work with data, the need to have normalized, concordant, and well-organized data is undeniably important.

Problem #1:

The Difficult Search for Valuable Data

A recent survey of financial planning and analysis (FP&A) leaders around the globe revealed that while most companies dedicate more than 50% of their data analytics time to data collection and validation, 88% of these companies still believe they struggle with data quality. This is likely a result of the ever-growing volume of data that data scientists and analysts must sift through before finding the right sets.

How Hard Is It to Find the Right Data?

Only 12% of FP&A executives have access to the right data, at the right time.

According to a recent survey published by Prophix, only 12% of FP&A executives have access to the right data, at the right time, to inform strategic decisions at their company².

A common issue amongst financial institutions is spending too much time on data collection and validation. These tedious tasks keep data scientists from efficiently budgeting and implementing effective forecasting processes. In order to minimize time spent on low-value activities, firms must first prioritize the acquisition of high-quality data and advanced analytics and technologies.

³The Economist Intelligence Unit (EIU) surveyed more than 200 asset management executives about their use of data and nearly a third said there is so much data it's not possible to find what's useful. The proliferation of data and emergence of alt data has made it more difficult to determine which data sets are right for your company. However, with the right platform and tools in place, you'll be well-equipped to comb through disparate data sources and make sense of them.

¹ ["The Ongoing Evolution of FP&A"](#) CFO. April 1, 2018

² ["The Evolution of Technology & Trends"](#) Prophix. 2018.

³ ["Helping Asset Managers Navigate the Data Sea"](#) Northern Trust. 2016

Problem #2:

The Sluggish Process of Preparing Raw Data

While quantitative analysts are well-suited to develop and implement mathematical models that inform investment strategies and data acquisitions, most quants are bogged down by the process of preparing raw data for analysis. In order for traditional firms to successfully drive alpha for their investors, they must learn to embrace modern data tools that minimize time spent on low-value tasks.

How Much Time Is Spent Preparing Raw Data?

As much as 70% of analysts' time

"Without that golden copy, as much as 70% of analysts' time can be spent on managing raw data, cleaning it and preparing it for analysis."

— David Blackwell, UBS Wealth Management

Without a single source of truth in place, only a fraction of analyst work-hours can be dedicated to extracting insights and guiding strategic decisions. According to Blackwell⁴, the main reason so much time is spent on preparing raw data is "the fact that you've got disparate systems serving disparate functions." By implementing a singular system that can process, scrub, and prepare raw data, quants will be free to work on more high-value activities.

⁴ ["Helping Asset Managers Navigate the Data Sea"](#) Northern Trust, 2016

Problem #3:

The High Cost of Data Gathering

Data is a highly sought-after commodity in the financial industry, which means institutions are willing to spend a fortune in order to acquire the most valuable data on the market. However, simply acquiring the data is only half the battle. Optimizing that data and ensuring it drives an impactful alpha strategy is arguably a more important step. If you want to lower operating costs and only spend what you need to for data sets, it's important that you optimize your data vendors, licenses, and subscriptions, and determine what is and isn't providing real value.

How Much Money Is Spent on Optimizing Data?

As much as \$1 billion

A recent study showed that Fortune 500 companies may need to spend as much as \$1 billion reviewing contracts and verifying compliance. This number doesn't even include potential fines, which could end up costing an organization 4% of their global annual turnover⁵. It's not difficult to see how these costs can add up; when you've acquired potentially millions of data licenses from various vendors, efficiently tracking their usage and value can be incredibly difficult.

There is so much complexity, diversity, and uncertainty when it comes to data vendors. By optimizing data vendor spending and accurately assessing what's providing value, companies can significantly lower operating costs.

⁵ [What You Don't Know About Your IT Assets Can Hurt You](#) Flexera, June 2019

Problem #4:

The Importance of Data Accessibility

Driving alpha from data sets means organizing the data and making it easily accessible. Having a single source of truth in place not only avoids multiple disparate data sets producing disparate outcomes, but it also creates a singular data platform that users can access with ease. The true value of big data lies in your ability to compare vastly different types of both financial and non-financial data, and accurately analyze it to drive alpha for investors. This makes facilitating data accessibility for your users an absolute must.

