

A Retrospective of the “Account Analysis”

Due to the ever shifting sands of technology, it is past time to completely re-think, re-evaluate, and re-define what a brokerage account “analysis” is, what is required, what should be provided and ESPECIALLY how much it should cost.

First, there is a big difference between analyzing the “data” and “opinions” on that data. They are two distinctly separate functions. This focuses on the data function.

The analysis of brokerage statement data has evolved to becoming a “product” created through the use of technology and not via the old-fashioned, slow, expensive, and error-prone manual data entry with some opinions attached.

Because of technology, the analysis has moved far beyond being a “service.”

The data analysis can/should be accomplished via software - not via human effort - for many different reasons.

The day of the “one-click” analysis is now a reality. It is now possible to analyze an account in just seconds with zero manual effort.

Let’s peel this onion.

Data is just data. It either balances or it does not. A Rate of Return is just a calculation based on a formula. Trades are just lines of data. Ratios are only formulas. Sure, you can add unique individual algorithms, but they are just code based on the data variables.

Until recently, the quality of the PDF files was not reliable enough - usually because they were just scans of statements - but now firms are producing PDF’s created electronically in-house. Or they are downloadable online.

This means we can now get “perfect data.” Data that now fits a predictable pattern and uniform format.

We are calling these the “second generation” PDFs. These new PDF statements are a game-changing event.

Attorneys need to change with the technology and take advantage of all the new opportunities and benefits. This is actually an exciting period because so much more can now be accomplished with less effort and far, far less cost.

The proper way to handle a new case has always been to get the best data analysis (based on factors like pricing) and when needed hire that “expert” whose skillset best fits that case for their “opinions” and potential testimony.

Hiring an “expert” before understanding the specific needs of the account is putting the cart before the horse. It is also a very needless expense.

With technology, data analysis is no longer about the “individual” doing it - it is about processing the data in the most efficient and accurate manner possible.

Let us say something very outrageous.

Given the ability of software to read, process, and analyze these new PDF files - **the vast majority of accounts should cost between \$50 and \$250.** The average should be in the \$150 range. (The only variable being the amount of data, statement formatting and editing.)

Yes, you read that correctly, most accounts should never cost more than \$500.

Of course, there are variables like the quality of the PDF files that might cause issues. Or the formatting of the firms for things such as unpriced transfers or missing statements. Some firms are also can be a train wreck in terms of formatting.

We do acknowledge that proofing and editing of the data will always be a factor, but would also argue that it should generally be inclusive - not additional.

Bottom line is that analyzing an account is no longer about labor - it is purely about the collection and processing of the data in the most efficient manner possible.

The amount of trading activity used to be the primary variable in the cost/time of an analysis - now processing 100 trades is no different than 10,000 trades. **The trading volume is now virtually irrelevant.**

The ability of software to read data from 10 pages is no different than 1,000 pages. The ability to process 100 trades is no different than processing 1,000 - or even 10,000 trades.

When processing data the cost should only be based on the volume of data collected. **Labor needs to be totally removed as a pricing variable.**

This has become about CPU power — not manpower.

The brokerage industry also uses these expensive “opinion experts” as an added deterrent and weapon against plaintiffs - in the form of additional costs to the investors. (Costs are also a disincentive to potential clients.)

Plus, no one should ever be needed to testify about the data if it is a function of software.

These are pro-industry hurdles and costs that should be eliminated.

Software can do in minutes what takes others hours, days, or even weeks. Doing something like processing 50 accounts in a single day is now very possible for a mass action.

A really great thing about the tech used to read PDF's is that it can also achieve **100% accuracy** - while collecting far more data. We can now collect the sort of data that would have been previously overlooked because of the expense. Collecting tertiary level data is no longer cost prohibitive.

AND, data also should never be static!

Anyone relying only on a paper “report” is missing so much. We can not imagine working with Trade Schedules that are not instantly searchable or sortable. Or not having the ability to instantly change variables.

It is not only about the data collection - attorneys should also be concerned about the code to support the analysis post initial analysis . All data should be stored in a database and instantly available for future manipulation. (Excel is dead.)

Why doesn't everyone adopt this technology?

One reason is you have to write very specific and demanding code for each individual brokerage firm. This requires very high level programming skills and in-

depth analysis of each firm's formatting. Not to mention thousands of hours of coding to "reverse engineer" all the statement formats. (We have over 20 firms in our inventory. <https://mypdf.finance>)

Why would any of these "experts" invest so much time and effort into R&D that would only result in drastically decreasing their revenues? They would not. They care more about their profits than your client's expenses.

Pay what you want for "opinions" about the data - but no one should be paying the same rate for both the data and opinions. One is a "product" and the other a "service."

Any "expert" that says they are unable to use data coming from such output - is simply lying and only worried about their own financial self-interests.

Experts do "opinions" and not "programming." The data analysis is now all about the programming. One programmer can easily outperform 100 data entry monkeys.

The "data analysis" should be about factors like the accuracy, efficiencies, flexibilities, formatting, data visualization (charts), time, turnaround, and especially costs.

The human elements, like opinions are a "secondary" function and are not always required. Especially not needed upfront.

Conclusions:

First, the analysis needs to be seen as a "product" and not a "service."

Second, the COST of the data collections and analysis needs to be **dramatically reduced** to reflect the use of technologies.

Third, the trading activity in an account is now basically irrelevant. The trade volume should not be a major function of any invoice.

Lastly, no one should ever pay for "manual data entry" again. Technology has made "data entry" a relic of the past and those that engage in it are Luddites. As well as anyone who still uses Excel.

Too many “experts” are living, working and especially invoicing based on the past techniques and yesterday’s technology/thinking.

It is now a digital world and most of you are paying 2x, 5x or more likely 10x too much for your data analysis. It is time to make a serious course correction. (Both attorneys and experts.)

Not only are you overpaying - you are also not getting as much data for the dollar.

This is a “drop the mic” moment for the industry.

Anyone not taking advantage of the abilities provided by the current PDF technology is not properly representing their clients best interests and needlessly wasting time, money and more importantly missing data.

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