EDM Council Completes Data Quality Metrics Pilot – Variance in Data Attributes Supports the Business Case for EDM

*Enterprise Data Management Council Tackles the Elusive Challenge of Generating Verifiable Business Metrics*

NEW YORK, May 2, 2007 – The EDM Council has successfully completed its first data quality metrics pilot designed to help financial institutions create a fact-based data quality baseline in support of the business case for implementing Enterprise Data Management (EDM) strategies and solutions. The Council presented the results of its metrics research at its London General Meeting earlier this month which confirmed significant variance in the consistency of data from systems that were used for fixed income trade confirmation.

“Measurable business metrics are crucial if financial institutions are going to successfully manage EDM as a c-suite priority,” said Michael Atkin, Managing Director of the EDM Council. “The old adage ‘if you can’t measure it, you can’t manage it’ is certainly true as it relates to EDM. We are finding that anecdotes and logic will only take you so far and are not necessarily sufficient to elevate EDM as a priority. In order to take activities to the next stage we need quantifiable metrics with a valid measurement process that can be replicated. This is a big first step along the pathway for the industry – but it’s the start of the journey; not the end.”

Speaking to more than 20 financial institutions at Citigroup in London, the Council presented its metrics results as part of a brief on its key working group activities. In addition to business metrics, the Council also focuses on implementation best practices, supply chain management and the role of EDM in risk and compliance.

The metrics research, facilitated by Council sponsor IBM Global Business Services, focused on 42 core security description and derived data elements required for trade matching and confirmations from 13 firms. Data discrepancies ranged between four and 30 percent and included missing issues, missing data elements, inconsistent coding and mismatching data values.

Commenting on the results, Atkin said: “We were surprised to find the level of data variance so high between the participating firms, especially as the data we analyzed was so fundamental to operations and pulled from databases that should have been among the cleanest. What this process now allows our members to do is measure the extent of the data quality challenge to reinforce the case for EDM as a business priority.”
The Council claims the new metrics methodology will continue to improve with the increase in participants and scope of data attributes analyzed. With the pilot now complete, additional Council members are looking to participate in the program.

Atkin continues: “We have a number of options on where the members take this research next including expansion of the number of instruments, extension to other security types and the addition of more data attributes. We are also talking about root cause analysis and translating the findings into their performance implications to determine exactly how bad data affects downstream data processes.”

In addition to the metrics activity, the Council managed an interactive roundtable among senior executives using its new EDM scorecard as a mechanism to reach consensus on how to best address the core challenges facing financial institutions. The scorecard measures progress on the primary internal and external components of EDM including the current business drivers, staff capabilities, organizational alignment and governance, business ROI, funding models, requirements capture, metadata management, policies and procedures, downstream IT integration, implementation of core identification standards and supply chain management issues.

The EDM Council has also expanded the focus of its Regulatory Tracking Working Group to become the Risk and Compliance Working Group. According to Atkin, “Compliance and risk management are the current drivers of the EDM train so it is logical that the Council would make this connection. The expanded focus allows us to better track the implications of data management on customer-related compliance associated with meeting investment agreements, measuring performance against benchmarks and running models as well as on reporting-related compliance associated with meeting regulatory obligations.”

Atkin further notes: “We are fortunate that the facilitator of this work stream, Bill Nosal, managing director of compliance products for Council sponsor SunGard is devoting energy to this activity. Bill is an ex-compliance manager and we’re all in agreement that risk and compliance are the current ‘killer apps’ for EDM.”

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About the EDM Council
The EDM Council is a business forum for financial institutions. It has been designed to enable senior officers responsible for content management to share information on the business strategies and practical implementation realities associated with achieving enterprise-wide control over data content.
For more information on the EDM Council please visit www.edmcouncil.org

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