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Mastering Market Data Commercial Management: Strategies for navigating complexity, controlling costs and unlocking value

How managed services are empowering market data professionals to reduce spend and deliver greater value to the business

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FOREWORD

BY NADINE SCOTT

**Chief Customer Officer,
TRG Screen**

In today's rapidly evolving financial landscape, managing the commercial aspects of market data has become an intricate and resource-intensive challenge. As the volume and cost of market data soars, financial institutions, both large and small, find themselves at a crossroads.

They are confronted with the pressing need to navigate the complexities of market data and grapple with escalating costs, while securing a strategic advantage. This insight series, now consolidated into an e-book, delves into the dynamic world of market data management.

INSIGHT 1:

"Managing the market data estate" spotlights the surging demand for specialized managed services as a response to mounting market data complexities. This article introduces me shortly after I joined the team to lead the expansion of market data managed services. Discover my vision for this dynamic landscape and the foundations of a 'global center of excellence'.

INSIGHT 2:

"Surviving the market data avalanche" drills into the practical challenges of managing the escalating volume and value of market data. It underscores the necessity of having robust systems and best practices in place. Explore the critical aspects of contract management, cost transparency and ever-evolving exchange policies.

INSIGHT 3:

"Unleash the superpowers of the market data professional" explores how outsourcing administrative tasks can empower market data professionals to contribute to business growth. Learn how these professionals can unlock a strategic advantage, inform pivotal decisions, and offer value-added services to clients.

INSIGHT 4:

"Market data managed service: it's people power" is the concluding article in this series. It brings together the threads of the series and summarizes how managed services are empowering financial firms by freeing up market data teams to drive value to the business. We emphasize the significance of selecting service providers with specialized technologies and expert teams.

Managing the market data estate: TRG Screen's Nadine Scott has the answers

MANAGING THE MARKET DATA ESTATE: TRG SCREEN'S NADINE SCOTT HAS THE ANSWERS

Surging growth in the cost and complexity of market data combined with an insatiable demand for experienced talent is prompting financial firms to seek an alternative model to manage their market data inventory.

Many firms are turning to specialist managed services, in which market data cost management is partially or wholly outsourced, to handle their day-to-day needs and obligations. This in turn frees up valuable time and resource to focus on value creation within the business lines. In fact, industry experts predict that the use of managed services are expected to grow by 15-20% in the next 5 years among financial institutions of all sizes.

TRG Screen appoints Nadine Scott as Global Head of Managed Service

TRG Screen is at the forefront of the shift to managed services, leveraging its cutting-edge data management software and seasoned team of experts. We are building out our managed services capability so we can meet this growing demand and continue to drive success for our customers in a repeatable and scalable way.

In early 2023, we appointed Nadine Scott as Global Head of Managed Services to help us forge ahead with our plans to create a world-class market data management 'global center of excellence' that the industry can depend upon. In her two-decade market data career, Scott has held a variety of senior roles at tier-1 banks and was most recently Global Head of Market Data Services Category at UBS.

Here, she shares her perspective on why managed services are gleaning so much attention right now and her vision for market data management as a managed service.

What is your vision for managed services in market data management?

"It's almost as if events have overtaken how firms manage their market data costs. It's a really complex environment and keeping on top of it can consume a great deal of time and resources."

"I see a gap for a kind of utility for the commercial management of market data. By utility, I mean a service that will relieve market data teams of the vital administrative tasks. Firms from across the industry can tap into the service and never have to worry about how they will stay on top of these complex, time-consuming processes.

"This is where I see the opportunity for managed services at TRG Screen. We live and breathe market data management, with best-of-breed software solutions and expertise attuned to the nuances of market data management, underpinned by industry best practice."

> "Why wouldn't you use it? Why would you try to create, and maintain, this capability yourself?"

How would this utility shift the status quo?

Scott: "My future vision for managed services is similar to what TRG Screen's Axon product has done for exchange and vendor declaration process. Tasks around exchange management, declaration and policy are completely taken away from the customer.

