TRG SCREEN

8-Step Guide to Choosing the Right Market Data Inventory Platform

Data Management Review
FROM **A-TEAM** GROUP

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Introduction

MARKET DATA INVENTORY PLATFORMS HAVE BEEN HELPING FINANCIAL INSTITUTIONS TO TRACK, MANAGE AND CONTROL THEIR MARKET DATA AND RELATED EXPENSES FOR DECADES.

But with the advance of technology and significant investment in the industry, is now the time to consider the strengths of your current platform, or in some cases, the possibility of migrating to a modern platform?

A-Team Group interviewed 15 senior market data managers during the second quarter of 2016 across the UK (67%) and US (33%) at sell side (60%), buy side (33%) and custodian (7%) firms about their views towards market data inventory platforms.

The findings deliver a valuable checklist of benefits, functions and vendor capabilities to evaluate when considering a supplier of market data inventory platforms. They also provide insight into the strengths and weaknesses of their current platforms, the view of market data managers towards migrating to alternative platforms and their appetite for using them for tracking an expanded range of services across the financial enterprise.

All the findings are then summarized into a handy 8-Step guide to choosing the right market data inventory platform provider for you (see Page 8).
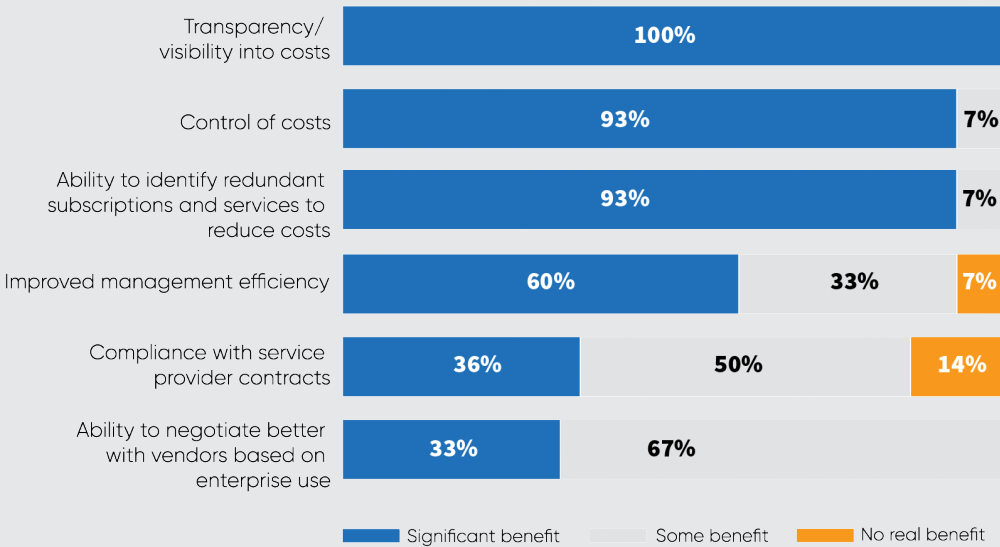
The Six Benefits of a Market Data Inventory Platform

MARKET DATA MANAGERS AGREED 100% THAT THE NUMBER 1 BENEFIT OF A MARKET DATA INVENTORY PLATFORM IS THE TRANSPARENCY IT GIVES YOU INTO YOUR MARKET DATA SERVICES AND COSTS ACROSS THE ENTERPRISE.

All market data managers interviewed said such transparency was a significant benefit, which enabled them to better predict ongoing costs and to make informed decisions about services.

What do you consider to be the top benefits of using a platform for managing your market data costs?

Benefit	Significant benefit	Some benefit	No real benefit
Transparency/visibility into costs	100%		
Control of costs	93%		7%
Ability to identify redundant subscriptions and services to reduce costs	93%		7%
Improved management efficiency	60%	33%	7%
Compliance with service provider contracts	36%	50%	14%
Ability to negotiate better with vendors based on enterprise use	33%	67%	

Following closely were both the second benefit being the ability to control costs through the visibility that a market data inventory platform provides, and the third benefit being the ability to identify redundant services, both seen as providing significant benefit to 93% of market data managers.

