

Investment managers sometimes think of a Customer Relationship Management (CRM) system as the primary repository for Client/account data. But many firms have separate CRM systems with different data models for different Sales teams, different locations, or different business functions. This situation can make it difficult to have a holistic view of clients across the entire firm. A centralized source, known as a Client/Account Master, can help aggregate data across multiple CRM systems.

Client/account data is often used in systems beyond the CRM, such as accounting systems, to create a new account. Without automation between the CRM system and these other systems, data must be manually entered and maintained in each system. Setup of these systems often occurs at different times, which can lead to data discrepancies and confusion about what data is accurate.

As firms are automating client reporting and communication, they also need to track several factors: how they engage clients, clients' reporting requirements, and clients' communication delivery preferences. Data elements for these tasks can exist in client contracts and can be stored in the CRM or in a client reporting tool. To accurately gauge the service level provided to a client, a common, central place to view the service level is needed.

Client/Account Data Examples

- Client Hierarchy (Parent, Legal Entity, Accounts)
- Account Reference Data
- Contacts Information
- Client Interaction Notes
- Client Reporting Requirements
- Communication Preferences

Product Data

Product data includes all information about the investment products offered by a firm, such as specific investment strategies offered as SMAs, collective funds, and 1940 Act Funds. Product data is used by prospects, clients, auditors, consultants, and others to understand what they have purchased or are considering purchasing. Product data is generally static, but it does change when products change. Automation of communication processes for clients and prospects can be limited when product data is inaccurate, incomplete, or unavailable, which is more likely at firms with no centralized source for storing product information, known as a Product Master.

Product data is used in a variety of communications such as marketing materials, Web sites, pitch books, and presentations. Different teams generate different materials that are reviewed on different timelines by different groups, such as Risk, Compliance, Product Management, and Product Development. Without a Product Master source, data discrepancies can lead to increased client inquiries and ultimately, to decreased trust.

Does your client data help your client facing activities?

How many questions can your firm respond "Yes" to? Can you...

- Update an address change quickly?
- Provide reports to clients within five business days of period end?
- Easily add a data attribute needed to complete a client custom report?
- Answer client inquiries quickly and accurately?
- Gain a holistic view of clients across the firm?
- Share cross-sell opportunities between sales teams?
- Easily capture data for on-boarding and communicate it to those setting up account(s)?
- Have a single global view of clients from an AML/KYC perspective?
- Implement regulatory changes easily?

If your firm answered "No" to more than three questions, you might benefit from efforts to improve client data.

Product Data Examples

- Investment Strategy Name
- Investment Guidelines
- Investment Philosophy & Process
- Standard Fee Schedule
- AUM & Breakdown
- GIPS Composite Data
- Investment Professional Data
- Footnotes & Legal Disclaimers

Operational Data

Operational data is used to describe an account or investment strategy, typically at a specific point in time or as a historical time series view, such as a holdings breakdown. While the data is usually shown at an account level, it may also be shown relative to a benchmark. Aggregating operational data can be a challenge, as many systems are sources of data, including systems for accounting, investment books of record (IBOR), performance measurement, performance attribution, and risk. Some firms use data warehouses to help with data aggregation.

While data accuracy and timeliness are important for all three data domains, it is most critical for operational data. Some data used for front office purposes or produced by the middle office may already be reviewed by a data team or by the team responsible for its generation. While this data may be appropriate for their own purposes, it may not be appropriate for all client-facing uses. Data accuracy and consistency issues tend to increase client inquiries, requests for custom reports, and demands for more face time.

Operational Data Examples

- Market Value
- Security Reference Data
- Pricing Data
- Holdings & Holdings Breakdown
- Transactions
- Performance (Returns)
- Characteristics & Risk
- Contribution/Attribution

Client Data Management – How to Get Started

Define Goals

Before you get started on a client data management project, think strategically about data for client facing purposes. What are you trying to accomplish? Are you trying to improve the overall client experience or improve the efficiency of data for client reporting only? Answers to these types of questions will help determine the likely scale of the project.

Complete a Current State Assessment

Once you establish your goals, it's a good idea to perform a current state assessment of your client data. In your assessment, find out what data is needed, where it is sourced from, who is responsible for data quality, and what data quality issues exist today. At a minimum, the assessment should create an inventory of the data elements and a list of data issues gathered from interviews with representative data users.

Consultants can be valuable here because they can perform a detailed assessment quickly, they know what others firms are doing, and they can serve as an impartial party where there are differences of opinion within.

Implement a Client Data Dictionary

These days, firms need to trace the lineage of key pieces of data, for clients as well as regulators. They want to know where data came from, how it was derived, whether it was changed along the way, and if so, who changed it. A client data dictionary can help track data lineage, and the initial list of data elements often becomes the first version of the dictionary. As new data elements are needed or source systems change, it is imperative to track the changes and keep the information up-to-date.

Establish Client Data Governance

Define the key client data governance roles such as owners, stewards, creators, and consumers. Responsibilities for each role must be clearly defined and understood, especially since some people perform more than one of these roles for different aspects of their job. And the roles and responsibilities may vary by the data domain.

Once early improvements and improved confidence begin to emerge for your client data, expect new business demands to arise. A client data governance committee can help prioritize tactical efforts, such as holding owners responsible for accuracy, adding data for new client lifecycle processes, and adding, modifying, or deleting data elements or sources. As your program matures, major changes to client data may be requested. A client data governance committee can also be responsible for reviewing the request, understanding the business value it creates, and assigning it a priority.

Conclusion

Client data management efforts can help investment managers meet increasing demands from clients and regulators. By managing client data through the client lifecycle, investment managers can enhance their client experience; create scalable, efficient business processes; and improve the employee experience in servicing prospects and clients. In times of limited differentiation, client data management can help you achieve competitive advantage.

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Examples of Client Data Goals

- **Improve Accuracy** – absence of errors, precision of data
- **Enhance Availability** – ease with which required data can be accessed by applications and users
- **Ensure Completeness** – all data that is required for business purposes is available
- **Guarantee Consistency** – adherence to standards, conventions across applications
- **Reduce Redundancy** – absence of duplicate or unnecessary data
- **Improve Timeliness** - data is available as soon as the business requires it

Efforts around data are well worth it. While it takes longer to get everyone to agree on data definitions, owners, sources, and usage, it creates a solid framework for data governance.

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