"The business only ever sees outcomes; they don't really see what happens to produce those outcomes. Anyone who works in market data administration knows how complex it is and that complexity is growing."

> "TRG Screen's managed services enable the people working in market data to focus on more knowledge-based work, partnering with the business on understanding use cases, helping them navigate a complicated licensing landscape and working with vendors to understand what's out there. Because those two things really add value to the businesses that market data teams support."

"I've always been passionate about the market data team having a monitoring and oversight strategy on data consumption, and TRG Screen has the most complete solution on the market."

What is driving the growth of managed services?

Scott: "Ultimately, it is driven by the fact that the business wants to do more innovative things with data to get a competitive edge. They are not just being charged for terminals anymore, they are charged for use cases – how data is consumed and the value they derive from it – and it's only driving cost in one direction. That situation needs to be managed through technology and expertise – there is no other way."

> "As the vendor landscape becomes more complicated and more expensive, questions start to be asked and the place to come for answers is TRG Screen, not just for the technology but for expertise and best practices which form the basis of our managed service."

Watch Nadine's Intro Video

Are managed services just for tier-1 banks?

Scott: "Not at all. We sometimes feel there is more to be done to enable mid-tier clients through managed services. With costs commonly not going through a centralized inventory system, these firms may not see the full cost of ownership. You need such a system if you want transparency over your data costs, with the right expertise to manage it all. This can be a luxury that some mid-tier firms aren't able to enjoy."

> "Anyone spending on market data needs to have it managed professionally, with purpose-built software backed by an experienced team with the necessary skills. The days of trying to manage market data costs with spreadsheets are long gone."

Where does this leave market data teams? Some say there is a lack of talent in the industry.

Scott: "The market data function, where it exists, needs to be sophisticated to respond to some of these challenges, and that takes investment in talent.

"It's true that senior people are retiring, but the consistent thread here is that vendors' commercial policies are evolving and that affects everybody who uses data. So that sparks a trade war for experienced people. It can be a real headache attracting and retaining skilled people who understand the marketplace and know the nuances of market data management. One thing is for sure – a TRG Screen managed service alleviates this headache."

What is TRG Screen doing to ensure it has the expertise it needs?

Scott: "We are creating it ourselves! Our training and development approach is my top priority and closest to my heart, given I myself have risen through the ranks of various market data commercial roles. I think our obsession with training and development is proportionate to our managed service ambitions.

> "We have some of the most experienced people in the market within our team, and they are leading and developing the next generation. All our new recruits have the qualities to deliver service excellence for our clients, brilliant work ethic, customer care, diligence and professional curiosity."

"Our senior team teach them the rest and of course our team is backed up by best practices and specially designed software.

"TRG Screen is an ideal place for the next generation to learn and have a fulfilling career. They will interact with a hugely diverse group of clients and come across the whole gamut of challenges faced in market data management."

What will success look like?

> "The managed service must be better than the alternatives available and that comes from a blend of expertise and technology and best practices coming together to solve the market data management puzzle.

"And the most comprehensive solution is TRG Screen's because of its expertise and access to market-leading products such as Axon, Optimize Spend and Xmon – managed service is the perfect complement to that.

"If we at TRG Screen, with our solutions and our managed service, could make our clients successful in delivering value for the businesses they support, I'd be really proud."

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Talk to an expert

Surviving the market
data avalanche: how to
avoid a painful landing

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SURVIVING THE MARKET DATA AVALANCHE: HOW TO AVOID A PAINFUL LANDING

The volume and value of market data grows by the year, outstripping the ability to keep up with the rapid pace of commercial change – particularly for firms lacking specialist expertise and technology.

Data sources are multiplying

Data sources are multiplying, as are the policies on how they can be used, leaving market data teams trying to outrun an avalanche of commercial complexity as they strive to optimize their use of this vital information.

Firms large and small are seeking a competitive edge in alternative market data, alongside the incessant supply from traditional sources – a headache for managers trying to track who in their organizations is using the data and how.

