



# Optimizing Market Data Subscriptions with Usage Monitoring

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FROM A-TEAM GROUP



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# Introduction

MARKET DATA MANAGERS ARE UNDER PRESSURE FROM A VARIETY OF DIRECTIONS. LINES OF BUSINESS DEMAND ACCESS TO MORE AND A WIDER VARIETY OF FINANCIAL INFORMATION SERVICES THAN EVER BEFORE.

This pressure for more information comes against the backdrop of the need to cut the overall cost of data services in what continues to be a margin-conscious environment for the financial services industry as a whole.

As a result, it's imperative for firms to understand what information services are being accessed and used across their businesses so they can manage subscription costs more closely. Complicating matters is the fact that many new data services are not delivered via traditional desktop applications. Instead, they are provided over the web, making access and usage challenging to track through existing methods.

Despite this, two-thirds of financial services firms polled in a recent A-Team Group survey on market data usage do not believe they have enough transparency into the actual consumption of the information services they pay for. As the old adage goes, 'You can't manage what you can't measure'. And so this lack of transparency is making the job of

managing market data and information services a very real challenge.

Firms have been trying to get to grips with their use of market data and information through a variety of approaches. In fact, nearly 79% of firms in the survey say they do have a system in place for tracking usage. But given how many firms feel they still do not have enough transparency, there is clearly a disconnect. What they have so far is not working.

So what can market data managers do to grasp control of data usage, gain transparency, ensure they are in compliance with vendor policies, and ensure they are managing costs as effectively as possible?

This white paper looks at the current approach and outlines steps you can take to address information service usage tracking, based on the findings of a survey of 14 senior-level market data managers across the US (43%) and UK (57%) at sell side (57%) and buy side firms (43%), conducted by A-Team Group.

## Executive Summary

- Two-thirds of respondents indicated that their firms do not have enough transparency around the access to and usage of information services in their organization.
- Almost 79% of firms do some kind of tracking, but current tracking methods are not working well enough. Today's approaches often rely on manual usage surveys of the business or usage data from the information vendors themselves, when available.
- Failure to track usage of information services can lead to a problem managing or reducing spend on these products – a stunning 85% of firms said this was an issue for them.
- The problem of tracking access to and usage of web-based products will only get worse. One-fifth of firms say spend on web-based services constitutes 50% or more of their total spend on information services today. Two-thirds say spend on web-based services has increased over the past two years compared with installed or desktop applications. The trend of growth for web-based services is clear.
- The challenge of tracking access to, and usage of, information services is made all the more complex by the quantity of services firms subscribe to.

Some 47% of respondents manage relationships for more than 100 products.

- The majority of respondents – 60% -- have up to 100 web-based subscriptions at the moment. A significant minority – nearly 7% -- say they have more than 500 such subscriptions.
- If firms could understand access and usage, the benefits could be significant, with more than 57% ranking the ability to identify total cost savings as their top positive outcome. More than one-quarter of respondents said total cost savings

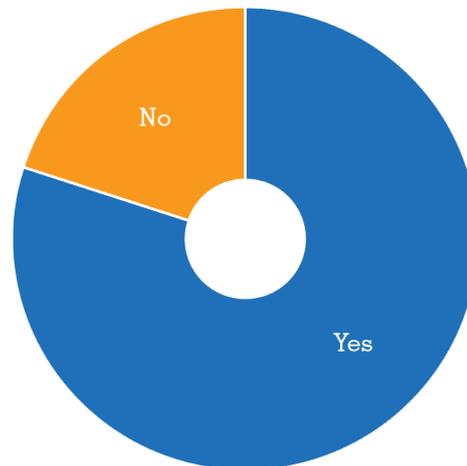
from better transparency could be 30% or more of their annual spend on these products.

- Tracking the data that has been accessed within a web-based information source would be the most useful tracking capability, with more than 93% indicating this capability would bring value.
- Building a business case to actively track access to, and usage of, information services – particularly web-based services – is as simple as five easy steps.