The fourth benefit was seen as enabling them to improve management efficiency through the use of a single repository of all market data service information and the automation of many previously resource-intensive processes.

Without a market data inventory platform, managers often find themselves with complex spreadsheets that are very hard to manage and a manual invoice reconciliation process that consumes significant management time and makes the decision-making process harder.
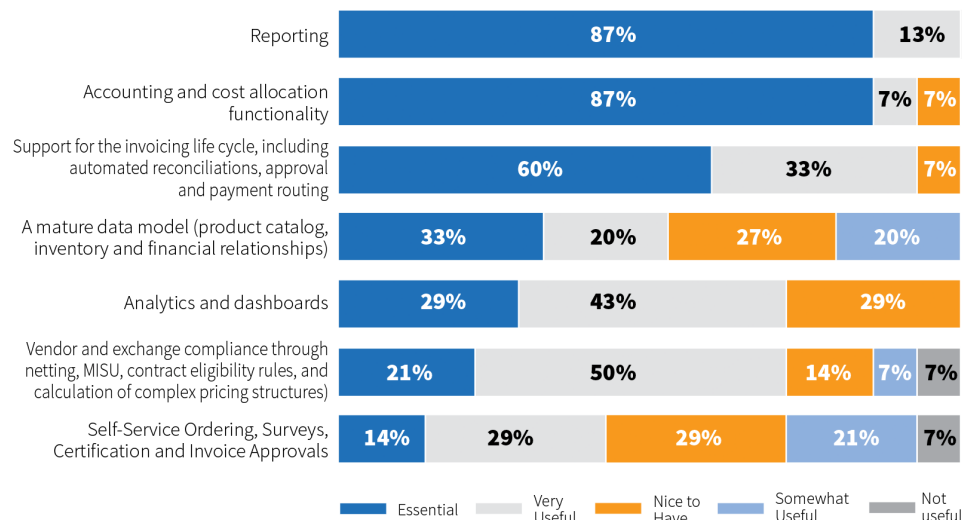
A third of market data managers identified significant benefit (and two thirds identified some benefit) in being able to negotiate more favorable terms with suppliers upon contract renewal. This is based on knowledge – gleaned from use of an inventory platform – of the breadth and depth of usage across each vendor's service, which can show where there are multiple licenses for the same service, or wider- spread use of a particular vendor than was previously realized.

The sixth benefit was seen as being in compliance with vendor and exchange policies. Thirty-six percent of market data managers saw this as a significant benefit, and 50% saw some benefit, in using an inventory platform to store, track and ensure compliance, thereby avoiding the risk of failing an exchange or vendor audit and the resultant penalties that might occur.

Key Platform Functionality to Consider

WHEN CONSIDERING THE BEST MARKET DATA INVENTORY PLATFORM, IT'S ESSENTIAL TO ENSURE THAT IT CAN PROVIDE MODERN, FLEXIBLE AND SOPHISTICATED REPORTING, AS WELL AS STRONG ACCOUNTING AND COST ALLOCATION CAPABILITIES, ACCORDING TO 87% OF MARKET DATA MANAGERS.

What are the key functions you think a market data administration platform should provide?

Function	Essential	Very Useful	Nice to Have	Somewhat Useful	Not useful
Reporting	87%	13%			
Accounting and cost allocation functionality	87%	7%	7%		
Support for the invoicing life cycle, including automated reconciliations, approval and payment routing	60%	33%	7%		
A mature data model (product catalog, inventory and financial relationships)	33%	20%	27%	20%	
Analytics and dashboards	29%	43%	29%		
Vendor and exchange compliance through netting, MISU, contract eligibility rules, and calculation of complex pricing structures)	21%	50%	14%	7%	7%
Self-Service Ordering, Surveys, Certification and Invoice Approvals	14%	29%	29%	21%	7%

Over half suggest that support for the invoicing lifecycle, which can save significant time in manual reconciliation, is essential, with another third stating that it is very useful.

Also very useful to consider is the analytics and dashboard functionality; being able to slice and dice your data can give you great insight into your costs and enable you to better manage them, but also to see at-a-glance the areas that need attention.

