



Consultancy



Market Data Optimisation

Vendor Information Project (VIP)

The client

THE CLIENT IS THE NEW YORK-BASED SUBSIDIARY OF A TOP 10 GLOBAL BANKING GROUP. THE CLIENT OFFERS FINANCIAL SERVICES THAT ARE ORGANISED IN CORPORATE & INVESTMENT BANKING, BROKERAGE, DERIVATIVES & DEBT MARKETS, WEALTH MANAGEMENT, RESEARCH AND ASSET MANAGEMENT.

Worldwide the client has 18,000 employees and assets exceeding \$380 billion. Their global distribution and financial strength make them a business leader in corporate banking

and structured finance as well as in investment banking and capital markets. The client has 13 offices throughout the Americas and one of the largest trading floors is based in New York.

The challenge

IN ORDER TO SUPPORT THE DAY TO DAY TRADING ACTIVITIES, THE BANK USES A VARIETY OF INFORMATION SERVICES, WHICH CAN BE CATEGORISED AS MARKET DATA (REAL-TIME, HISTORICAL AND INTERPRETATIVE), ANALYSIS SOFTWARE, DEALING & TRADING SYSTEMS AND OTHER SPECIALIST APPLICATIONS.

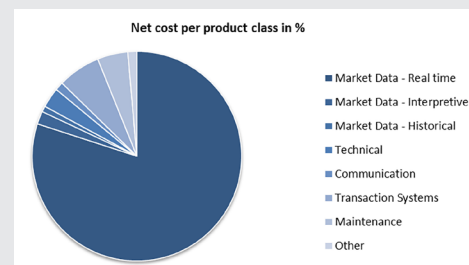
The end-users are spread over all business areas, although the main usage is concentrated in the 3 main trading rooms. Professional real-time market data systems such as Thomson Reuters, Bloomberg, CQG and others are used for day to day market information.

For trading purposes, services such as Thomson Reuters EIKON, EBS (for FX & MM dealing), Tradeweb and others are used. The bank also consumes market data in various applications used for:

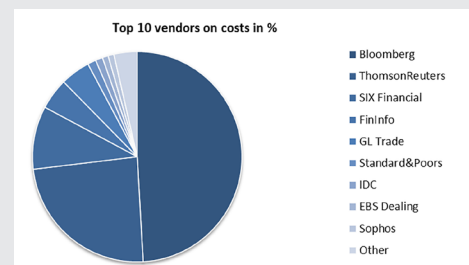
- Trading, order entry and position keeping
- Portfolio Valuation
- Risk management
- Algorithmic trading

In addition a wide range of Ratings & Forecast services are used. As the bank has a strong positioning for Credit Investments, multiple specialist information providers in this area are used as well. This case study involves the users in the NY trading floors where costs exceed \$ 15 million per year on information services. These costs can be broken down into the following product categories:

Market Data spend by product category



Or by vendor



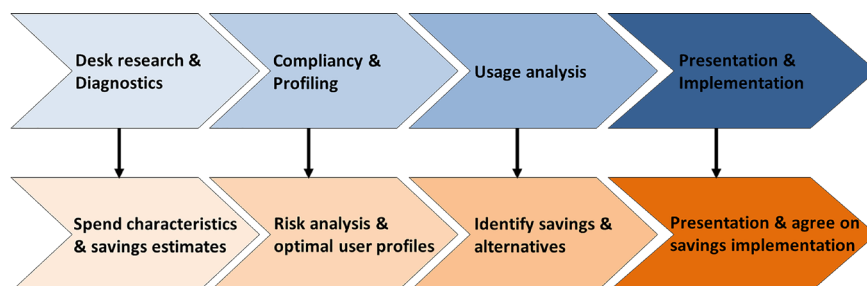
The bank's management wants to optimise the information services environment by reducing the yearly spend by at least 10%. The management has clearly expressed its commitment and support in achieving this goal.

The solution

TRG SCREEN CONSULTANTS OFFERS THE BANK TO CONDUCT A STUDY ACCORDING TO THE V.I.P. METHODOLOGY.