## Market Data Usage Monitoring: Current Landscape

TODAY'S FINANCIAL SERVICES FIRMS HAVE COMPLEX INFORMATION SOLUTION NEEDS. IT'S THE MARKET DATA MANAGER'S JOB TO ENSURE THE RIGHT SERVICES ARE CONTRACTED FOR AND USED WITHIN THE ORGANIZATION.

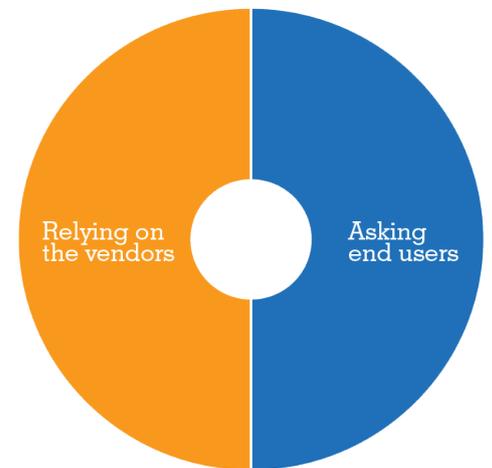
However, this is often much easier said, than done. Most market data managers are effectively 'flying blind' when it comes to how and where information is being consumed, making it difficult to prioritize renewals or cancel unused services.



### Q3 Do you currently track actual usage of the information services you are paying for?

In fact, two-thirds of respondents said their organizations did not have sufficient transparency into the actual usage of the information services they pay for across their firm. These information services can range from the traditional data feeds supplied by vendors such as Refinitiv and Bloomberg, to more specific

information sources supplied through a website or other web-based delivery mechanism.



### Q4 If yes, how do you do it?

Certainly, this has been a concern for some time for market data managers. Many are able to track some aspects of usage – in fact, nearly 79% of respondents to the survey say they currently track actual usage of the information services their organization is paying for in some way. However, of those who are tracking usage, half do so by simply asking end users about their usage patterns, while the other half rely on vendors to supply usage information.

However, vendor usage tracking information is limited. The two main desktop app companies – Refinitiv and Bloomberg – supply limited tracking capabilities within their own products. Refinitiv offers the Data Access Control System (DACs) and Bloomberg has the Entitlements Management and Reporting System (EMRS).

Unfortunately, the usage information can often not be what the market data manager needs. Says one respondent, “Usage stats from vendors are not always good. Transparency depends on granularity of data provided by suppliers.” Another frequent issue is that usage statistics from vendors come in different formats, so organizations need to spend time and resources to aggregate usage data manually – and even then, comparative analysis can be difficult.

As well, beyond these two services, vendor usage data coverage can be patchy. “Most vendors don’t provide any kind of usage tracking,” says one respondent. “They might have [this kind of tracking in their systems for their own internal use] but don’t want to offer it to their clients. Outside of Refinitiv and Bloomberg, there is really no way to track actual usage for anything we have internally.”

This market data manager, like so many others, has to rely on internal self-assessments of information services use to gauge purchase and renewal decision. The respondent continues, “Mostly we send monthly inventory reports to the business heads and ask them to review those, see what’s being used in their individual business areas, and let us know if anything is no longer required.”

Other respondents said they sent their requests for information to the business semi-annually, or even annually.

Unfortunately, these types of manual assessments can be subject to “gaming” by the business. For example, if charge-back to the business is determined through the information supplied in them, the business line manager may be tempted to under-report use of certain information solutions relative to other departments. Alternatively, managers who do not pay directly from their own budgets may not be engaged in the process enough and simply rubber-stamp through the use of some solutions that are really not being used at all.