Vendor and exchange compliance is also a key capability to consider, and is seen as very useful by half and essential by just under a third of respondents. Compliance with the varying terms across multiple vendors can be difficult to manage, but a market data inventory platform has given the market data managers interviewed

a way to manage netting, MISU, contract eligibility rules and calculation of complex pricing structures.

While only a third said a mature data model – where there is an easy- to-use structure to all the data services that you receive from your market data vendors – was essential, it is still worth considering as it can make set up and ongoing maintenance easier.

Opinion about self-service ordering, surveys, certification and invoice approvals was mixed. Some market data managers have no need for it as they find alternate, often manual, ways to manage it. But those who valued it appreciated having a single system to manage both the inventory, but also to understand and better manage the needs of their clients.
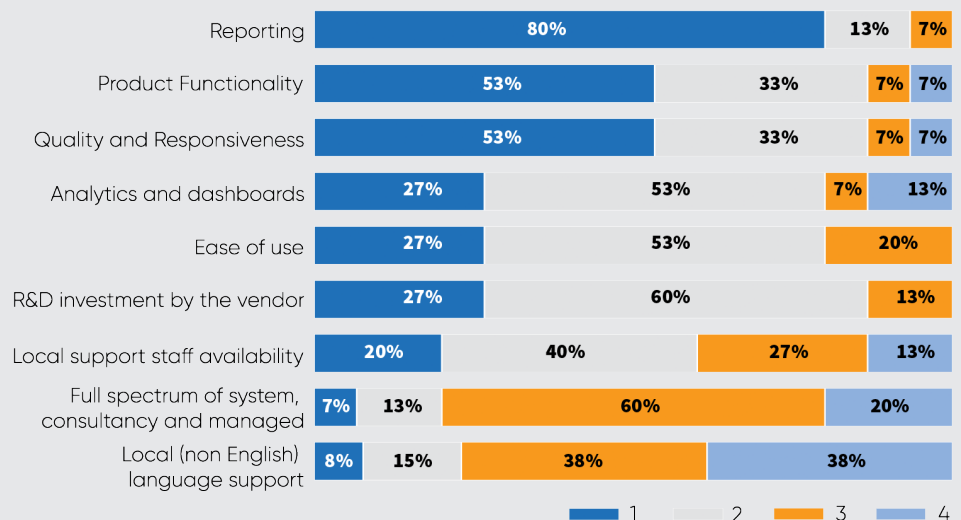
Vendor Capabilities

The leading capability by far is reporting. Is your vendor's reporting capability robust enough or is it holding you back? 80% of

market data managers highlighted this as the number 1 capability to consider.

What order of priority do you think would you rank the following capabilities when considering a provider of a market data administration platform?

Capability	1	2	3	4
Reporting	80%	13%	7%	
Product Functionality	53%	33%	7%	7%
Quality and Responsiveness	53%	33%	7%	7%
Analytics and dashboards	27%	53%	7%	13%
Ease of use	27%	53%	20%	
R&D investment by the vendor	27%	60%		13%
Local support staff availability	20%	40%	27%	13%
Full spectrum of system, consultancy and managed	7%	13%	60%	20%
Local (non English) language support	8%	15%	38%	38%

The breadth of product functionality was the second key consideration (see Key Platform Functionality to Consider section for more details, Page 3) and book to see an in-depth demo to ensure they are covered.

The quality and responsiveness of support was also high up on the list, so be sure to ask to talk to existing clients and consider the renewal rates of the providers you are considering which can show an indication of satisfaction with their support.

Also look for the level of sophistication of the analytical and dashboard capabilities, the ease of use and quality of user interface, and the level of R&D investment by the vendor as indicators of quality.
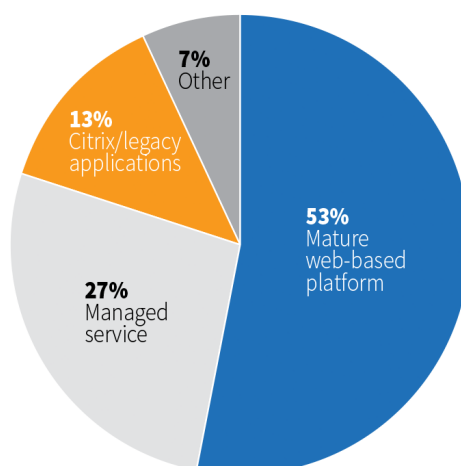
Depending on your type of organization and its geographical presence, local support staff and the availability of local (non English) language support might also be a consideration, although many financial institutions are global in nature and tend to have English- speaking market data management support teams.

