

## EDM Webinar

### Chief Data Executive Panel – A Look Back at a Decade of Data Governance in Financial Services

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**Moderator:**

Peter Ku, VP & Chief Strategist, Informatica, LLC.

**Panelists:**

**John Bottega**, President, EDM Council, Former CDO of BoA, NY Federal Reserve Bank, Citigroup

**Cara Dailey**, CDO, Silicon Valley Bank

**Srinivasan Sankar**, CDAO, Hanover Insurance Group

**Peter Serenita**, Global CDO, Scotia Bank

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## WEBINAR Q&A:

### How do you measure the success of a data management program?

**Cara Dailey** – It's important that you define a set of key KPI's and publish them on an ongoing basis to your stakeholders across the organization. These KPIs can be Enterprise and/or Business Unit level. This scorecard should also be used as a tool to engage with your business stakeholders in a dialogue on the health and wellness of their data. The commentary you provide about what the world looks like as they improve their KPIs, the business value, the reduced risk will be a strategic conversation backed by tangible facts and overall showcase the progress the data management program is making.

Example KPIs: Data Quality Index, # data owners of domains/KDEs, # Issues Remediated, % reduction in data duplication (data marts), # data key controls.

### What role do you see a DGO playing in the org and how that would differ from CDO?

**Cara Dailey** – I have always seen DGO as a subset of the CDO. Many organizations are still in the "build" phase of data governance and having a tight linkage between Governance and business enablement is key. Eventually I do believe there will need to be a separation especially when you think

about first and second lines of defense...but until then having DGO as an extension of CDO seems to be more common.

**Any suggestion on balancing agility and regulatory commitments?**

**John Bottega** – Keep in mind what the regulatory goal is - to see that financial firms fully understand and manage their risk. Therefore, when addressing regulatory commitments, it's ok if you present an 'agile' solution to address a regulatory requirement. Just make sure it is well documented and supported - AND - you have a plan to implement the longer-term fix.

**Are EDMC principles taught at Harvard Business School (or Stanford, Chicago etc.) yet?**

**Srinivasan Sankar** – Not sure of specific EDMC principles. But there are courses available for CDOs as part of MITCDOIQ, UChicago (Coursera, Infonomics by Doug Laney).

**As data tools continue to improve and focus changes, how does the CDO organization evolve to innovate?**

**Srinivasan Sankar** – Innovation must be in the DNA of not just the CDO but also in the organization itself. So many open source technologies and open data available, without innovation organization will not be able to grow.

**Cara Dailey** – Innovation can be a spectrum...a CDO needs to be open to new technology and capabilities that will advance the program to have consistent, trusted, available data across an enterprise. That might mean being the first adopter of cloud-based tools. Set aside part of your budgets for experimental work but don't lose sight of your goals. There is no silver bullet to solve all your data problems.

**As the role of the CDO continues to evolve, how does the CIO/CDO relationship evolve?**

**Srinivasan Sankar** – CIO need CDOs more than ever. Though their title has "Information" in it, it's the CDOs driving information.

**Cara Dailey** – CDOs role is enabling business value through architecture and technology which has typically been the CIOs charter. I think there is a great partnership in both roles but it's important to set clear expectations for the teams. A model that I have seen work is the CDO can be considered a "product" team where CIO is more engineering.

**Is the CDO taking over accountabilities that have historically been the purview of the CIO and, perhaps, even becoming a more "important" role than CIO?**

**Srinivasan Sankar** – Per my answer above yes CDOs are taking responsibilities of the CIO. But I haven't seen CDOs take the front seat than CIOs. May be on some occasions that require CDOs to weigh in than CIOs.

**CDOs in large UK banks still seem to be largely on the defensive. BCBS239 really made the CDOs try to boil the ocean and have control over "the majority of data in the organisation". How should the next wave of CDOs go about unpicking some of this and making sure that the CDO work only delivers value to the business and not just governance of ALL data?**

**Srinivasan Sankar** – That's the "offense" vs "defense" as discussed. The evolution of CDO 4.0 CDOs are taking more growth drivers rather than just governance and DM.

**CDOs tend to either be more technical in focus, while others are more governance. Do you see the role evolving more toward technical or governance and oversight?**

**Srinivasan Sankar** – I would say its equal balances of business acumen, governance and technology. I've seen many CDOs fail in the past who have come from PMO, Governance background only but not have technology skills.

**Could you share examples of the first few deliverables a new CDO ought to give to the business?**

**Srinivasan Sankar** – The CDO checklists, 90-day plan, The Data Strategy plan. Start with understanding the business strategy. Then, create a data strategy that aligns analytics and data resources accordingly.

**Do you see Data Management and Data Analytics as a single function or separate functions within an Organisation? What are pros or cons of the two operating models?**

**John Bottega** – In our recent EDMC Data Management Benchmark Survey, we saw that over 50% of the respondents said Data Analytics is now a part of the CDO's responsibilities. What exactly that entails will vary from firm to firm. We are seeing cases where the CDO has the analytics function reporting to them. In other cases, the data team is working collaboratively with multiple analytics teams that report into the lines of business. The pros and cons will depend on how the organization operates. Smaller firms may find 'direct reporting' into the CDO to be better directed and managed. Larger firms may feel a federated analytic approach is more productive. Either way, the CDO role is assuming more and more responsibility in defining the vision and execution of analytics.