Another respondent says his firm uses a combination of a usage tracking tool, vendor data, and manual processes. However, he cites a common problem with many of the newest sources of information that financial services firms require for their business. “Anything with a .com at the end is difficult,” he says. “We have to rely on the vendor for these and it tends to happen when contracts are up for renewal. Some vendors, like Fitch, we take through various mechanisms, including web-based and feeds, so it’s hard to track overall consumption. Plus, when feeds go into internal systems, then it’s impossible to track the output in terms of derived data.”

Even when some data – either for a desktop service or for a web-based product – is provided, usually it is not to the level of granularity that organizations need to allocate internal costs to teams or departments. This also usually means the information provided is not useful for internal reporting purposes. Many organizations spend significant time and effort to create internal cost centre reports for their subscriptions.

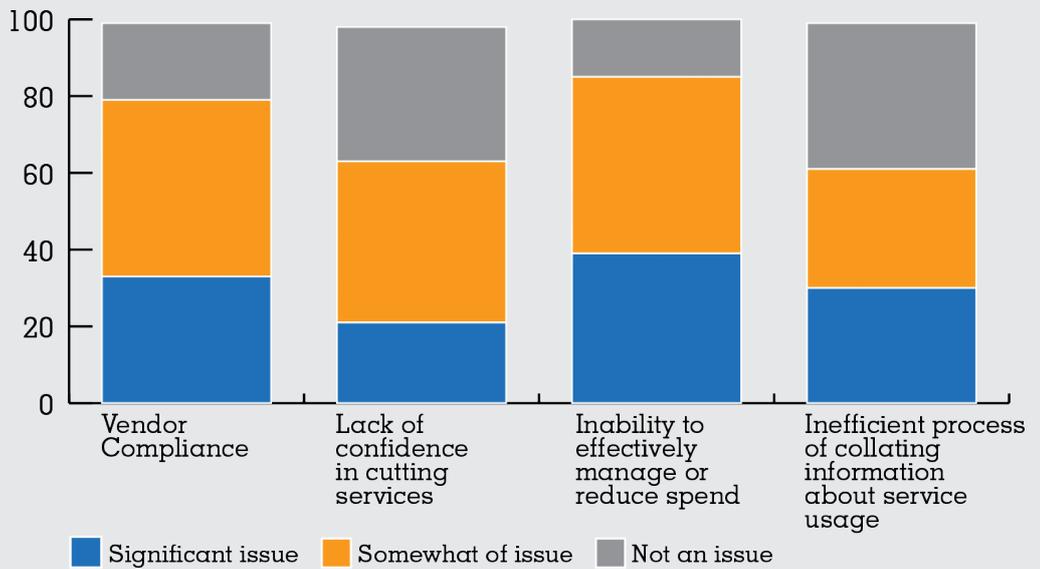
The frustration felt by market data managers is evident. One respondent summed up his firm’s approach by saying simply, “Could be better.” Says another, “We can’t actually track what sources are being used or not, and to what extent.”

## The Challenge of ‘Flying Blind’

THE FAILURE TO BE ABLE TO ACCURATELY AND AUTOMATICALLY TRACK INFORMATION SERVICES USAGE CAN LEAD TO A RANGE OF DIFFERENT PROBLEMS FOR MARKET DATA MANAGERS AND THEIR ORGANIZATIONS.

The most significant is the inability to effectively manage or reduce spend on information services, such as those that are not being used or are no longer required.

More than 85% of respondents said this is either a "significant issue" or "somewhat of an issue".



**Q15 What problems do you have at your organization that results from not being able to accurately and automatically track information services usage?**

Large complex organizations like financial services firms can rapidly accumulate information source subscriptions – and their costs – if they are not managed properly. “The bigger issue is for internal consumers [is] making sure they’re not sitting there with access to multiple resources they don’t technically need on a daily basis,” says one respondent. “That’s a universal problem. You have to keep an eye on internal consumers to make sure they don’t sign up to things just because they might do one test of throughput, then they will keep that service until you remind them they shouldn’t have it.” Such subscriptions are just the sort of thing that might be missed in a manual review.