Finally consider the ability of your market data inventory platform provider to provide a full spectrum of system, consultancy and managed services.

How Should Your Inventory Platform Be Delivered?

WHILE SOME LEGACY SYSTEMS HAVE BEEN HOSTED ONSITE AND/OR RUN ON OLD CITRIX APPLICATIONS, MARKET DATA MANAGERS TODAY EXPECT TO SEE MORE SOPHISTICATED APPROACHES WITH MATURE WEB-BASED PLATFORMS TAKING THE LEAD AND MANAGED SERVICES BEING OF INCREASING INTEREST.

How does your current provider deliver the service to you?

7% Other
13% Citrix/legacy applications
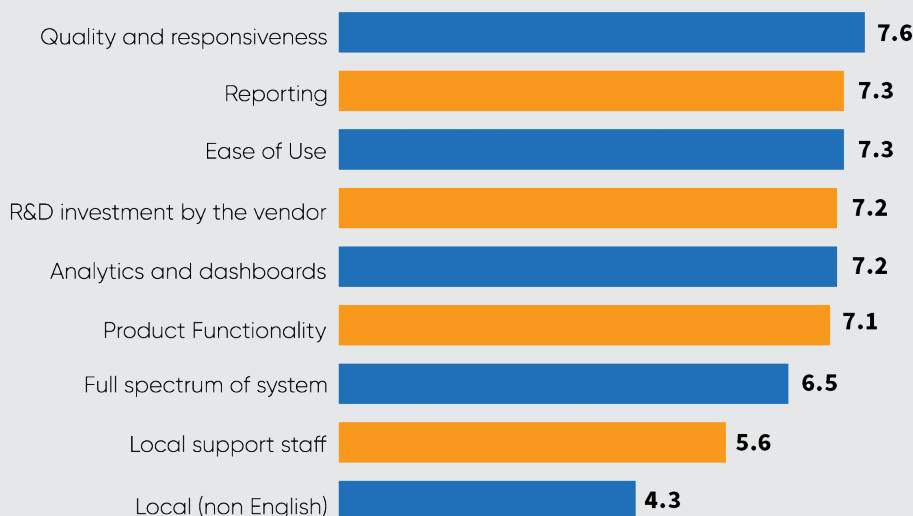53% Mature web-based platform
27% Managed service

Currently half of the market data managers surveyed now use a mature web-based platform, just under a third use a managed service approach, while 13% feel frustrated to still be relying on legacy systems.

As one market data manager said, "We would prefer to see a hybrid web-based managed service where more commoditized functions such as exchange rates for billing are managed, but where we have the information we need at our fingertips and the ability to customize reporting to suit our needs."

Satisfaction with Current Providers

THERE IS A GENERAL LEVEL OF SATISFACTION WITH SOME VENDORS, BUT CLEARLY ROOM FOR IMPROVEMENT.

How would you rank your current provider for the following capabilities (1-10 where 10 is the highest score)?

Capability	Score
Quality and responsiveness	7.6
Reporting	7.3
Ease of Use	7.3
R&D investment by the vendor	7.2
Analytics and dashboards	7.2
Product Functionality	7.1
Full spectrum of system	6.5
Local support staff	5.6
Local (non English)	4.3

Weighted average

Some of the frustrations market data managers experience with their current platforms center around the lack of responsiveness of support and reporting limitations where the reporting functionality is dated and inflexible and they have limited ability to create custom reports, so ensuring any provider has modern and flexible reporting is essential.

IT issues also featured heavily amongst the audience tied to legacy technology used on some platforms.

