CAPCO

DATA DIFFERENTIATORS

TEN KEY TRENDS

DATA DIFFERENTIATORS

1. RISE OF THE CDAO

2. DATA MESH & DATA VIRTUALIZATION

3. DATA REUSABILITY – DATA ASSETS VS DATA MASTERING

4. IT'S ALL ABOUT METADATA!

5. ONTOLOGICAL SKILLS ARE IN DEMAND

6. ESG DATA

7. CLOUD STANDARDS (OPEN SOURCE)

8. MULTICLOUD STRATEGIES

9. DATA MANAGEMENT AUTOMATION FOR DATA DISCOVERY

10. DATA SCIENCE SKILLS SHORTAGES AND TRAINING
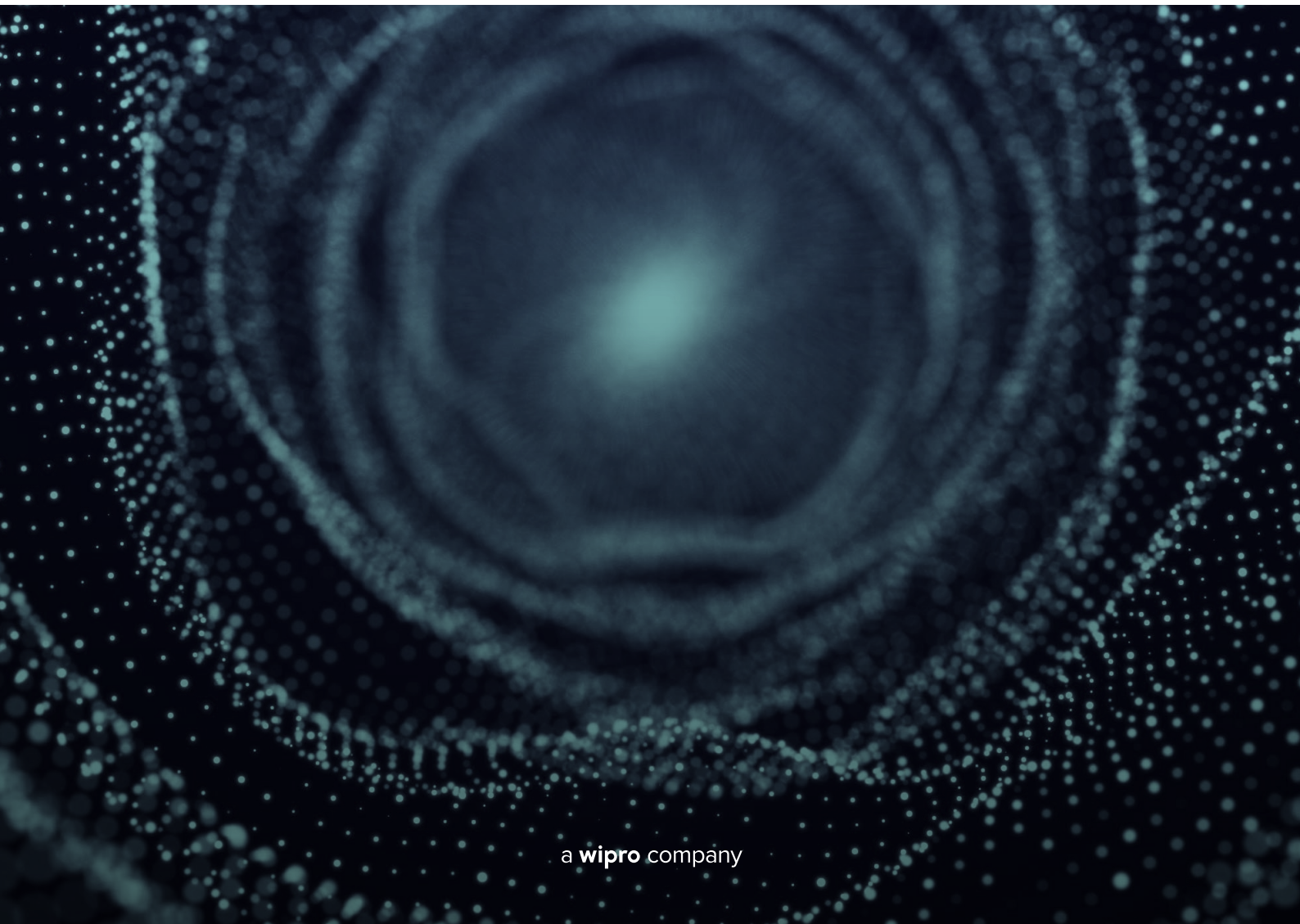
The complexity and volume of data continues to increase relentlessly year on year, and financial institutions burdened with ageing legacy systems and processes are struggling to maintain full knowledge or control of their data. At the same time, technologies including artificial intelligence and machine learning are becoming firmly established as invaluable tools to automate processes and enhance data discovery. Meanwhile migration to the cloud is accelerating, allowing for increased accessibility, flexibility, and performance of data processes.

