

critical elements of a merger or acquisition data conversion



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introduction

Like most financial institution leaders, you probably wish there was an “easy button” for magically making a merger or acquisition happen after the ink dries on the check. However, there are hundreds of details to consider before all parts of your institution are integrated successfully in a conversion scenario.

This can only happen with a methodical process and a careful look at the details. Unfortunately, mergers and acquisitions bring stress in determining which details to deal with first. Of those hundreds of details, protecting your acquired consumer base is crucial. In today’s technology-driven world, consumer data is the lifeblood of the financial institution.

Aggressively managing the new data is the first and most critical step. It’s wise to take an inventory of the information you are obtaining very early in the migration process. Creating a data acquisition plan is vital to your success.



In today’s technology-driven world, **consumer data** is the lifeblood of the financial institution.

three steps of a data acquisition plan

1. Determine the Extent and Types of Sensitive Data

Your financial institution generates and stores a tremendous amount of sensitive data, which is typically contained in the following file types:

- Loan files
- Deposit accounts
- Savings accounts
- Signature cards
- BSA
- AP & AR
- Reports
- Human resource documents
- Credit card files
- Checks
- Statements
- Scanned document images

Create a full inventory of records the organization has archived and those used on a daily basis. This will provide an understanding of which data files to securely convert to the primary systems in use by the acquiring financial institution. By fully converting this sensitive information, it is secured in applications that hold up to the most rigorous disaster recovery standards. This will also allow for full integration to the core applications, which improves ease of research during consumer inquiries or audits.

2. Determine Where the Data Is Stored and the Type of Storage Media

Over the years, financial institutions like yours have stored much of their consumer-centric data on a variety of media. This includes paper files, microfiche, CDs/DVDs, optical cartridges, magnetic tapes, and so on. Today, much of this data is stored on large “real-time” storage devices like a SAN or NAS device. Hard drive storage space has become relatively inexpensive; it has therefore become the top choice in long-term storage and archiving.

Prior to the acquisition and during the analysis phase, it’s important to take inventory of where the acquired financial institution archives its data and on what media. Having a comprehensive understanding of where all files are located is vital to the success of the acquisition.

3. Ask the Essential Questions to Successfully Migrate Data

How much data needs to be converted?

Data is measured in gigabytes and terabytes for many financial institutions. Performing a properties check on each of the data archival systems – or requesting a qualified conversion company to perform a free analysis on the applications – will provide the overall volume of stored data. This total acquired data volume will then offer guidance on how much hard drive space will be required in the primary systems used by the acquiring organization.

What types of data need to be converted?

In all acquisitions, the core database contents must be migrated. In addition, you must determine which ancillary applications will be converted. These applications archive records such as reports, statements, check images, signature cards, document images, and all associated index data.

When will you have access to the data?

It makes a significant difference whether the acquired data is stored in-house or processed and stored at a data center. The in-house environment enables significant control for conversion and migration. If the data resides in a data center, there must be early communication with the processing center to understand the time frames available for extracting and providing all data. Once the merger or acquisition deal closes, work to secure the in-house or hosted data must begin immediately.

Are you going to convert the entire archive, or just a certain number of years?

Legal retention in most states is 7-10 years for checks, statements, and reports, and “life of the loan” for document images. Data beyond this required retention date can be carved out to minimize conversion and ongoing storage costs. In addition, if there are scanned document images unrelated to loan files, retaining them is not always required. With a unique identifier, occasionally those unnecessary documents can be removed.

Do you have a plan in place to complete your conversion?

The time required will partly depend on your preparation as outlined in this paper, as well as the amount and variety of data types. Pre-planning is the key, and all financial institutions should have a contingency plan for ongoing research while the data is being converted. For efficiency, the process should be handled by a qualified and experienced conversion vendor. A target goal for completion can be developed once data volumes and samples are received and tested by experts performing the conversion.

A conversion, whether with a vendor or performed in-house, has several components: staging and copying data from legacy media to production conversion servers; developing a conversion script to format data into a common format; packaging data to the new format; performing a QA analysis of converted data; and loading converted data into the new system.

What are the qualities to look for when selecting a conversion vendor?

There are key questions to ask to help ensure that a vendor is able to keep the data secure and produce quality output files:

- Is the data conversion facility secure? (A good vendor will be willing to invest in a secure infrastructure.)
- Does the vendor perform annual audits on all processes and maintain SSAE16 certification?
- How many years has the vendor been in business?
- Does the vendor outsource to third parties? (If so, this could compromise security and quality.)
- How does the vendor evaluate prospective employees for security and skills?

Keep in mind that failing to select a qualified conversion vendor could have disastrous consequences.

Once converted, in what platform will the data be stored?

The obvious advantages of moving converted data to a go-forward platform are cost, consolidation, and efficiencies. Storing all data in one place for research is the ideal scenario. However, if that target system is a data center or service bureau where higher fees are paid for storage, you might consider more affordable retention options, such as a legacy data viewer.



The overall objective of a merger or acquisition is **enhancing long-term growth**. All resources working toward a common objective during this stressful time will facilitate an efficient merger and in turn grow your financial institution faster.

reaping the benefits

There are many benefits to converting and securing acquired data. First, it provides continuity. Employees want to easily and quickly fulfill research requests from demanding consumers and having several systems to research after an acquisition can be an issue – especially when people familiar with those systems are no longer employed.

Efficiency is also a key benefit. Having all data in one system archive provides integration to ancillary solutions. Finally, effective service is the goal of any merger or acquisition, as it supports growing the consumer base and expanding market share. Disparate, incompatible, non-integrated systems, along with outdated technology, can prevent your organization from operating at an optimal level, which can limit your ability to adequately serve consumers.

The overall objective of a merger or acquisition is enhancing long-term growth. All resources working toward a common objective during this stressful time will facilitate an efficient merger and in turn grow your financial institution faster. The biggest question for every merger/acquisition will always be “do you know what you are buying?” That question is even more relevant for the data you bring over and what you do to secure it for the preservation of your consumer base.

conversions made easy

If you're looking for a convenient, secure, and cost-effective solution for converting your merger or acquisition data, Jack Henry™ can help. Our Enterprise Conversion Solutions (ECS) team has the proven experience of converting more than 500 types of data from nearly every check and document imaging platform in the industry.

safely convert your acquisition data

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