



Northern Trust Adopts Hybrid Data Governance Model

Best cultural and technical fit for veteran financial services provider

“ A hybrid data governance model uniquely accommodates Northern Trust’s business model – with distinct lines of business having their own business-driven client data needs – and supports collaboration across the enterprise.”

David Bailey, Director of Product Management

Northern Trust was founded in 1889, and has over \$558 billion in assets under management across their investment management, asset and fund administration, fiduciary and banking solutions for corporations and individuals worldwide. The company was committed to advancing their data management strategy in order to optimize client and account data management. Despite having made significant progress in data quality, Northern Trust looked to a partner to help detail an enterprise data governance model – one that was tailored to their business and could leverage industry best practices.

First San Francisco Partners (FSFP) worked with Northern Trust to formulate a data governance strategy and roadmap best suited to the company’s business across its personal and corporate lines of business. Within a short eleven (11) week time period FSFP conducted data quality, architecture and data governance assessments in order to develop an effective data governance strategy.

In support of this strategy, a tailored data governance roadmap was created for Northern Trust with a detailed plan of how to implement data governance within their complex data environment. Now, Northern Trust has accelerated the momentum and confidence required to implement its data management initiatives – having secured critical buy-in among business owners and defined a hybrid data governance model to address their enterprise data management requirements and deliver measurable business value.

Client Data Management Opportunities

The company was well aware how poor client and account data management processes, combined with a lack of data governance policies and procedures, could impact the business. Data cleansing and remediation processes were in place but often consuming and costly. Client data definitions differed across lines of business. Client and account data were so voluminous, dispersed and constantly changing it created a challenge for IT to implement uniform standards.

Northern Trust spearheaded the Client and Account Data Strategy (CADS) Program to further a culture where data is recognized as a corporate asset essential to effectively manage customer relationships, manage risk, increase efficiency and contribute to the company’s strategic objectives. One of the fundamental program objectives was to better involve business stakeholders to help maintain data quality by having them take ownership and accountability for data as a corporate asset.



Specifically, the program had the mandate to:

- Improve data quality across the enterprise
- Accelerate speed of delivery for client interactions
- Streamline data management processes

However, it was not evident where to start or how best to approach these objectives given the complex technical and organizational issues that had to be accommodated. Northern Trust turned to the data governance experts at FSFP to help.

Data and Architecture Assessments

Northern Trust's data management environment is typical of other complex, diversified corporations with a long history of customer service. The company's more than twenty (20) primary client data sources – from application systems and data warehouses across diversified lines of business – created several data management challenges.

Data cleansing took place at multiple sources making it difficult and costly to aggregate client data and supply reliable, clean data to downstream systems. Manual data duplication and cleansing efforts were redundant and taxing on resources – as much as 60% of the cost and effort to deploy new applications was spent on data-related work.

Point to point data integration was partially in place, having been developed on an as needed basis. Moreover, the distributed nature of client data often resulted in one-off reporting and consolidation processes to be developed within each business unit.

Some data governance policies and procedures were in place; however, each line of business had their own client and account data definitions along with different use cases – each with their own view of the customer suited to their business requirements. Each business owner thought about client data from their usage and applications viewpoint, and each application team presumed ownership and responsibility for client data.

These typical legacy data management challenges meant that it was difficult and costly to supply reliable, accurate client data in a manner that would satisfy business requirements across the enterprise.

Best Fit: Hybrid Data Governance Model

One of the biggest challenges concerning data governance is making it work in large, complex organizations with distinct lines of business each with their own business-driven client data needs. Governance by its very nature emphasizes a centralization of policies, processes and people.

As a result, many companies end up managing data in a largely decentralized fashion, which means they cannot reap the full benefits of an enterprise approach. A secondary, but not less important, data governance challenge is fitting within the corporate culture.

FSFP embarked upon a comprehensive engagement with Northern Trust that included conducting data quality, architecture and data governance assessments. In addition to a technical and architectural roadmap to improve data quality, the outcome of these efforts was a proposed data governance model that is neither purely centralized nor decentralized - a hybrid data governance model.

The **centralized component** is a single client and account data governance council and a single "Office of Data Governance" to manage all client data. The council is cross-functional and comprised of representatives from across the organization. The "Office of Data Governance" is made up of the data governance business lead, technology lead and a project manager. This group has primary responsibility for recommending and gaining approvals for policies and processes, and rolling them out across the organization. They also manage communications, training and reporting, getting approval for and allocating funding and escalating issues as necessary to ensure data is managed consistently across the enterprise.

The **decentralized aspect** of the model is that all data management activities remain in the individual lines of business. The data stewards and members of the working committee, those tasked with managing the data, remain in their respective business units, while executing based on the policies and processes approved by the centralized data governance council.

In addition, a **communication framework** and plan was adopted in order to ensure the hybrid model's success and that program momentum is sustained. The communication framework was intentionally made to be bi-directional, frequent and appropriate to the recipients. Communicating the importance of data governance across lines of business and instituting the communications framework secured buy-in among business units.

Communication and Confidence Fuels Momentum

The scope of effort required to gain corporate alignment with deploying data governance is significant, and FSFP 's methodology was able to clearly identify, flag and mediate the critical technical and organizational issues. The hybrid data governance model, in particular, uniquely recognizes and accommodates the diversified lines of business and their varied business processes and client data requirements – while allowing for a collaborative process – and that is exactly what Northern Trust's culture is about!

Northern Trust is better equipped to progress its data management initiatives with confidence having already formed the lead technical and business teams and data governance steering and working committees. Now, the company has accelerated momentum to aggressively pursue its data management mandate with its business stakeholders fully committed to data quality.

*For more information please visit
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