There is a lot at stake. Global spend on market data and information hit a record $37.3 billion in 2022, according to Burton-Taylor International Consulting, while a report by San Francisco-based Grand View Research valued the global alternative data market at nearly $4.5 billion in 2022. Analysts expect 'alt-data' to undergo a compound annual growth rate of up to 55% between 2022 and 2030.

$37.3bn

2022
Global spend on market data and information

$4.5bn

2022
Global alternative data market value

In this environment, financial institutions need complete transparency on their market data landscape – spend, usage, contracts, compliance and invoices – if they are to stay on their feet as the avalanche roars in. They also need best practice embedded in the many processes involved in managing the commercial side, such as reporting on the cost of data consumption.

Some firms still try to manage market data with spreadsheets or generic procurement tools. Yet, even tier-1 banks with dedicated vendor management software can benefit from having their subscriptions run by an expert team with cutting edge technology available from a <u>managed service</u>.

Here are some of the challenges facing firms that may not realize there is a more rewarding route to peace of mind – rather than waiting anxiously for the rumble in the valley.

Contract Management

> "How can we most effectively manage service requests? Our current workflow isn't as bulletproof as it could be."

If service requisition is managed on email, it is not uncommon for some requests to fall through the cracks. Best practice is to have an automated workflow within the usage/cost inventory itself.

This creates an audit trail that tracks all requests, ensures they are actioned accordingly and automatically updates the inventory. It also means that any unused licenses are transferred to new staff – avoiding unnecessary costs.

TRG Screen's integrated solution has best practices embedded. What's more, usage rights can be housed in the <u>inventory system</u> so data managers know exactly who is using what, and how.

> "Sometimes, for compliance reasons or to meet an urgent client need, we procure market data without going through our internal procedures. How risky is this?"

The risk of not having access to data can seem greater than that of bypassing internal processes. There are several implications when market data purchasing isn't coordinated centrally.

One relates to contract usage rights; the risks are overpaying and underpaying. A firm could end up paying for data it already has the rights to use. On the other hand, the firm might not be paying for data it is using, which could also be a costly error.

Every contract generates an invoice and proper controls need to be in place to ensure the <u>invoice is processed and reconciled</u> in accordance with the usage rights. There is also a risk that the invoice goes astray, with negative consequences.

> "We don't catch all of our contract renewals in time. Renewal dates are easy to miss and we roll into another year without realizing."

If you don't know the renewal date, contracts can roll over indefinitely whether or not they are needed. Many in the industry would agree contracts should be challenged annually.

TRG Screen's Optimize Spend alerts users to renewal dates with sufficient time to review the use case, while its managed service provides the expertise needed for a detailed review.

Cost Transparency

> "We find that reconciling invoices isn't as straightforward as it should be. How can we be sure they are accurate and that we're not overpaying?"

Firms are generally charged for market data on a per usage basis. An up-to-date inventory of data usage is the only way to verify that the correct amount is paid. Otherwise, the firm is dependent on the vendor and the accuracy of their records.

Maintaining details and accurate inventory, with visibility and control over usage, is best practice – paying an invoice without it is like jumping into the abyss.

> "My team is drowning in requests for transparency on costs and detailed reports on market data usage. It's proving tricky to gather that information in a timely manner."

At worst, the business requires visibility over their committed market data subscription spend. At best, they want to know what services are driving the most value. It takes great expertise to put that kind of reporting together – and significant time as stakeholders want cost and consumption measured even by desk or user.

But it doesn't have to be like this! TRG Screen's Optimize Insights can create BI-powered customizable dashboards that can capture any nuance of a client's market data cost landscape.

Keeping up with the exchanges

> "Exchange policies change all the time and we are struggling to keep up. What's the risk and how do we get a handle on things?"

Keeping up with exchange policy changes and vendor updates can seem a relentless mission – demanding expertise au fait with the intricacies of the use case. But firms of any size can be caught out. They may unwittingly overlook when a market data subscription becomes fee-liable, risking a fine.

However, such problems are avoidable if the institution has a tool such as PEAR, part of TRG Screen's Exchange Management platform. PEAR monitors 700 exchange documents a day, and updates license fees and data charged across 29 exchanges to ensure users are up to date.