Specific limitations with vendor reports were also raised, so it's important to ensure that your provider can handle detailed data feeds such as the Thomson Reuters DACS report.

And the lack of a user group was mentioned by some clients who felt limited in their ability to meet with peers and influence future product development, so be sure to consider the level of engagement a provider might offer.

The Migration Question

SIXTY-FOUR PERCENT OF MARKET DATA MANAGERS HAVE CONSIDERED MIGRATING TO A DIFFERENT MARKET DATA ADMINISTRATION PLATFORM.

As one market data manager said, "We constantly review other providers. Everything we do is about saving on the cost of the platform while gaining functionality. If there were compelling business reasons we would consider migrating."

Another said, "We would like to. We would have a more up to date platform, greater flexibility, better reporting and, perhaps, web-based self service options."

For another, who is currently on a legacy platform, "All the other platforms are nicer, shinier, faster with state of the art stuff. They have the bells and whistles and are priced [at a] comparable [level]".

Not all respondents held this view, with the remaining 36% happy to maintain the status quo.

But there is clear appetite to consider migration to a platform that provides more sophisticated and flexible functionality, improved customer service and reduced cost.

The barriers to such migration generally center around the question of incentive, but also around the level of internal resource required to support such a transition and the need to get budget sign off for it.
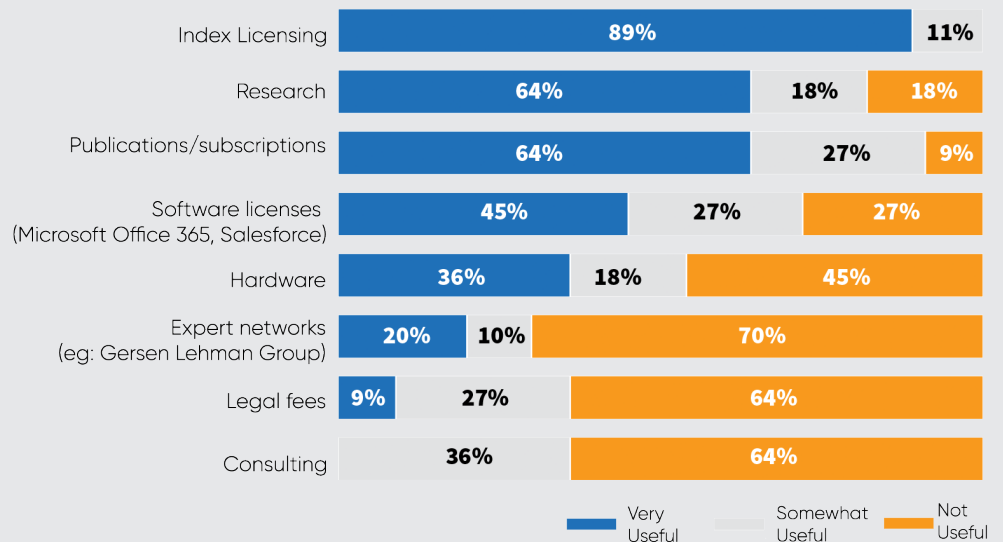
The clear message from market data managers was that price (or more specifically cost savings) was a method that could entice not only them but also their senior management to migrate,

followed by improvements in functionality. But it is also important to understand from your future provider how they would manage the migration: how much of the migration of data would they move from your existing provider to their platform; what level of support would they provide during the transition; and what track record do they have in supporting such a transition.

Extending the Platform's Use Beyond Market Data

WHILE SOME MARKET DATA MANAGERS FOCUS PURELY ON MARKET DATA, OTHERS HAVE A WIDER REMIT THAT MIGHT INCLUDE MANAGING THE COST OF RESEARCH, NEWS AND MAGAZINE SUBSCRIPTIONS, SOFTWARE, TELECOMS AND MORE.

Looking at the different expense types, can you say how useful (or not) you think each would be to be able to track from the same platform as you currently use for market data?

