Open the Black Box: An Executive Guide to Making Unstructured Data Work in Finance

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Agenda:

- Why
- What
- How
The significant problems we face cannot be solved at the same level of thinking we are at when we created them.
The Opportunity:
How are these the same?
They all can use:

machine learning to surface patterns for data-driven decisions
Which is better for making decisions?

<- This

OR

This ->
Of course!

But how do we get to data-driven finance and risk with unstructured data?
The Challenge:

“My profession has probably been transformed again just since we started this session.”
Vast majority of the world’s data is unstructured

How will you leverage that opportunity?
Unstructured data (or unstructured information) refers to information that either does not have a pre-defined data model or is not organized in a pre-defined manner. Unstructured information is typically text-heavy, but may contain data such as dates, numbers, and facts as well. This results in irregularities and ambiguities that make it difficult to understand using traditional programs as compared to data stored in fielded form in databases or annotated (semantically tagged) in documents.
3 real world examples

- Save time
- Save money
- Get sued less

many more possibilities
Use Case #1: More Efficient Equity Research

- Track companies or tickers for bad and good signals.
- Know what to focus on.
- See trends and patterns for companies and sectors.

- **Benefits:** Increase efficiency, be proactive.
**Use Case #2: Better Credit Risk Management**

- More easily monitor issuers of holdings to see bad and good occurrences.
- Reduce downgrade surprises, be ahead of the curve.
- See negative trends earlier with history and comparison to peers.

- **Benefits:** Reduce operational risk, increase efficiency, be proactive.
Use Case #3: Proactive Mining of internal documents for risk and compliance (email, loan agreements, etc.)

- Proactively identity issues.
- Respond better to legal issues.
- Reduce manual human review of paper documents by external attorneys.
- See trends and patterns to catch issues earlier.

- **Benefits:** Potential cost savings: $$$ Millions of dollars, get sued less.

And many more possibilities ...
How The Tech Works

Source Words

Process and Analyze the Information

Turn into Signals (Companies Tickers or Topics)

Data Gathering

Financial Models

Data Algorithms
Step 1: Ignore Jargon
Step 2:
Be Strategic:
Decide to Ride the Jet, not Build It
Step 3:
Focus on Business Problem or Opportunity

- Cost efficiencies
- Drive revenue
- Compliance
- Risk management
- Innovation
Step 4:
Ask Key Questions

- Can somebody mine data for me and provide as a service, via signals?
- Can I easily consume the signals (API, app, or both)?
- Does it have built in understanding of financial terminology?
- Does it have comprehensive coverage for the data set I am evaluating?
- Can I find an engine to surface patterns in my own data?
- Can I easily mix different data sources together?
Summary:

• Leverage unstructured data in finance because it unlocks opportunities and solves problems in new ways.

• Unstructured data represents most of the data available but it is hard to make it usable.

• You need the data in the form of signals and patterns.

• You can use public data or mine your own.

• Many use cases: Equity analysis, credit risk, proactive compliance, and many more.

• Follow our steps to get there 1) Ignore jargon 2) Be strategic ride the jet don’t build it 3) Focus on biz problem or opportunity 4) Ask key questions.
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