

So, you think you have a data strategy. Really?

✓ **Brendan Doherty questions whether current data strategies are truly effective enough to ensure the quality and completeness of scheme data**

For years the pensions industry has used poor data as the excuse for lack of advancement in almost everything. Data inaccuracy has prevented every attempt by the industry to take real advantage of technological advances or respond efficiently and effectively to scheme and legislative demands. From A Day to present day, schemes have dreaded the never-ending need for change because of the great unanswered question – “is my data good enough?”

Faced with this constant question, many schemes have been developing strategies to address their data issues. I’ve recently read surveys where almost 80% of schemes express confidence in the quality and completeness of their data, often it seems, because they have a data strategy in place; a good step, but a strategy in isolation can lead to complacency.

For example, can you have a data strategy if you don’t know where all your scheme data sits? If that seems an odd question, ask yourself this: are any of your calculations being run off-system? How much of your data resides in spreadsheets utilised to calculate data, that is subsequently fed back into your administration system? Does your administrator still revert to paper files to locate missing information for essential tasks?

If the answer to any of these is “I don’t know”, then you cannot be confident about the effectiveness of your data strategy.

Cost or investment?

It’s an unfortunate truth that dealing with data issues can be expensive - ask anyone who has commissioned a data cleanse project. It’s also true that most data cleanse exercises fix what they can at that point in time but can’t prevent, or give insight into, subsequent data quality deterioration. It can be an effective one-time fix, but it certainly isn’t a major contribution to an ongoing data strategy. That needs more thought.

So how do you achieve an all-encompassing data strategy? All too often, we look at cost without considering value. However, I would ask how can you quantify what you should invest, and what return it might generate, without a comprehensive view of your data – its accuracy, completeness, location, and likelihood of being corrupted again once fixed?

I would suggest that, like most things that look insurmountable, you can’t start to address it until you have openly and honestly faced the issues head-on. With a comprehensive, holistic view of your data, warts and all, you can devise a plan of action – that should be your data strategy and the basis for your investment decisions.

Benefits for all

What value can you realise from data investments? I look at this from the perspectives of the three main data stakeholders: trustee, administrator and member. According to your scheme’s priorities, with an all-encompassing view

of the data, decisions can be made to address issues that will bring benefits at all three levels.

Trustees with accurate data visibility gain the insight to inform decisions regarding their choice of technology, administrator and administration platform, thereby benefitting from reduced costs and improved accuracy and quality. They have greater assurance in the precision of scheme valuations, the potential to greatly exceed TPR data requirements and stronger positions in buy-in and buy-out scenarios, with data risk premiums at a minimum.

The benefits for administrators will be through efficiencies. With more data fit for automated tasks, there will be an increase in accuracy, a reduction in errors and liabilities, queries and complaints, and better performance against SLAs – not to mention better compliance with the data requirements of pensions dashboards. Most importantly, members will get a clear and accurate picture of their benefits, leading to better quality interactions with their administrator and enabling digital access.

Returning to the original question posed above, do you still think you have a data strategy and if so, do you have a comprehensive and holistic view of your data? If yes, well done – you are in a good and somewhat unusual position. If your answer is “maybe not”, then your priority must be to attain a comprehensive understanding of your data. Only from there can you make the data strategy investment decisions that will fully support your scheme strategy.



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