Specialist Skills

> "I'm trying to recruit people to help manage our market data subscriptions. We invest in training them on relevant systems, only to see them join a competitor within a year."

New recruits need to be trained in the many processes involved in market data management. To implement them successfully, they need to understand the systems, processes, the vendors and know the use cases. This makes training them time-consuming and expensive.

Remember! There is an alternative way to leverage specialist market data management expertise and capabilities without having to resource a full team in-house. This is market data subscription management managed services.
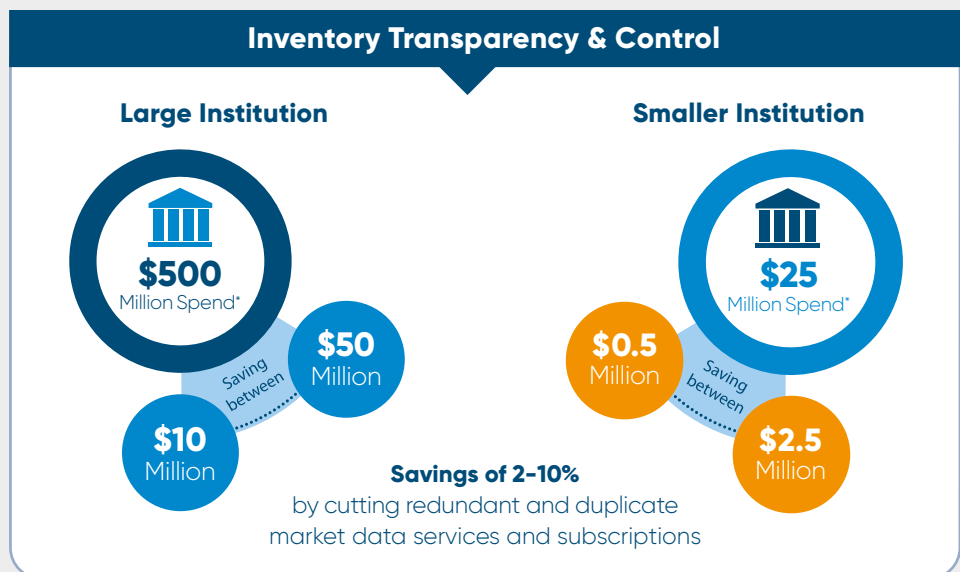
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Talk to an expert

Unleash the superpowers
of the market data
professional: Delivering
game-changing value
to the business

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UNLEASH THE SUPERPOWERS OF THE MARKET DATA PROFESSIONAL: DELIVERING GAME-CHANGING VALUE TO THE BUSINESS

Market data becomes more complex by the year, driving record levels of expenditure and pressuring busy commercial teams to control costs while lending their subject matter expertise to support business growth.

Global spending on market data and information hit a record $37.3 billion in 2022, up 4.7% on the previous year, according to Burton-Taylor International Consulting, as the volume and complexity in data licensing exploded.

With the biggest banks spending upwards of $500 million a year on data, and smaller institutions spending on average $25 million, there is a lot at stake for any institution that struggles to optimize these vital data assets.

Inventory Transparency & Control

Large Institution

$500 Million Spend*

$50 Million

$10 Million

Saving between

Smaller Institution

$25 Million Spend*

$0.5 Million

$2.5 Million

Saving between

Savings of 2-10% by cutting redundant and duplicate market data services and subscriptions

*Average spend and savings, for demonstration purposes

Typically larger and mid-sized financial institutions have dedicated departments managing market data costs on behalf of the organization. In mid-tier and smaller firms, the responsibility may fall to the procurement, IT or finance teams. In some cases, each business line may manage requirements autonomously.

Regardless of how market data is handled within your organization, you should find this an interesting read.

Unleashing the superpowers of the market data professional

While the intensity of knowledge will vary depending on the level of specialization, the team managing market data knows more about the data landscape than any other part of the organization – both internally and externally. They typically work in very close partnership with the business and their knowledge of vendors is unsurpassed.

That's a powerful position to be in. Who else in the organization has this depth and breadth of knowledge?