What Are the Consequences of Using Multiple Data Sources?

47% of CFOs are manually aggregating data

Out of 435 CFOs Adaptive Insights surveyed across the globe, 47% are manually aggregating data, and 24% are performing custom integration work within their organization.

Even more alarming, 41% of CFOs say they use 3-5 data sources within their organizations⁶. The trickle-down effect of using multiple disparate data sources can be severely detrimental. Without a single source of truth, information and data is scattered within outdated ERP systems and individual spreadsheets. These varying data sources result in inaccurate and inconsistent findings that lead to decreased ROI for investors.

⁶ ["CFOs need to define a 'single source of truth' for all of their business needs"](#) Business Insider. October 2015

SECTION 02: SOLUTIONS

Minimize Errors and Maximize Efficiency with a Single Source of Truth

Sharing the same data language is imperative when it comes to building your business. Dysfunction is inevitable when disparate data sources are being used to inform investment strategies and internal workflows, as no one knows for sure what information can be trusted.

“ Inconsistent, contradictory data erodes trust in the numbers and impedes the ability of an organization to understand its current performance or forecast into the future with confidence.”

– Brent Dykes | Domo

If your company is unable to keep up with current data trends and insights as a result of multiple disparate data sources, then it becomes even harder to plan for the future. According to the Evolution of Technology & Trends Survey Report published by Prophix⁷, 31% of companies reported that having no single source of data truth is the most challenging issue they face when it comes to planning & analytics.

A single source of truth enables quants, data scientists, executives, and product managers to drive value for the company through a connected, consistent data system. Seeing as 70% of CFOs agree that their teams could more effectively leverage data to extract business insights⁸, it's clear that an optimized, easy-to-access data system that facilitates internal workflows can help you rise above competitors and deliver better results for your clients.

⁷ [“The Evolution of Technology & Trends”](#) Prophix, 2018.

⁸ [“CFOs need to define a ‘single source of truth’ for all of their business needs”](#) Business Insider, October 2015

SECTION 03: THE ELSEN NPLATFORM

Seamlessly Establish a Single Source of Truth with the Elsen nPlatform

The Elsen nPlatform gives financial institutions the ability to stay competitive in an evolving industry landscape. You'll enjoy access to thousands of scrubbed, normalized, and aggregated data sets from high-quality data vendors that you can trust. Any user from any department will have no trouble accessing the right data at the right time, and use it to formulate insights and generate impactful investment strategies.



Be Ready for the Future by Better Managing Your Data

The Elsen nPlatform helps you manage your data with confidence. You'll have full transparency into your data sets and information on how it's being used. Your company will benefit from easy access to normalized and concordant data from licensed vendors, and the ability to integrate alt and custom data will add to your huge competitive edge.



Free Up Your Quants to Actually Drive Alpha

The Elsen nPlatform handles cleansing, normalizing, and mapping data so that it's ready for immediate use. Instead of tediously verifying and validating data, quants will be free to spend their time on work that actually drives alpha. With a robust API and a suite of customizable developer tools, the Elsen nPlatform will increase productivity across all departments.



Save Time and Money by Streamlining Workflows

The Elsen nPlatform saves you time and money by amplifying your processes and optimizing your resources. Achieve a holistic, unified view of all your data that helps you avoid paying for redundant data licenses. By uniting all of your teams, data, and workflows on a single platform, you'll efficiently break down silos and streamline functions.



Stay Organized and Efficient with a Single Source of Truth

The Elsen nPlatform allows you to create a single source of truth that connects your varying teams and streamlines all your workflows onto a singular platform. Don't let team-specific procedures and institutional knowledge keep your company from reaching its ultimate potential. Make big data your biggest advantage by unifying your teams under a singular, lightning-fast platform.

