



A journey, not a destination

In the investment hub model, a dynamic data repository is key

Data warehouses can be seen as cul de sacs for information. What is really needed is a super-dynamic repository of data placed at the heart of investment operations and engineered to support the data flow and information needs of the whole of the investment/investor services value chain.

Such requirements demand that data elements are assembled and aggregated into information that can be pulled and pushed through multiple channels to support the information needs of the entire investment process, with its multiple specialist participants, tools, systems and applications. This is an information centric approach to rationalising infrastructure and gives rise to the concept of the "investment hub". It is the ultimate challenge for data modelling, integration and workflow. For those of you looking for such a product, what you need is a solution that combines a "battle tested" investment database with sophisticated integration technology to form a single information portal for deployment in support of front, middle and back office applications. Such a scalable, high performance data processing solution must be deployable in bite sized chunks delivering value-added flexible reporting.

Though millions of dollars have been invested in replacement strategies, such initiatives have failed to deliver benefits and there is still a huge reliance on legacy processing systems. Now, the strategy is to retain such systems and endeavour to inject into them a new lease of life. This is also true for the vendors of accounting solutions.

Both users and vendors of accounting systems need to improve their ability to process and report the information that is often locked up inside the system. They can achieve this by repositioning their product as an accounting "engine" and placing it at the heart of an investment hub product. The combination of such accounting engines and an investment hub can provide specialist solutions for asset managers, prime brokers, wealth managers, brokers and custodians, where the platform processes orders, trades, positions and accounted positions in real-time while aggregating information to allow flexible reporting, web delivery and the further leveraging of the hub using additional value-added applications such as global performance measurement and attribution, compliance monitoring and risk measurement.

The utopia of an all singing, all dancing solution from a single vendor seeking to deliver excellence in function specific processing as well as satisfying the dynamic reporting and information requirements of the enterprise is a pipe dream. No vendor can provide a solution suitable for all aspects of the business, so best of breed is here to stay.

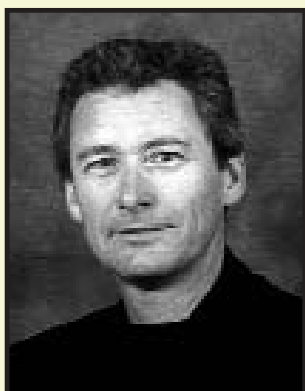
But the best of breed strategy needs glue to hold it together, and data aggregation to fully support the business process. Each vendor within a best of breed strategy will assert that they can enhance their solution to cater for the new, flexible functions required as the business requirements evolve. But their data models are typically designed to be fit for original purpose and cannot be easily enhanced. The new variant quickly becomes the "ugly sister" that cannot perform because it has the wrong data model.

Some cars are good for specific purposes and poor for others: a sports car is great for a car enthusiast but very poor for a farmer in Africa with mud and rocks for roads. In the same way, data models must be fit for purpose. Data modelling requires extensive experience to get it right. Without this experience, which often comes from having to tune, fine-tune and re-tune the model when it is in the battle field of production, huge, costly mistakes will be made.

What is required is a data model that is able to hold practically any order, trade, current real-time positions through to audited positions and market/reference data. The data model is the factor most critical to the success of an investment hub product, because such a solution requires the ability to support the widest profile of transactions and accommodate the crescendo of information that a transaction acquires as it navigates through each part of the investment chain. The hub's function must support the business needs of all the players in the chain. It must support any instrument and investment vehicle, from equities to complex exotics and alternative investments.

The deployment of investment hub solutions is an approach to rationalising infrastructure, delivering STP and enhancing the client experience via value-added information reporting. Such solutions are a pragmatic way in which to patch together the multiplicity of existing tools and specialist applications that underpin best of breed strategies.

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