

# Enterprise Data Management 101

## Why your business should take Enterprise Data seriously

### The Definition of Enterprise Data

What is Enterprise Data? Enterprise Data is data that has a material impact in the operation of an enterprise. Common examples of Enterprise Data for financial firms would be security reference or time series data that you purchase from a vendor or generated internally. “Reference Data” is data that describes the characteristics of business entities or objects that your business will transact with. Financial firms generally retain Reference Data about the securities they trade or track or otherwise process. Reference data is generally expected to change relatively slowly. “Time Series Data” is data that also describes those same securities but in contrast to reference data, time series data is expected to change frequently over time. A Time Series is often used to collect pricing data as that changes much more frequently than reference data. The changes can be as infrequent as once a day or as frequent as moment by moment.

Other than buying vendor data, or generating proprietary data, there exists other types of Enterprise Data. Often a financial firm may be processing information on behalf of a client or customer. Depending on the business relationship, that “custody” data may be retained and managed by the financial firm but actually be owned by the client. An example of this might be client transaction records or client tax records.

What is not Enterprise Data? This is actually a more difficult concept as one enterprise’s critical data can be less significant to another. For example, your personal records would not be considered Enterprise Data, unless of course you were an employee leasing company. (Personal records generally have their own strict rules and requirements.) It is reasonable to consider Enterprise Data as data that is critical to the life cycle of your regular businesses transactions and thus other data, such as personnel records or seating charts or equipment rosters are not. Of course if you were an employee leasing company, or a presentation logistics company, or an IT equipment leasing company, it very well may be.

### What is Data Management?

Enterprise Data is Intellectual Property that is usually owned by the business unit or some related unit that primarily is the user, generator or steward of the data. Ownership confers significant responsibility. Things such as the quality of the data, its timeliness, its relevance and so forth ultimately are the responsibility of the owning business unit. Sometimes different parts of the data can be owned by different business units, while in larger enterprises often there is a group that is specifically charged with owning the Enterprise Data.

### Financial Enterprise Data terminology

Financial enterprises that participate in securities transactions often buy a data license from vendors. This licensed data is generally organized around the concept of “asset class.” For example “equity” instrument data is segregated from “fixed income” instrument data. This distinction is applied to both reference and pricing data. Of course the vendor’s assignment of asset class may not reflect your business’s definition of asset class.

A more refined way to look at reference and time series data is to consider the “entities” that are involved. Entities generally refer to one of the ways that your business can organize your Enterprise Data. A common form is to view data as entity relationships. At the top level you may have “Business” (sometimes known as “Issuer”) entity. Each business entity may also have various securities (or “Issues”,) such as equities and/or fixed income instruments. Some Issues may then have various trading

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classes, such as “Listing” based information or other synthetic entities. Furthermore, derivatives can exist as other entities. Each enterprise should be free to arrange its data as it sees fit.

Every Enterprise Data repository must also define a set of rules. Along with the operational procedures, the business data rules form the concept of “Data Governance.” A well-crafted, compliant and rigorous set of rules and procedure are the basis for quality Data Governance.

As vendor data flows through a system, it is transformed. When data is input from a vendor source, it is considered “Raw Data.” The concept of raw is that this data has not yet been “cleansed” by application of the enterprise’s specific rules and procedures. After the machination of the data rules, we arrive at the “Prime Copy” (aka “Golden Copy”). The salient point about the prime copy is that it represents the enterprise’s definition about a particular object.

## The meaning of Ownership

Broadly speaking, “owning” the data carries with it some responsibilities and limitations. For example, by using the reference or time series data for the execution or processing of a trade, or for setting business goals, the data owner is then somewhat responsible for the quality of that trade or goal. Other responsibilities are more concrete. Often Enterprise Data is derived from licensed vendor data. Usually the licensed data or its derivatives can be used by the Enterprise but nobody else. Thus, if vendor data is used in a way that violates the license, such as improper distribution, the whole firm is exposed to the liability.

A business that has data that is integral to its function has an Enterprise Data repository already. The only question being is it a quality Enterprise Data repository. Other critical concepts such as Data Vendor applicability, Single vs Multi Sourced vendors, and the actual formation of rules are many of the other critical concepts needing deep consideration along the road to quality.

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This article is the first in a series of articles about Enterprise Data Management.

It was produced by the Broadridge EDM Consulting and Advisory group, a group dedicated to your success in the Enterprise Data space.

Watch this venue for further articles about Enterprise Data Management.

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