**Are Data Governance teams like Audit teams or are they different?**

**Srinivasan Sankar** – They are definitely different. The Data Governance team should be there to deliver quality data to the businesses and the corporate functions (Finance, Risk, etc.). They implement governance processes to proactively identify any data quality issues and remediate them while the Audit teams will examine the data processes and controls that have been put in place and determine if they are sufficient to meet the business data objectives.

**Does the CDO role in investment banks take responsibility for external data publishing out to the market? If not, who within these organisations, is responsible for the quality of the data and where does this end up? For example, who manages the overall relationship with Bloomberg or Refinitiv?**

**Peter Serenita** – For the longest time, "Market Data" was managed separately from "Reference Data". Two different groups. At the time, the reason for the separation usually resided around the fact that Market Data was considered 'real time' (delivered across a technical infrastructure into platforms like Bloomberg and Thomas/Reuters terminals) while Reference data was considered 'non-real time' (bulk feed, processed overnight, and loaded into on-prem databases for operational support). Although this distinction has faded, most firms still have legacy internal organizations, operating separately. In my opinion, data is data, and ALL data should fall under the CDO, who is ultimately the executive responsible for defining the firm's data strategy in order to look at data in a holistic manner for the organization.

**Given business model changes rapidly i.e. "Time to Market", one of the aspects which business would expect is "how will Data Management/Data Governance Organization" evolve quickly enough to meet near term business goals while continuing their journey in long term strategic goals. What is the view of the panelists to support business growth?**

**Srinivasan Sankar** – That's the CDO 4.0 Envisions a future where data is now understood to be a business enabler and a revenue generator, and where the CDO reports to the head of business strategy. This fourth version of the CDO is focused on products, and on managing profit and loss instead of just being responsible for driving D&A projects and programs.

**What are you seeing across the industry regarding the CDOs role in Data Science?**

**Srinivasan Sankar** – That's the CDO 4.0 now focused directly on business bottom-line, revenue growth possible only with AI, ML, Data Science and Analytics.

**How do you connect corp governance with data governance? Any attempt tried before?**

**Peter Serenita** – Data Governance should support Corporate Governance. The results of the data program should be fed into the Corporate agenda. The level of information provided will depend on the maturity of the data effort in an organization. For example, for an organization early in its data journey, the data governance would report the state of the efforts and the current view of data quality in key business processes along with metrics for data issue and their remediation. In a more mature data program, the data would be supporting business objectives (e.g. customer acquisition) and should be reporting on the success of campaigns or other data supported business objectives.

**How do you foresee the journey to dynamic Data Governance in the next decade with disrupting technologies driving it from regulations driven Static Data Governance in the last decade? Would it pose challenges to the Data Management and Technologies driving it?**

**John Bottega** – Already, data governance has seen technology tools improve (from managing policies in WORD and metadata in EXCEL, to managing the data assets in robust technical platforms). During that journey, data governance has changed, but for the better. Disruptive technologies in the data management space will only strengthen the role of the CDO and Head of Data Governance.

**How do you see the CDO role evolving from control and governance aspects of business to more of growth / monetisation aspects of business?**

**John Bottega** – It's happening already. Evidence, the growth in analytics, moving data governance into an offensive posture, vs. the defensive posture we were all in following the financial crisis. CDOs are being recognized as senior executives responsible for laying out the vision for data, which includes BOTH - ensuring the organization has a firm handle on risk, compliance and regulatory reporting AND, leading the charge to utilize data to gain insights into customer behaviors and market conditions, and drive data to create more innovative products and services.

**How much of your CDO job is related to Data Risk Management and how has Data Risk Management changed with the changing data capabilities?**

**Peter Serenita** – The answer depends on how you define Data Risk Management. I define it as the risk of having poor data for decision making and critical business functions. I do not limit it to the Risk domains (like Credit Risk, etc.). In that context almost all we do is to improve data quality and accessibility and hence reduce Data Risk. Currently we are spending a lot of time providing quality data to processes that improve customer experience and business outcomes but that is still reducing Data Risk in these areas. The changing data capabilities have definitely improved our ability to reduce Data Risk and improve data quality. They have also improved our time-to-market and agility which are key for data professionals to keep up with the demands and pace with the agility of our analytic teams.

**How to justify budget and money for a data Project? Which team owns the data domain? Is it an application development team or Business Team or Infrastructure?**

**Srinivasan Sankar** – Data projects should have direct business value and funded by business. Growth drivers, efficiency drivers, etc. Data domain should be owned by Data office and can report up to business leaders / stakeholders (CMO, COO, etc.).

**I'm finding increasingly blurred lines of data governance and data privacy operational responsibilities. Has the panel experienced this? How do we solve this as a data community?**

**John Bottega** – At the onset of GDPR, the EDM Council sponsored a working group to explore the alignment of the GDPR with data management best practices (utilizing the DCAM data management model). What this represented was the 'collaboration' of data, data governance and data privacy. Data governance does not infringe on data privacy, it supports it! Thinking of it another way, data privacy establishes the guidelines for the handling of PII data, data governance helps ensure compliance.