Breaking free from the shackles of administration

But, the team can also find itself bogged down with important admin tasks to ensure the firm keeps track of its consumption and costs.

Is this really the best use of their time or are firms missing out on a valuable knowledge asset? What if those administrative duties disappeared? What if these experts were unleashed to help your business navigate the increasingly complex market data landscape?

Increasingly, firms are making this a reality.

Liberated to create value and opportunity

The key is to outsource essential tasks that are neither core competencies or value-generating activities.

These tasks can be handed over to seasoned market data management experts with purpose-built technology under a managed service.

With that in place, there are no limits to the value your internal market data team can generate.

The subscription landscape is rapidly changing and data costs keep rising.
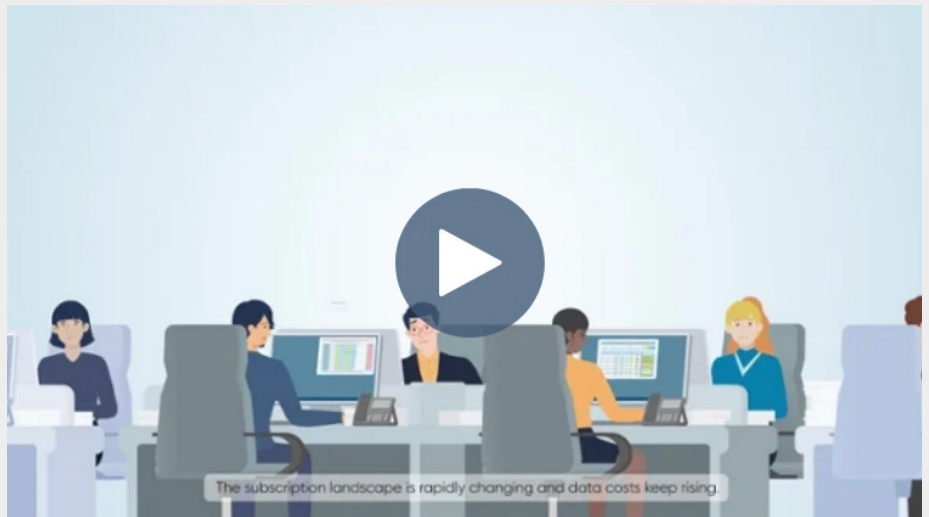
Here are eight scenarios in which the team unburdened from day-to-day market data cost management can really add value.

1

Helping the business find that competitive edge

Those with market data oversight interact directly with the firm's traders and other data users, fielding requests for information, and ensuring data gets to where it's needed. At the same time, they have close relationships with the vendors.

Freed from vital administrative tasks, the team can leverage its valuable expertise and experience. A team liberated from admin would have more time to evaluate different vendor sources and could potentially influence content in line with business needs.

This could present a valuable strategic advantage for the entire business.

2

More informed, value-driven decision making?

Technology is changing and, with it, so is the role and importance of the team managing market data. Vendors are becoming more innovative so it is important that market data professionals have their fingers on the pulse of new opportunities that can drive value for the business.

This can also lead to cost savings as vendors introduce new or enhanced offerings that improve on the products from other vendors.

3

Providing value added services for clients

Free from market data administration, the team can also use its specialist knowledge to deliver added value for clients. They have the expertise, and now the time, to help the business to respond to the complex licensing questions generated by the increasingly sophisticated data needs of client execution portals and platforms.

4

Let's talk: negotiating vendor relationships

Contract negotiations between suppliers and consumers of market data have never been more important. Such discussions, which may have huge and long-lasting financial implications, need to be undertaken by experts with a track-record of handling high-value contracts.

Should the team be deployed in the search for an even better deal or should they be kept busy with payments, inventory management and even service acquisition? How about outsourcing the admin so that you can increase your negotiation capacity?

5

What if vendors merge?

Recent mergers and acquisitions involving vendors, such as S&P Global's merger with IHS Markit and the London Stock Exchange's acquisition of Refinitiv, have repercussions for contracts. Inventory, processes and vendor frameworks need to be updated, ensuring the business continues to receive the data it needs in all its forms.