The V.I.P. methodology, developed by TRG Screen over the last 20 years, provides an analysis of all areas involved in the information services management process, which are exposed to inefficiency risks.

The methodology is best qualified as a 'total approach', aimed at optimising the complete information services environment, from an administrative, usage, technological and "best-in-class" pricing point of view.



This methodology include the analysis of usage of market data services, as well as other specialist information services and software applications, which are used in

financial front and back offices, including dealing and trading systems, analysis software, order entry and position keeping systems.

The approach

THE APPROACH CONSISTS OF THE FOLLOWING PHASES:

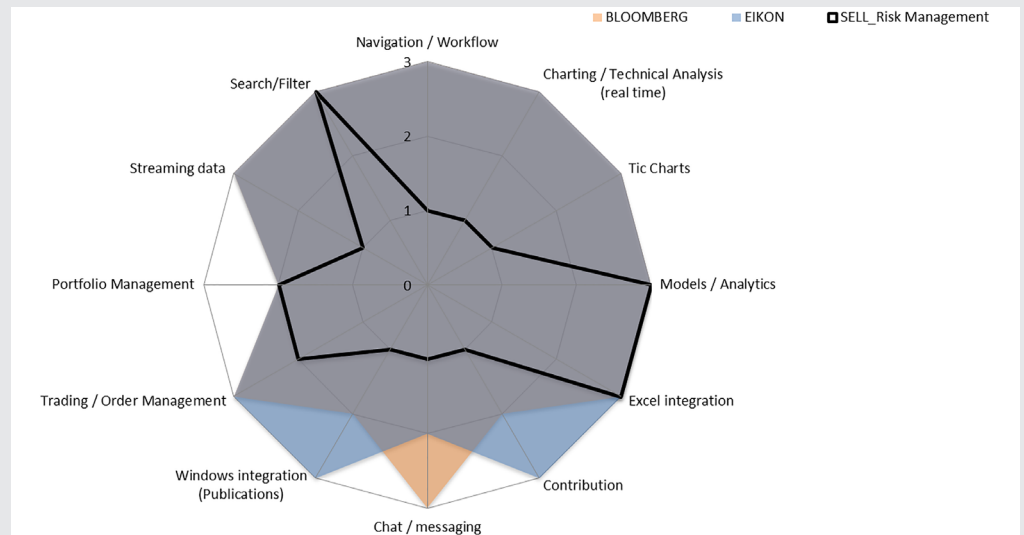
Desk Research & Diagnostics

To have a clear starting point, the client is asked to provide all relevant information concerning the current information services environment, such as organisation charts, floor layouts, permissioning reports, contracts, invoices and network schemes.

This information is populated and stored in INFOmatch, TRG Screen's in-house developed inventory system. This provides the project team with a complete overview of all the information services, including the costs, broken down in detail by vendor, department or user, as well as all contractual details and cancellation terms. With the identification of the total cost for information services, worth \$ 15 million, the basis benchmark is agreed.

Compliance & Profiling

Based on the input from permissioning systems, inventory tools and DAD's TRG Screen will audit the use of data versus the declaration to the vendors, exchanges and third party providers. The service profiles that are generated from the inventory database allows TRG Screen to benchmark the existing user/service profiles against Best Market practices. For this purpose TRG Screen uses a database that holds service profiles for more than 65,000 trading positions from more than 100 organisations worldwide.



Example of a functional data profile

Usage analysis

The group of 'power' users consists of some 350 staff, most of them located in the different dealing rooms. The others have responsibilities in Asset Management, Private Banking, Back-office and Risk Control.

TRG Screen introduces a team of 5 specialists who visit the bank for a period of one week to complete on-site interviews and a (technical) site audit. During this week, TRG Screen analyses systems usage, data sources required and functional requirements in relation to the business processes. In addition to interviews with the 'power' users, interviews are conducted with Senior Management, IT staff and the Internet project group, which uses real-time market data to feed the bank's public web site. A separate range of interviews is conducted in the following weeks; in total between 35% and 45% of the users have been interviewed.