Expense type	Very Useful	Somewhat Useful	Not Useful
Index Licensing	89%		11%
Research	64%	18%	18%
Publications/subscriptions	64%	27%	9%
Software licenses (Microsoft Office 365, Salesforce)	45%	27%	27%
Hardware	36%	18%	45%
Expert networks (eg: Gersen Lehman Group)	20%	10%	70%
Legal fees	9%	27%	64%
Consulting		36%	64%

Although there are different providers or services that can offer this, being able to leverage and extend the single existing inventory platform to manage a wider set of costs for services across the enterprise was seen as highly valuable.

The types of data that data managers would like to manage from the same platform included index licensing (89% seeing that as very useful), followed by research (64%), and publications and subscriptions (64%).

Key Platform 8 Steps to Choosing the Right Market Data Inventory Platform Provider Functionality to Consider

Step 1: If you don't already use one, research and implement a market data inventory platform

The benefits are clear, from providing transparency into all your costs, but also being able to control those costs, identify redundant services and save significant time and resource from what was a previously manually intensive process (see page 2 for more). If you don't have a modern inventory platform, you are missing out on the opportunity to simplify the process and reduce costs significantly.

Step 2: Consider the key functionality offered, in particular the reporting and analytics capabilities

Review the list of key functionality on page 3, but also ensure you select a platform with a strong reporting capability – the number 1 capability according to 92% of respondents, and also the number 1 issue with their existing platforms. Considerations such as the flexibility and speed of access to the data you need, the ability to create custom ad-hoc reports and the ability to handle specific detailed feeds such as the Thomson Reuters DACS report or part month billing from Bloomberg, are all essential to ensuring success. Tied to this is the ability to leverage sophisticated analytics and dashboards to slice and dice your data.

Step 3: Consider the capabilities of your new provider

As well as considering the functionality, capabilities and ease of use of the platform itself, consider the responsiveness of service, the level of R&D into the product, and the range of services from system, consultancy and managed services, that your future provider can offer (see page 4).

Step 4: Look for a well-established web-based platform

Look at how well-established the web-based platform is and avoid those running on legacy platforms. Or consider the pros and cons of a managed service option.

Step 5: How focused is your provider on your core platform?

Ensure your provider's focus is not diluted across multiple products at the expense of your core platform.

Step 6: If you are considering migrating, ensure you negotiate favorable terms and support from your new provider for switching

If you're considering migrating, raise it with your chosen alternate provider and see if you can negotiate favorable terms for switching. Be sure that any provider you switch to will manage the migration of content for you and provide training to get you and your team up to speed quickly.

Step 7: How strong is the client engagement and user community?

Does your provider host regular user meetings where you can get together with other users and discuss best practices, resolve issues and have an impact on future development? Does your provider provide an online community for collaboration and feedback? Do they engage and collaborate with clients on their product roadmap and enhancement plans?

Step 8: Consider if you have broader needs beyond tracking market data

Can you track other expenses and services beyond market data with your platform? If you have more than market data under your remit, or if you can work more strategically across departments, you should ensure your platform – as a single consolidated platform – can handle additional expense types, such as research, software, publication subscriptions and more.

End user firms of market data and information services have an increasing demand to manage, monitor and reduce their spend on these services. Complex vendor services pricing structures, changing user requirements and intensified vendor & exchange audits increase the need for global transparency & control.

Lack of standardized processes, limited capabilities for automation and inefficiencies in Governance models result in an industrywide overspending of several billions of $ each year. Best Practices have shown that end user firms typically overspend between 10% to 15% per year on enterprise subscriptions. At the same time many of those firms are at considerable risk of being audited and penalized for unauthorized use of externally sourced data.

The industry therefore needs professional tools, software and services to get a better control on their enterprise subscriptions landscape.

Our solutions

TRG Screen is uniquely positioned to offer the full spectrum of enterprise subscription management capabilities across expense & revenue management (FITS, INFOmatch), usage tracking (ResearchMonitor, DART), enquiry management (Quest), specialist consulting services, managed services, and events.

TRG Screen is differentiated by its ability to comprehensively monitor both spend on and 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.

Who we are

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

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

Our global client base consists of more than 750 financial institutions, law firms, professional services firms and other blue-chip enterprises that jointly manage more than $6.0 billion of subscription spend using TRG Screen's software solutions.