What's more, consolidation in the industry means more potential monopolies and fewer vendors. The market data team needs to strengthen its partnerships with these vendors.

6

Facilitating business transformation

Restructuring within a business is a frequent occurrence and can have implications for market data operational models. When it happens, the board wants assurance that the firm's best people are handling any integration initiatives, while the day-to-day functions are in safe hands.

Integrating data subscriptions, preventing duplications, and ensuring licenses are up to date is a job for experts, and no one knows the data landscape better than the in-house team.

7

Consolidating data distribution platforms

Advances in cloud technology are enabling firms to reduce the number of platforms over which market data is distributed.

Clearly, the change would require licenses to be adapted to reflect the new distribution framework – an initiative requiring advice from the most experienced and knowledgeable people in the team.

(8) The key to becoming insight-driven

In all these scenarios, teams managing market data can focus on high-value tasks thanks to a managed service provider handling the everyday processes of data subscription management.

Without a managed service supporting them, the risk is that the in-house team is swamped with admin and its superior and specialist knowledge risks going to waste.

The right provider will combine expert systems with an expert team and best practice to help clients become more insight-driven and strategic in their market data cost management. In this way, clients can turn both internal and external drivers into opportunities and value.

Not just an internal support function

Of course, many in the industry already see the team managing market data as more than a support function. Everything the team does is focused on the needs of the business. Given their pivotal role between the suppliers and consumers of data, the team is also a source of cost control and savings.

Set them free!

It's time to free up your market data team and its expertise by outsourcing admin to a managed service from TRG Screen. This leader in managing market data subscriptions in institutions of any size marries best-in-class technology and a team of in-house experts to lift the burden off any market data team.

With TRG Screen watching your back, the rest is up to you.

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INSIGHT 4:

Market data managed service: it's people power

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MARKET DATA MANAGED SERVICE:
IT'S PEOPLE POWER

The market data landscape is constantly evolving, with the volume, diversity and cost of market data growing and shifting year by year. This rapid expansion has introduced new challenges for financial firms of all sizes, leading them to reevaluate how they manage this crucial information from a commercial standpoint.

More and more firms are now turning to specialist managed services to handle the complex and increasingly onerous administrative processes associated with market data.

The potential impact of this shift is nothing short of transformational. Imagine if market data teams – who work closely with the business and possess an unparalleled understanding of market data vendors, their offerings and licensing models – were completely freed from day-to-day administrative processes.

They could then direct their efforts toward exploring new data sources (in search of that elusive edge), unblocking knotty commercial issues and helping the business make sense of increasingly intricate use cases for market data. As firms are forced to constantly innovate with data, the in-house specialists who have the deepest knowledge of the data landscape can play a pivotal role in driving success.

With industry analysts forecast growth of 15–20% in the use of managed services over the next five years by financial institutions large and small, this is a solution whose time has come.

Crucial questions, the importance of technology

For sure, this is already happening but there is a snag – not all managed service providers specialize in the unique demands of market data management. Firms seeking to outsource their market data administration must ask crucial questions.

> Can the provider offer complete transparency over market data costs? Do they employ specialized technologies and workflows or rely on generic inventory management tools? If they use a specialized market data inventory system, to what extent can they monitor usage?

These considerations are vital for optimal market data management.

Some managed service providers still rely on generic procurement systems, which lack the sophistication needed to navigate the complexities of market data intellectual property (IP) costs and compliance. While some service providers may claim they can manage market data with these generic systems, they fall short.

> It's crucial to partner with a company that offers purpose-built software, ideally developed in-house. Such a firm possesses a deeper understanding of the technology and can leverage all functionalities and best practices, significantly improving the return on investment for the outsourcing firm.

Masters of their craft, the value of an expert team

The most pivotal question to ask a potential managed service provider pertains to the quality and expertise of their team.

- Does the provider have individuals with deep knowledge across all aspects of market data management, cultivated through years of industry experience and rigorous training?
- How do they ensure that best practices are ingrained in the relevant processes and workflows?
- Is the team experienced in all market data commercial management workflows, from handling service requests and contract renewals to data procurement and cost and usage reporting?