**In today's new world with economic uncertainty and extraordinary loss of jobs etc., companies are looking for ways to remove / reduce costs. Can you talk about the opportunity to find savings if we started to focus (not solely of course) on turning off legacy systems and enforcing data destruction to reduce costs, mitigate risks and manage privacy concerns? And how can you do this in small chunks to show value quickly? Some examples would be helpful.**

**Srinivasan Sankar** – There are many opportunities to eliminate "tech debt". Look for those archaic / legacy tools that's embedded in business processes can easily be replaced by open source of other tools that exist in the org. Say for e.g. SAS can be replaced with open source R, Python, Spark, etc.

**How essential is the role of CDO in a regulator like the Central bank?**

**John Bottega** – I had the honor to hold the role of CDO for the Federal Reserve Bank of New York and held the role of Head of Data for the US Treasury Office of Financial Research. The role of the CDO in government is essential! In fact, it is now required by law. In January 2019, President Trump signed into law the "Foundations for Evidence-Based Policymaking Act, which included the OPEN Government Data Act requiring the appointment of a nonpolitical Chief Data Officer for all CFO Act agencies. We are also seeing CDO appointments at the State and local levels as well.

**Should the CDO also be the Chief Analytics Officer? Or do you see those as two distinct roles?**

**Peter Serenita** – There are many organizations that have combined the roles into a Chief Data and Analytics role. For companies that are starting out on their data journey, I think they should be kept separate to ensure that robust data practices are implemented, not just for analytics purposes but for operational purposes as well. There is a clear relationship between data and analytics and as firms mature, then combining them is a way to ensure alignment of the roles and the objectives.

**Are Data Reports part of Records or are Records a part of Data?**

**John Bottega** – Records management, retention and defensible destruction has long been the responsibility of compliance. As all data is falling to the purview of the CDO, it would seem logical that records should be included. This is happening in some firms. More importantly though, the goal should be that the CDO is involved in setting and enforcing policies and procedures for this and all data assets in a firm.

**Do we need to have ethical data at all levels of data assets for data governance or just to adhere to those which have direct linkages to policies of regulatory?**

**Srinivasan Sankar** – At all levels. Everyone should be responsible for ethics & integrity and that includes when dealing with Data as well. Imagine if the data scientists at Facebook raised this back in 2016, the Cambridge Analytica scandal would not have occurred.

**What will be next after AI, ML has matured in data management?**

**Peter Serenita** – Good question. I don't think we have seen the peak of the AI/ML capabilities so I think we will continue to see innovation in this space with more sophisticated and self-learning models.

**With the ever-increasing importance of data management, how is the office of the CDO working across the organization to build broader data management skills in the workforce?**

**Peter Serenita** – The CDO team needs to be a very tight partner with the business functions. Engaging at a use case level and helping solve real-world problems. Having a good framework to prioritize the needs and build out a roadmap that leads to execution will be critical.

**Do you see CDOs starting to lead the Market Data management area or do you see that still a challenge with the business?**

**Peter Serenita** – If we are talking about the real-time market data on the trading floor, I believe that is a special case where the trading groups need to see the data immediately and, in fact, will want to see the raw data, errors and all. However, market data will also make its way into analytical models and other uses and here the CDO must be engaged to ensure the integrity and quality of the data.

**Could share your view on where the balance is between a CDO driving data management excellence and a CDO driving commercial benefits from the data assets available?**

**Peter Serenita** – These are very related. In order to drive commercial benefits, you need to implement data management capabilities. A CDO should focus on implementing practical data management and not necessarily data management excellence.

**How is Data Science talent organized in your company? Is it a centralized entity, decentralized or something else? How do you govern the usage data science vs data analytics?**

**Peter Serenita** – The Data Science teams are federated and aligned to the businesses that they support. However, they also have a line into the Head of Analytics to implement standard practices and share analytics across businesses.

**In my opinion, CDO needs to cover the Analytics roles to balance out between a team spending so much time on Data Governance yet no impact to business, hence, Analytics will help to take off some burdens off the CDO. How do the panelists see this?**

**Srinivasan Sankar** – Absolutely. It's the shift and more focus on "Offensive". AI will be the key to unlock the next layer of value. Say for e.g. in Data Quality - Traditional DQ approaches have long lead times for data discovery and analysis due to labor intensity for profiling, rule identification. AI/ML can offer a more effective scalable DQ solution. Use Algorithms (Advanced Statistics and Deep Learning) to learn from the large-scale data.

**What role do you think EDM Council will play in creating data governance industry standards to support information exchange between members of the financial industry to prevent fraud?**

**John Bottega** – The Council's charter and mandate includes the opportunity to collaborate with industry to advance best practices for all data management capabilities. Regarding setting standards for data exchange and fraud, there are several conversations taking place right now on these topics. Nothing formal yet, but we are always ready to work with our membership and with the industry to build these types of collaborative standards.