



COMPLIANCE APPLICATIONS IN USE

Netezza's Appliance for Compliance: Helping Investment Banks Deploy GRC Solutions On Time & Under Budget

The average fine issued by Financial Institution Regulatory Authority (FINRA) for noncompliance with the Order Audit Trail System (OATS) regulations costs over \$100,000¹, which doesn't take into account the reputation damage and potentially lost business that could result. And once FINRA catches you, you'll likely wind up on their "black list" – meaning they'll check on you month after month, continuing to penalize you if you fail to comply. You don't want to be on FINRA's black list.

If your company receives and/or handles any orders in NASDAQ securities, including convertible bonds, SmallCap Securities, or National Market Securities, you must comply with FINRA's rules on OATS reporting. If you fail to meet those regulations, it costs you money and hurts your reputation, thus costing you business.

Let's face it – the vast majority of your data would meet today's regulatory requirements even if you didn't invest millions of dollars and months of time building a compliance infrastructure. Finding the one-out-of-a-billion record that doesn't comply is like looking for a needle in a haystack. Luckily, Netezza's appliance makes regulatory compliance simple, affordable, and quick to deploy with its massively parallel architecture which rapidly scans through mountains of data to identify where not to look before analyzing each individual record for compliance.

AMR Research estimated that organizations would spend nearly \$30 billion in compliance efforts in 2007 – with 42% of that cost going to internal headcount alone.² This is largely due to the tactical approach most companies have taken toward governance, risk and compliance (GRC), building departmental data marts that tend to start small but continuously grow as requirements increase. But this doesn't scale. Companies are now finding themselves stuck with very complex, labor-intensive, piecemeal data marts that are fraught with data duplications and inefficiencies. Furthermore, because the non-compliant information that needs to be identified is buried in a giant pool of "good" information, companies spend arduous time and resources trawling through billions of records of data just to pinpoint the one piece that may not comply.

Conversely, companies that implement an integrated, company-wide strategy for risk management can theoretically save time and money while meeting their compliance objectives much more effectively. According to Gartner, "through 2011, companies that pursue an integrated strategy of a risk-oriented approach to

Key Features

- Ability to avoid hundreds of thousands or millions in regulatory fines by identify trading anomalies in near real time
- Massive TCO savings; Rapid ROI
- Deployment in weeks, not months
- Increased productivity and workforce effectiveness
- Simple and cost-effective scalability for continuous growth

Key Benefits

- Plug 'n' play solution architecturally combines database, server and storage in a single appliance
- Massively parallel architecture and advanced filtration mechanisms provide an efficient process of elimination for rapid identification of non-compliant data
- 10-100x faster performance – rapid data loads, extracts and query performance on large-scale data volumes
- Low maintenance – no tuning or indexing necessary
- Compress Engine saves 2-3x space while improving performance
- Zone maps allow addition of far-reaching historical data with no performance penalties
- Seamless integration with leading BI and ETL tools

“Regulatory requirements mean that we have to keep data for seven years, and we have to be able to access it and provide it on request. Now we can meet requests on the same day that they are issued. . . . With the incredible performance benefits and improved time to market we are now realizing, we can easily keep pace as data volumes spike. Netezza has simplified our entire data warehouse environment.”

chief architect & managing director
NYSE Euronext

"Netezza operates on the principle of finding data based on where not to look, so the first pass gives us a whole body of information on where the problems don't exist. Leveraging this as a bulk-filter, Netezza can rapidly find the difference. This second result is where the problems actually do exist. This effectively sifts the data in bulk, without having to individually handle each record. This is how we solve a compliance problem-of-scale, because it quickly finds the exceptions, the needles-in-the-haystack."

David Birmingham
Author of Netezza Underground

compliance, standardization of controls and automation will reduce the scope of manual process controls by 70% and will get the most collateral business value from their compliance investments.”³

So why don't more companies opt for a strategic, enterprise-wide GRC solution? Most organizations don't have the time, money or headcount to deploy this type of solution. And if they do, by the time they get all their data loaded onto the system, its ability to then sift through all of that data to identify non-compliant information in a timely manner is nearly hopeless. That's where Netezza comes in.


The Netezza Solution: an Appliance for Compliance

Netezza helps organizations find instances of trading abuse and unauthorized trading practices before the regulators do, saving hundreds of thousands to millions of dollars in fines from FINRA. Netezza's massively parallel architecture and advanced filtration mechanisms provide a process of elimination that allows companies to zone in on problem areas and quickly identify non-compliant information. And the simplicity of the Netezza appliance means companies can quickly and effectively consolidate data from multiple, disparate data sources with various data volumes, file formats and availability time frames. More specifically, Netezza executes the following functions much quicker, cheaper and more efficiently than other data warehouse providers, ultimately resulting in faster time to value.

- Managing arrival of source data files
- Transforming data into a common format
- Loading data (both batch loads and near real-time loads)
- Validating data integrity using different algorithms for different data sources
- Iterating through terabytes of data to match parent-child order execution data
- Summarizing data to produce a variety of accurate and timely regulatory and internal reports
- Allowing internal users to run ad hoc queries against nightly and historical data in near real time

Netezza's data warehouse appliance is simple to deploy and maintain, cost-effective, easily scalable and really, really fast (in terms of loading, exporting and querying). The system is well-integrated with virtually every BI and ETL tool, the Netezza Compress Engine™ saves space while actually improving performance, and Zone Map acceleration allows companies to add lots of historical data without impacting performance.

Netezza data warehouse appliances provide a database-server-storage configuration in a purpose-built system designed to perform complex queries against large volumes of stored data. Netezza appliances are designed for blisteringly fast analysis against hundreds of terabytes of data 10-100 times faster than traditional solutions, with a lower TCO and greater ease of use – meaning those internal resources can spend their time on revenue-generating projects instead of tuning the database. Netezza uses massively parallel processing and an architecture that puts processing right inside storage to provide a brute force solution that can deal with complex analytics against large data volumes. And the simplicity of the Netezza appliance means your compliance solution will be up and running in weeks, not months, for a much faster ROI and lower TCO.

Finally business users, IT and equities departments, architecture/R&D groups, data center managers and database administrators can work together and combine all their data to meet enterprise-wide demands for GRC initiatives – quickly, easily and affordably. 

¹ The average fine relating to failed OATS compliance issued by FINRA over the six month period from July 1, 2008 through December 31, 2008 amounts to \$104, 904. These calculations are based on figures provided in FINRA's public monthly reports.

² Hagerty, John and Eric Klein. "Compliance is Still a Priority: Total GRC Spending Approaches \$30B in 2007 and Growing." AMR Research. February 22, 2007.

³ Caldwell, French. "The 2007 Compliance and Risk Management Planning Guidance: Governance Becomes Central." Gartner, Inc. April 12, 2007.



Netezza Corporation

26 Forest Street, Marlborough, MA 01752

+1 508 382 8200 TEL

+1 508 382 8300 FAX

www.netezza.com

About Netezza

Netezza (NYSE: NZ) is the global leader in data warehouse and analytic appliances that dramatically simplify high-performance analytics across an extended enterprise. Netezza's technology enables organizations to process enormous amounts of captured data at exceptional speed, providing a significant competitive and operational advantage in today's data-intensive industries including digital media, energy, financial services, government, health and life sciences, retail and telecommunications. Netezza is headquartered in Marlborough, Massachusetts and has offices in Northern Virginia, Canada, the United Kingdom, Germany, France, Japan, Korea, Australia and Singapore.

For more information about Netezza, please visit www.netezza.com.