



Consultancy



Benchmarking Market Data Services

Comparing
market data
spend with
peers



www.trgscreen.com

The client

QUANTITATIVE COMPARISON OF MARKET DATA SERVICES USED BY THE CLIENT AND PEERS SHEDS LIGHT ON THE PRESENCE OF MARKET DATA SERVICES WITHIN CLIENT’S ORGANISATION AND MAY TRIGGER FOLLOW UP.

The client is an international Asset Manager. The market data organisation suspects a relative market data overspend compared to peers, but has no indicators to substantiate this.

As a starting point the client wants to compare the market data cost with peers, both on enterprise level and also on certain business activities.

The challenge

INSIGHT IS NEEDED ON ENTERPRISE LEVEL FIRSTLY AND FOR CERTAIN DEPARTMENTS SECONDARY.

- Key is to have:
- Data from peers with a comparable activity scheme
 - Reliable, comparable data on the most detailed and aggregated level
 - Organisational mapping with peers
 - Consequent currency conversions

Analysis on peer level

TRG SCREEN HAS DEVELOPED INDICATORS AND ASSOCIATED METRICS FOR CALCULATING AND MEASURING OF CRITICAL MARKET DATA.

These indicators have been proven in time and adjusted where necessary. 5 quantitative efficiency ratios on enterprise level are used and agreed upon with the client (see Figure 1). Each peer is scored against the metrics.

Client			Score		
Name	Description	Metrics	Below average	Mean	Adequate
Market Data Value ratio	Assets Under Management versus Market data cost	Assets under Management (in Eur BLN)/ Market Data Spend (in Eur MLN)	0 - 12	12 - 18	>18
			Below average	Mean	Adequate
Staff occupancy ratio	Market data users versus Assets under management	Assets under Management (in Eur BLN)/market data users	0 - 0.5	0.5 - 1.0	>1
			Below average	Mean	Adequate
Bloomberg terminal ratio	Assets under management versus number of Bloomberg terminals	Assets under Management (in Eur BLN)/ number of Bloomberg terminals in place	0 - 1	1 - 1.5	>1.5
			Rel Dependent	Mean	Rel Independent
Bloomberg dependency ratio	Total market data spend versus Bloomberg cost	Total market data spend (in MLN Eur) versus Bloomberg cost (in MLN Eur)	< 2.5	2.5 - 3.5	> 3.5
			Rel Dependent	Mean	Rel Independent
Rating agencies dependency ratio	Total market data spend versus rating agencies cost	Total market data spend (in MLN Eur) versus cost of Fitch, Moodys and Standard & Poors	< 6	6 - 8	> 8

Figure 1: Efficiency ratios

TRG Screen market data value index

- 1. The index value for each company is plotted against Asset Under Management (AUM)
- 2. An index value below 40 assumes relative over-servicing of market data services
- 3. An index value of over 40 assumes adequate effectiveness of market data services in place

Result

THE 5 INDIVIDUAL RATIOS ARE COMBINED AND WEIGHTED IN AN OVERALL INDEX: THE TRG SCREEN MARKET DATA VALUE INDEX.

Outcome of the exercise including 5 peers is shown in figures 2 and 3.

Screen MD value index	Client	A	B	C	D	E
Index value	25.79	39.69	63.58	47.07	26.26	30.32
AIM	240	405	220	321	106	176

Figure 2: TRG Screen Market Data Value Index values for client and peer companies A to E

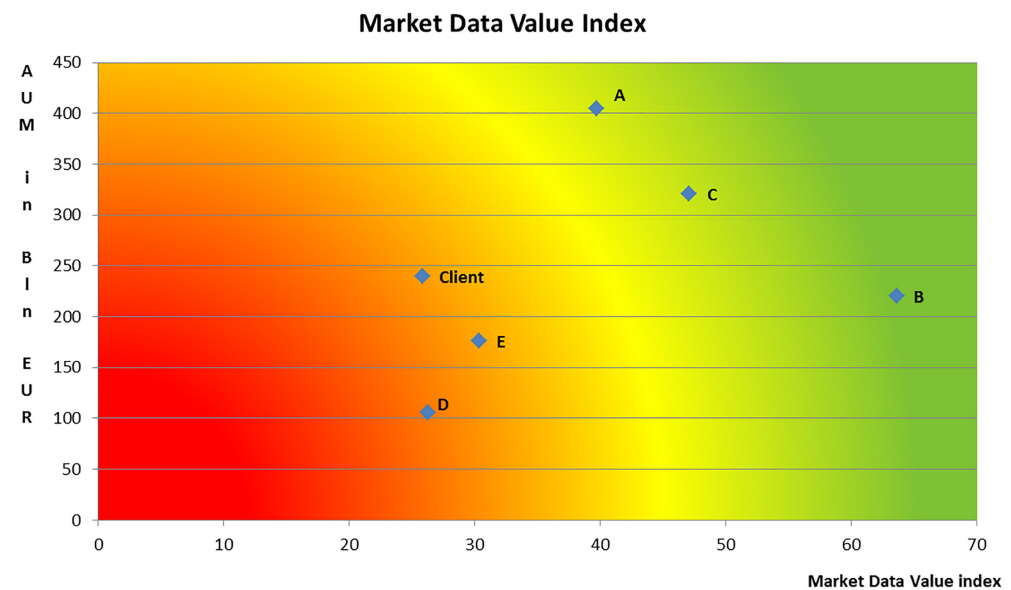


Figure 3: The TRG Screen Market Data Value Index plotted against Assets Under Management for client and peer companies

Conclusion & Follow up

- Client is relatively over serviced with market data services from a quantitative point of view
- Target is to move from now 25.79 to 35 in three years by optimising setup of market data services
- Proceed with departmental peer comparisons

Who we are

Screen Consultants is part of TRG Screen, which offers a range of specialised services and solutions for the professional financial information services industry since 1990.

Screen Consultants is recognised as the global leader for **market & reference data** and **investment management solutions** advisory services, and known for its market expertise, independence, innovative products & services, and quick response to customer requests.

With offices & partners in all major financial centres TRG Screen has managed more than 750 market & reference data and investment management projects for **500+ clients** worldwide.

What we do

Screen Consultants is an **independent boutique consulting firm** with a track record of assisting financial institutions globally with managing business processes, market & reference data management challenges, selection & implementation of specialised information systems, technology and risk & regulatory compliance issues.

Our areas of expertise include strategical and tactical change management, programme & project management and business analysis.

We have a diversified range of consultants with specialised skills, working within the investment banking, asset management, retail banking, insurance, energy and the hedge fund industry.

Why we do it

Market & reference data and investment management solutions are **expensive** and **complex** (data variety, functionality, technology, billing). Therefore it needs to be managed professionally.

We want to **support the financial information services industry** in optimising its operational processes and market data services, as well as right-sizing its investment management systems.

With our innovative products and additional specialist services we want to help any (trading) firm using market & reference data and financial services solutions to flourish.



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