



Case Study

Reference Data Usage Management

How to enhance reference
data transparency, control
& governance

The Client

THE CLIENT IS ONE OF THE NORDIC'S OLDEST AND LARGEST PENSION INSURANCE COMPANIES, PROVIDING PENSIONS AND INSURANCE FOR 1.2 MILLION CLIENTS IN THE REGION.

It manages a portfolio of some 60 billion euros, invested in the full range of financial assets. It generated returns of about 10.5 percent – 5.6 billion euros – in the first three quarters of 2021.

The systems management team's responsibilities include portfolio management systems, trading platforms and data vendor terminals.

It has an internal hedge fund, which is heavily reliant on reference data, particularly related to fixed income and equity instruments.

Summary

- The client manages a wide range of financial assets.
- The firm wanted more clarity and control over its usage of reference data.
- Many different systems and environments were sending data requests to vendors.
- Not knowing what data was being requested, or by whom, between monthly invoices, made accurate budgeting, or cost allocation, impossible.
- It had worked with the Xpansion team on other projects and was impressed with their understanding of complex instruments.
- The client found that Xmon best met their requirements.
- Implementation and deployment were seamless. No IT needed to be installed and no reconfiguration of the portfolio management was required; all that was needed was for IP addresses to be changed. Xmon was up and running in a day and a half. The system has remained stable, with no issues, for more than three years.
- The data team now has transparency on reference data usage and has been able to block unwanted expensive requests. This has allowed it to optimise its spending.
- With Xmon, the client can set rules for data usage, enabling it to control which requests are sent to the vendor.
- The firm is now able to reconcile and check the accuracy of vendor invoices, eliminating the previous uncertainty.
- Costs have been cut by some 10 percent and the data team see the potential for additional savings, pinpointed by Xmon, of up to 20 percent of the total reference data invoice.

The Challenge

THE CLIENT HAD NO CLARITY, AND THEREFORE CONTROL, OVER ITS USAGE OR SPEND RELATED TO REFERENCE DATA.

The firm had no visibility of its intra-month spending on reference data. This made accurate budgeting impossible. The data team had to wait until an invoice arrived at the end of the month and just hope it was close to estimates.

There was no visibility on reference data usage either. Like many financial services firms, the client had many systems connected to data vendors. Some data requests were made for development and testing purposes.

It wasn't immediately clear which user, system, app or third-party vendor was pulling in data or what data was being used. Given the lack of clarity, it was impossible to know when expensive data requests had been sent, or to intervene to block them. While requests could be investigated, this was a time-consuming and laborious task.

Another challenge was the difficulty in understanding vendor pricing models, in which, according to the firm's officials, the addition of just one or two new data points could see costs rise significantly.

System Manager:

"We didn't have any visibility on data usage during the month so it made budgeting impossible. We had no possibility to block or control unwanted expensive data requests. We were waiting for the next bill and hoping there would be no nasty surprises."

The solution

XMON, A REFERENCE DATA USAGE MANAGEMENT SOFTWARE SOLUTION.

Xmon helps data operations teams establish **proactive control, transparency** and **governance** over reference data usage and spend. Xmon, a SaaS product, is a proprietary tool of Xpansion Financial Technology Services. TRG Screen and Xpansion are strategic partners for Xmon.

The client's main goal was greater visibility and control over its data usage. It had been involved with Xpansion on projects before and knew the team. The Finnish firm especially appreciated the fact that Xpansion understood the data requirements for complex instruments in its portfolio, including derivatives. This made it easy to build up trust.

It was also keen to minimise disruption and to avoid having to implement a tricky reconfiguration of the portfolio management system.

Due diligence showed that no other product so closely matched the client's needs.

"Once we started talking about Xmon itself, we couldn't find any other product having the same capabilities at that time."

During demonstrations, the client sought some additional functionality and this was quickly provided.

"We provided some feedback and the team were able to add this to the product really quickly. This obviously increased our trust in the product and the team."

Xpansion says deployment of Xmon requires no IT hardware or infrastructure to be installed at the client's site. The product can be integrated in a number of ways, mostly with a reconfiguration of applications. This can take a matter of hours. If deployment involves many applications, accounts and vendors, Xmon can be gradually rolled out to minimise disruption

In the client's case, no reconfigurations were required for the portfolio management system. The only requirement was for IP addresses to be changed.

"Implementation and deployment were really seamless. After firewalls and the technical stuff were tackled, the deployment took only a few hours. We were up and running in a day and a half."

The client has been using the Xmon service for more than three years and during that time the system has remained stable.

"We haven't had any issues and we haven't seen any unwanted requests going through Xmon accidentally. It has really worked as promised."

The result

GREATER VISIBILITY OF DATA USAGE BRINGS CONTROL AND COST SAVINGS

Xmon monitors data usage in real time, allowing the firm to manage reference data in an agile way. The data team knows which user or system is making each data request. This allows them to block unwanted or expensive requests, making it easier to keep tabs on costs.

"It has provided transparency on usage. We now know which environment is requesting what. We have been able to catch unwanted requests from development environments. These are huge savings because, in many cases, these are a pure waste of money.

Xmon, also available as a fully managed service, goes further. It enables the data team to set rules on usage, helping ensure compliance with vendor licence agreements. Whether managed in-house or by Xpansion experts, Xmon also makes recommendations for potential cost-savings.

Xmon allows managers to set rules covering which requests are sent to data vendors. Any request for reference data over a specified cost can be blocked and only sent after a manual approval.

After implementation of Xmon, the first item the firm tackled was end-of-day price requests covering some 20,000 instruments. What they found was that 15 percent of them were either expired or unlisted.

"By cutting them off, we were able to take a quick win and reduce costs significantly. We can really control what goes to the data vendor and, by doing that, avoid costs."

The clarity brought by Xmon has made it easier for the client to budget and to reconcile and check invoices from data vendors. On Xmon's dashboard, managers can see how costs vary over the month.

"We have much better governance of our data consumption. We are able to reconcile the invoices sent to us and be sure they are accurate, which wasn't the case previously."

Managers can also perform “what if” calculations to test the impact of potential changes in what reference data is requested. With the help of Xpansion, the client simulated the impact of a change in a major vendor’s pricing model. This helped the firm push back in negotiations with the provider, meeting one of its goals. It moved from a “per security” model to a “scheduled” model.

For the client, cutting costs was not, and still isn’t, the primary reason it chose Xmon. Nonetheless, the move released significant savings.

“We have been able to reduce costs by about 10 percent. By having the understanding, we know there is still room to make additional savings by reducing some high-cost categories of data. All this is pinpointed by Xmon.”

These additional savings could amount to 20 percent of the firm’s total reference data invoice.

“It’s really good to feel that we are controlling data usage and that we won’t be getting any nasty surprises next month.”

About TRG Screen

TRG Screen is the leading provider of software used to monitor and manage subscription spend & usage 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), DART (terminals) & XMon (data feeds)
- Enquiry & workflow – Quest
- Exchange compliance & reporting – AXON
- Revenue management – INFOmatch (outbound licensing)
- Specialist consulting services, managed services & events

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 750 financial institutions, law firms, professional services firms and other blue-chip enterprises that jointly manage more than \$8.5 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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