Critical Elements of a Merger or Acquisition
Data Conversion
All financial institutions (FIs) 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 the FI are integrated successfully.

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 the acquired customer base is crucial. In today’s technology-driven world, customer data is the lifeblood of the FI.

Aggressively managing the new data is the first and most critical step. FIs must start to take an inventory of the information they are obtaining very early in the migration process. Creating a data acquisition plan is vital.

**Three Steps of a Data Acquisition Plan**

1. **Determine the extent and types of sensitive data.**

   A financial institution generates and stores a tremendous amount of sensitive data, which is typically contained in the following files 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 institution 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 FI. 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 customer inquiries or audits.

2. **Determine where the data is stored and the type of storage media.**

   Over the years, banks and credit unions have stored much of their customer-centric data on a variety of media. This includes paper files, microfiche, CD/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’s therefore become the top choice in long-term storage and archiving.

   Prior to the acquisition and during the analysis phase, it’s very important to take inventory of where the FI 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 FI.

   **What types of data need to be converted?**

   In all acquisitions, the core database contents must be migrated. In addition, it must be determined 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 timeframes 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.

How long will the data conversion process take?
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 FIs 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.

The components of a conversion, whether with a vendor or performed in-house are staging and copying of data from legacy media to production conversion servers, development of a conversion script to format data into a common format, the packaging of data to the new format, QA analysis of converted data, and finally the loading of 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 has the ability 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 it perform annual audits on all processes and maintain SSAE16 certification?
- How many years has it been in business?
- Does it outsource to third parties? (If so, this could compromise security and quality.)
- How does it 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 advantage of moving converted data to a go-forward platform is 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, the FI might consider more affordable retention options, such as a legacy data viewer.
Reaping the Benefits

There are many benefits to converting and securing acquired data. First and foremost, it provides continuity of data. Easily and quickly fulfilling research requests from demanding customers is what employees want. Having several systems to research, post-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 customer service is the goal of any merger or acquisition, as it supports growing the customer base and expanding market share. Disparate, incompatible, non-integrated systems along with outdated technology will not allow the FI to operate at an optimal level and therefore limit the ability to adequately serve customers.

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 the 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 customer base.

For More Information

The Enterprise Conversion Solutions™ (ECS) team from ProfitStars® has proven experience converting more than 500 types of data from just about every check and document imaging platform in the industry. For questions about the latest developments in conversion services or to learn how we can help your organization, contact us today at sales@profitstars.com.