Such professionals are in high demand. Recruiting and retaining them is challenging, as some firms report investing in staff only to see them leave for other opportunities. Thankfully, that is not a universal problem. Some managed service providers have assembled teams of seasoned experts, who see the value of working across a diverse customer base in a service provider remit, and are committed to nurturing the next generation.

The critical components of a market data managed service

Some six months ago, <u>TRG Screen appointed Nadine Scott as Global Head of Managed Services</u>, who brings over two decades of senior market data experience from several tier-1 banks. Scott identifies two irreplaceable components of a best-in-class market data managed service.

> "As I continue to engage with our clients, their feedback reinforces my belief that our managed services vision and value proposition is highly-tuned to the market's needs. TRG Screen boasts the most comprehensive offerings to effectively tackle the complexities of market data commercial management," Scott says.

She sees the value proposition comprising two components, the first is manpower. Scott admits training is a personal obsession: "We are creating the next generation. We are proactively sourcing people with the right work ethic, who care about their customers, pay attention to detail and have boundless professional curiosity."

The second is TRG Screen's expert systems, Scott says: "These systems are specifically designed to do more than just address the administrative hurdles of market data management; they are geared towards creating strategic value by offering insights into the total cost of ownership and consumption related to industry issues and challenges," Scott says. TRG Screen's suite of market data and other subscription management products are acknowledged as cutting edge.

> That is the value proposition – freedom to unleash the skills and talents of the market data team to the benefit of the whole business.

Time to step up

But Scott has an insight that should give pause for thought to any firm of any size that is still using a generic management system.

> "Time and again we hear from firms walking away from generic procurement systems because they aren't able to manage the critical and complex cost and compliance aspects of market data."

She adds: "Not only do we have the technology, but we have the services that enables firms to outsource the admin. This gives them the reassurance that all commercials are handled in the best possible way. But, at the other end of the scale, the greatest value is achieved when we free up skilled market data resources to focus on projects that help the business grow. It's one value proposition but with different scales of applicability," she says.

Scott gives the last word on managed services to customers:

"Nothing I have heard in the last six months has changed my mind. TRG Screen is the only firm on the street with a road map for an integrated solution to meet the challenges that market data commercial managers face. That would have been invaluable in my previous roles, and everything I've heard from customers is fully in line with that."

Read the article online

Talk to an expert

About TRG Screen

TRG Screen is the leading provider of software used to monitor and manage subscription spend, usage & compliance across the entire enterprise.

TRG Screen is uniquely positioned to offer the full spectrum of enterprise subscription management capabilities across:
- Spend management – Optimize Spend (inbound licensing)
- Usage management – ResearchMonitor (online resources, applications & terminals) & Xmon (data feeds)
- Enquiry & workflow – Quest
- Exchange compliance & reporting – AXON
- Revenue management – INFOmatch (outbound licensing)
- Managed services & professional services

TRG Screen is differentiated by its ability to comprehensively monitor both spend on & usage of data and information services including market data, research, software licensing, and other corporate expenses to optimize enterprise subscriptions, for a global client base.

TRG Screen's clients realize immediate ROI and significant long-term cost savings, transparency into their purchased subscriptions, workflow improvements and a higher degree of compliance with their vendor contracts.

Our global client base consists of more than 500 financial institutions, law firms, professional services firms and other blue-chip enterprises that jointly manage more than $9.6 billion of subscription spend using TRG Screen's software solutions.

TRG was founded in 1998 by a group of financial technology executives passionate about helping firms manage their high value data subscriptions.

In October 2016 TRG acquired Priory Solutions adding powerful usage tracking solutions to our portfolio of solutions.

We further strengthened our position as a market leader in enterprise subscription spend management when TRG acquired Screen Group in January 2018.

In June 2019 AXON Financial Systems, the leading provider of exchange policy and compliance solutions, joined the TRG Screen family. The combined TRG Screen business provides a truly unique global offering.

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