Data today is more than just a resource – it is at once an asset and a competitive differentiator. We have identified 10 key trends that we believe will shape the data landscape, and inform how banks, insurance, and investment managers should position their data strategies to extract maximum value from that data in the future.

1. RISE OF THE CDAO
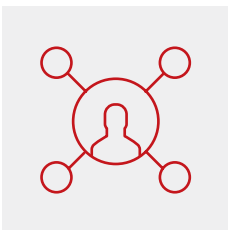
The percentage of organizations that have appointed a Chief Data and Analytics Officer (CDAO) rose from just 12 % in 2012 to 74% in 2022 – New Vantage Partners, 2022

As the volume and value of data assets continue to grow, there is growing demand for a Chief Data and Analytics Officer (CDAO), a more all-encompassing role that brings intelligence, data and analytics together to derive optimal value from data assets for corporate strategy and drive innovation.

2. DATA MESH & DATA VIRTUALIZATION
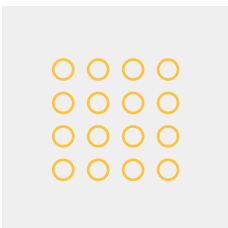
The global data virtualization market was estimated at USD 2,200 million in 2019 and is expected to reach USD 8,500 million by 2026 – Facts & Factors, 2021

Data meshes and data virtualization are flexible, decentralized, and distributed solutions that enable large financial organizations to tackle the ever-increasing volumes and complexity of data.

3. DATA REUSABILITY – DATA ASSETS VS DATA MASTERING

85% of organizations see data as one of the most valuable assets to their business – Experian, 2020

Master data is today the foundation of any business and key for financial services institutions to extract maximum value from their data assets. Robust master data management will foster data reusability, the last element of the FAIR principles – but certainly not the least.

4. IT'S ALL ABOUT METADATA!

80-90% of the data we generate today is unstructured – CIO.com, 2020

Good metadata is essential to describe and structure an organization's data. A large and expanding volume of unstructured data is as good as useless. Financial services firms need to focus on effective ways of annotating data to make it usable and valuable. It is no longer about the race for data, but rather the race for data about data.

5. ONTOLOGICAL SKILLS ARE IN DEMAND
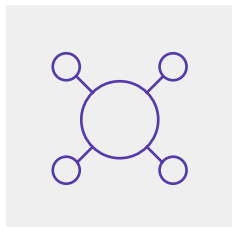
There's been a five-fold increase in job vacancies with a requirement for ontologies skills – ITJobsWatch 2022

Concepts such as knowledge graphs, ontologies, and linked data have started to emerge from the shadows, and examples of their application are multiplying. Most large financial institutions have recognized their value and the challenge now lies in acquiring the necessary (but also scarce and expensive) talent to derive the most benefit from them.

6. ESG DATA

About 90% of companies publish sustainability reports, but only 16% have any reference to ESG factors in their filings, creating a mismatch between what is disclosed in regulatory filings and what companies voluntarily publish – Standard & Poor's, 2021

Climate change is front and centre of corporate agendas as firms face mounting pressure from stakeholders, governments and regulators to provide indisputable proof of their Environmental, Social and Governance (ESG) claims and credentials. To deliver, significantly more complex and expansive datasets will be required.

7. CLOUD STANDARDS (OPEN SOURCE)

By 2022, public cloud services will be essential for 90% of data and analytics innovation – Gartner, 2020

Cloud computing is a highly successful business model, yet it is one the highly regulated financial services industry has been slow to embrace. The EDM Council has now released its Cloud Data Management Capabilities Framework, enabling safer cloud computing than ever. This is the perfect opportunity for more established financial institutions to make the jump to the cloud.

8. MULTICLOUD STRATEGIES

By 2022, about 75% of enterprise customers using cloud infrastructure as a service (IaaS) will adopt a deliberate multicloud strategy, up from 49% in 2017 – Gartner, 2021

The old adage "don't put all your eggs in one basket" also applies to enterprise cloud architecture. As financial services firms migrate to the cloud, they should align their strategies to benefit from the agility, flexibility, scalability and overall enhanced risk management capabilities provided by a multicloud approach.

9. DATA MANAGEMENT AUTOMATION FOR DATA DISCOVERY

Augmented data management technologies will free up to 20% of data specialists' time – Gartner, 2020

As artificial intelligence and machine learning become more prevalent, we will see financial services oranizations ramping up their investment in augmented data management. This will allow a streamlining of their data and analytics pipelines to enhance data discovery, minimise risks and increase the value of data.

10. DATA SCIENCE SKILLS SHORTAGES AND TRAINING

There are three times more Data Science job postings than job searches – LinkedIn, 2020

Whilst higher education institutions have been expanding the data science courses they offer, this is a long-term solution to what is a more immediate problem. In the short to medium-term, a better strategy is to democratize data science through upskilling and reskilling of current employees. For the foreseeable future, the data and analytics strategies of financial services firms will only be fully realized through focused investment in employees' data literacy.

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