Presentation & Implementation

During the next two months, the information is completed with missing details and additional information collected from the vendors involved. All information is analysed by the project team and the optimisation and savings scenarios are prepared.

The final results and optimisation scenarios are presented to the Desk heads and the bank's Management Team. After a short period of evaluation, TRG Screen supports the implementation process by getting sign offs from the business and supporting the Steering Committee with suggestions & ideas to maximise the realised savings.

An important part of the project also has been the analysis of the Market Data Management organisation at the bank. Based upon the market standards we see with other clients, we have been providing clear recommendations to improve:

- the procedures for ordering and cancelling
- budgeting
- frequent cost & usage reporting
- administrative processes and procedures
- the organisation of the department

Results

IT IS ENCOURAGING FOR THE PROJECT TEAM TO FIND THAT THE BANK'S MANAGEMENT APPROVES ALL LEVEL 1 (QUICK WINS) RECOMMENDATIONS AND IS CONSIDERING THE IMPLEMENTATION OF THE LEVEL 1 AND LEVEL 2 SAVINGS AS WELL.

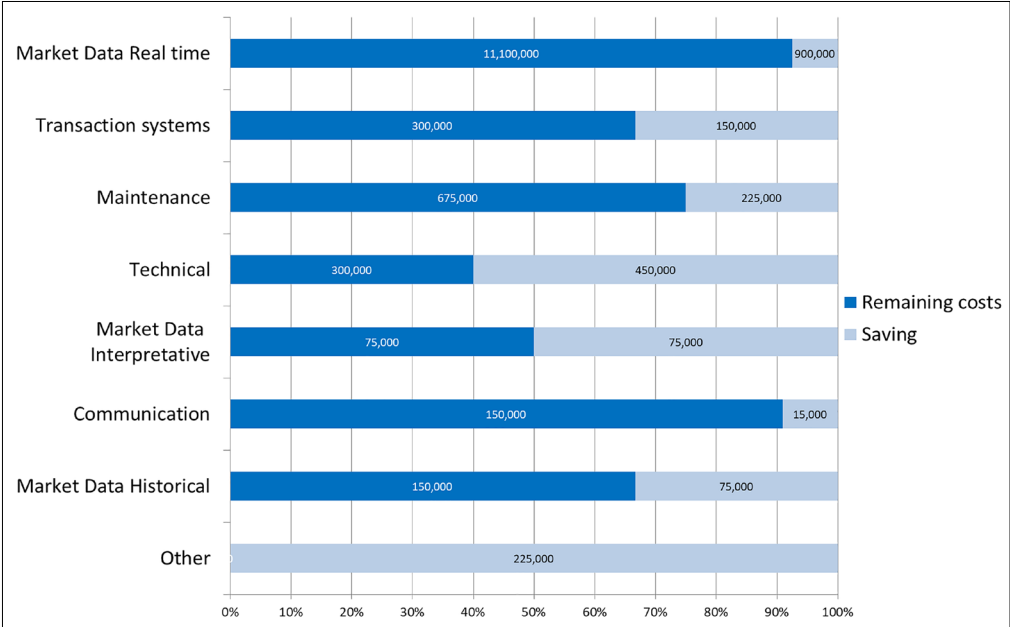
The V.I.P. study results in a reduction of the annual costs by \$2,25 million representing 15% of the initial annual spend!

The savings are mainly realised by:

- Users with multiple Tier 1 systems
- Unused (shared) terminals, exchange fees or third party services
- Reducing the number of specialist products

- Identify incorrect vendor billing and correcting administrative mismatches
- Negotiating back-credits due to over billing
- Creating an overall cost awareness within the organisation
- Take advantage of Global Agreements

The different information services types and the amount in which they attributed to the savings result:



As expected, the end-users experience hardly any pain since their desktop environment is not or hardly being affected.

Finally, with the implementation of INFOmatch, the bank realises full cost transparency and complete control over the information services in use.

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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