

# Reference Data Review

T H E A U T H O R I T Y O N R E F E R E N C E D A T A

## Netik InterView Central to SOA At Daiwa Securities GAS

Dublin based hedge fund administrator Daiwa Securities Global Asset Services (GAS) has rolled out the Netik InterView data warehouse platform for data management and reporting. The Netik solution is central to the administrator's services oriented architecture (SOA) strategy, based around Microsoft .NET technologies, and going forward will be used to synchronise all data between its systems.

This will enable Daiwa Securities GAS to solve "the reference data problem that every firm struggles with", according to its chief technology officer Kevin Magee. "All our core operating systems were all sources for information, and there can be duplication at times," he says. "Our goal is to turn this around and have the data warehouse as our primary information source." The result will be significant operational cost savings and the ability to provide more powerful reporting, Magee adds.

Daiwa Securities GAS has taken adapters from Netik for interfaces to prime brokers and Swift, as well as its enterprise reporting product, and also plans to look at some of

Netik's other offerings going forward, Magee says. "We do plan to bring all our reference data into the data warehouse, although we are concentrating on reporting at the moment."

Netik InterView replaces an internally developed data warehouse and reporting solution at Daiwa Securities GAS, and has been implemented as part of the firm's D2 strategy – an IT plan conceived in early 2005, following a restructuring at the Daiwa division to refocus its business on the alternative investment industry.

In light of the decision to focus on hedge funds, it was clear that some of the technology that had supported the administrator up to that point would not be able to support it in the future, based on its "aggressive business projections", according to Magee. "We did a full SWOT analysis of our business, looking at where we were then and where we wanted to be in the future," he says. "We then analysed the technology we had underpinning our business to decide what to keep and what to throw away. We were maintaining and developing a custom built data warehouse system which in my view

was a waste of valuable resources. Other software companies were building data warehouses much better than we could ever build on our own. I wanted to have our IT staff working on projects which add strategic value."

Daiwa Securities GAS selected Netik InterView following an "extensive sourcing process", says Magee. "In our D2 architecture we need to take care of a lot of basic 'plumbing', ie connecting multiple production systems and external data sources. We also needed a strong data model which would represent the complex data requirements of our industry. The Netik InterView platform gave us this strong architectural foundation."

On one level the firm was swapping like for like – directly replacing its own bespoke data warehouse with the Netik data warehouse – he says, but he adds: "The similarity started



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and finished with the fact that our internally built system and the Netik system are both data warehouse and reporting systems. Ours was built using older technology and had only been developed for us (a market of one), whereas the Netik system had been developed for a global market.”

The fact that Daiwa Securities GAS was “used to the idea of a data warehouse and where it fits into our overall technology ecosystem” was an advantage during the implementation of Netik InterView, Magee says: “Not all our peers are in that position.” That said, there were some “fundamental differences” between the firm’s legacy data warehouse approach and the Netik approach. “We had to get our heads around different thought processes. Historically we did the processing of data on the way out of the data warehouse. Netik does a lot of processing on the way in. This was a big change for us conceptually, but it gives us power and performance gains on the other side.”

Colin Close, chief information officer at Netik, says its approach of performing QA activities – validation against business rules, transformation, enrichment and reconciliation – on data from back end processing systems before it is placed into the warehouse ensures rapid response

times at enquiry/reporting time. Prior to its implementation of Netik InterView, Daiwa chose to load “raw” data into its data mart without performing data management activities, preferring to carry out data validation and enrichment as part of the report generation process and on a report by report basis.

“Such an approach is error prone because you are attempting to validate data at a point in time well after the event,” Close says. “Netik’s approach to data management is very structured. It utilizes the Netik Data Portal that has been specifically engineered for highly efficient data management processes performed on data prior to its loading into the data warehouse. This requires discipline and structure in that the validation, transformation and enrichment rules must be agreed with the client up front. However, the benefit is derived from the assurance that all the data in the warehouse is of highest quality and readily available for both *ad hoc* enquiry and more formal document reporting.”

Daiwa Securities GAS has exploited Netik’s professional services function to help it get to “self-sufficiency” on the data warehouse solution, Magee says. “When we made the decision to go with Netik, we brought in some

professional services people from Netik to work with our people on architecting the strategy and the delivery plan, to ensure we could make some quick releases and get some functionality into the business. The Netik professional services team has helped us significantly during the project and we periodically draw on them as we build new capabilities. They are highly skilled people, who are very knowledgeable about the industry.”

Being able to leverage the Netik system going forward is “very critical” for Daiwa Securities GAS, Magee continues. “As an example, Swift implements changes to its messages most years, and we are constantly spending time on that to keep up to date. Now all of this heavy lifting will be done by the vendor on our behalf through the use of strategic adapters.” Growth in the fund administration business is rendering it very difficult for all participants to hire enough staff, he says, “so we have got to automate as much as possible, in order to keep on track with growth and regulatory demands, and to be able to concentrate on where we can add value to clients”. Having Netik InterView in place enables him to focus the firm’s limited IT resources on “these value adding activities”, he concludes.

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