



# Platform migration

**Don't forget the data**

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## Don't forget the data

Savers and investors love simple investment platforms. The benefits to financial firms are also impressive. But don't rush into migration from old, fragmented systems. It pays to give your data a good scrubbing before you enter this brave new world.

The financial services industry is going through its latest round of consolidations and regulatory change. Firms are changing, too, in the way they organise, package and present themselves – and “the platform” is now their defining characteristic.

But it's important that we start the platform consolidation by learning from past mistakes. At stake are customer experience, agility and operating costs – three of many huge benefits that the right platform strategy can deliver.

In particular, organisations need to spend time and resources focusing on how best to move over historic data and associated business processes. It's essential that part of that process is ensuring their data is of the highest possible quality.

### Think “data” from the start

Organisations need to be clear from the outset about what they want to achieve from their migration and set milestone targets to measure progress. The most important element is clear ownership of the processes involved.

The technological aspects of the migration can be a little overwhelming – and organisations often spend a lot of time thinking about how the new platform can revolutionise their customer experience, operations and marketing. But it's just one of the three key strands in the process. It's equally important to consider the transfer of data; and the business processes associated with that data.

It's also vital that the risk and compliance division is fully engaged in the migration process from the outset. They need to be comfortable at every stage with the way data is being handled.

### Fixing the “technical debt”

One of the historic problems that a unified platform approach can fix is “technical debt”. This builds up when organisations try to service new products on old technology and shoehorn processes and data into existing systems using shortcuts. Over time, the resources needed to keep these “quick and dirty” solutions in line grows as more exceptions creep into the overall package.

Sometimes these so-called kludges mean managing data in spreadsheets without fully accounting for it in the core books of record. As this process is repeated, much of the context of the underlying data is lost and organisations effectively reach a point where the knowledge of the original transactions has been lost.

For example, we worked with one bank that was operating multiple books of record systems. These were holding products for clients in several different types of account. All the clients wanted to know was the value of their holding in a specific stock – but with these disparate systems, they had to undertake time-consuming data analysis to determine their true holding.

This prompted the bank to tidy up its back office systems. They realised that real time data needs to be accurate and presentable – an impossible combination when data is poorly managed.

If organisations don't know what their starting point is, the migration process becomes much more challenging. This is especially acute in wealth management where there has been a high level of stockbroker consolidation.



### Get the data migration right first

A new platform – designed specifically to manage the processes and data in a “native” form and not drawn from patched-up databases and spreadsheets – can help. But in those cases, it’s vital to prepare the data ahead of migration. It’s also an opportunity to tidy-up historic data and put appropriate archiving in place.

For some of the more complex products offered by wealth managers – particularly for high net worth clients – valuations might be delivered on a monthly or even quarterly basis. This creates issues for some of the systems provided by third party suppliers.

It doesn’t help if data is simply dumped into a provider’s system. We saw this with one wealth management firm. Firstly, the provider was taking over data it didn’t need. Secondly, the project was not fully costed because the data tidy-up was being undertaken under a business-as-usual (BAU) budget. Finally, the full benefits of the migration were not being derived. The systems looked good – but the underlying data crippled their proper functioning.

### A better approach

Now, instead of cleaning up the data post-migration, we prefer to clean it in situ before we move it over. This means we can address any regulatory issues that should have been tackled under previous projects; BAU activity becomes part of the migration project.

We recommend that firms identify the migration as a critical path activity. Everyone with responsibility for the data must be brought on board from day one.

We also recommend creating a data cleansing team (augmented with third party resources) that will stay in place through the duration of the project and for a period after handover to deal with any issues that arise.

Third party tools can be useful. But the user must retain ownership of the tool and all templates that are developed for the migration.

A phased approach to migration removes some of the risk associated with the “big bang” approach. But in these cases, cleaning up data before migration begins is even more important. Why? Because it means that multiple systems will be operational at the same time and this may require new reconciliation processes.

And it’s not just data. Business and operational issues such as company structures should also be addressed at the outset. If an organisation has assets that are potentially in a sanctioned country, for example, the process it needs to go through to allow it to migrate those assets onto a new platform can be lengthy, complex and costly.

### Clean data, clean systems, clear benefits

For organisations that get it right, the benefits are considerable. By consolidating from multiple platforms onto a single platform, regulatory reports are easier to produce. There are increased opportunities for cross-selling, as long as the client has given permission for their data to be shared.

The level of straight-through processing these organisations can achieve is much higher. And they will have data feeds coming in from multiple providers to a single location, which eliminates the requirement for data scrubbing. In short, less rework for faster provision of more accurate information.

It also becomes easier to push data out to clients who increasingly want the ability to check their portfolios in real time via digital channels. Firms on a single, flexible platform will also be able to introduce new products more quickly – a win-win for all parties.

Getting the right migration plan in place from the outset is central to the success of any platform consolidation or acquisition activity. Regulatory changes and further industry consolidation over the coming years provide a good opportunity to tidy up data in future migrations and ensure that your platform is able to respond quickly to the digital economy, where customer experience is central to success.

If you'd like to discuss further, please get in touch.



**Andy Masters**  
**Partner, Savings and Wealth**

**T:** +44 (0)131 5276749

**E:** andy.masters@kpmg.co.uk



**Andrew Jarvis**  
**Principal Advisor, Insurance and  
Investment Management**

**T:** +44 (0)20 7694 4244

**E:** andrew.jarvis@kpmg.co.uk

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