Other challenges are just as worrying. Some 80% said vendor compliance – that is, complying with the terms of a vendor contract – was an issue, leaving firms open to potential legal and reputational risk, as well as the potential to damage their relationship with the information services vendor. This can be particularly tricky with enterprise license contracts, which are based on the organization adhering to

a specific level of usage. Organizations that want to ensure they stay below their enterprise usage cap – and avoid a nasty surprise invoice – or even just know if the subscription represents good value, can struggle.

More than 64% of the market data managers who responded said they lacked confidence in cutting services. Nearly 62% said their inefficient process of collating information about service usage was a challenge – given the numbers of data and information sources most financial services firms have, this is hardly a surprise. Understanding usage – and potential changes in usage – can have strategic consequences. For example, firms who move certain functions to less expensive operating locations can often see a rise in subscription costs, as individuals in those locations seek to learn more about the area they are working in. Understanding how subscription costs could be impacted by strategy changes in the organization – and then being able to track and budget for those, is just a dream for many firms.

# Web-Based Services: Adding to the Challenge

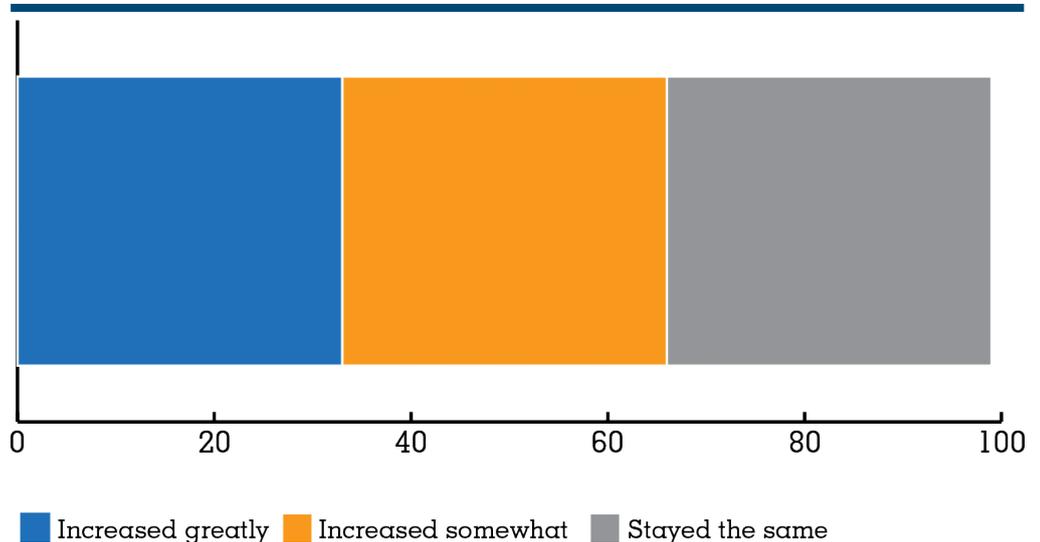
ADDING TO THE COMPLEXITY OF THE CHALLENGES THAT MARKET DATA MANAGERS FACE IS THE FACT THAT THE INDUSTRY IS SHIFTING THE PLATFORM IT DELIVERS INFORMATION THROUGH.

Increasingly, desktop-based apps are being ignored in favour of a .com-style delivery. So, while firms may have been able to track some data usage through a built-in desktop app's tool for this, the new website-based sources are a bit of a grey zone.

For organizations, being able to track the usage of web-based information services is becoming increasingly important because the data and content delivered in this way

is increasing dramatically – it's the delivery method of choice for most Fintech and Regtech operations.

One-third of respondents said their organization's usage of web-based information services has increased greatly, compared with installed applications or desktops over the past two years. Another one-third said this has increased somewhat – for a total of two-thirds of respondents who said they've seen an increase.



**Q27 How has the usage of web-based information services compared with installed applications/desktops changed over the past two years at your organization?**

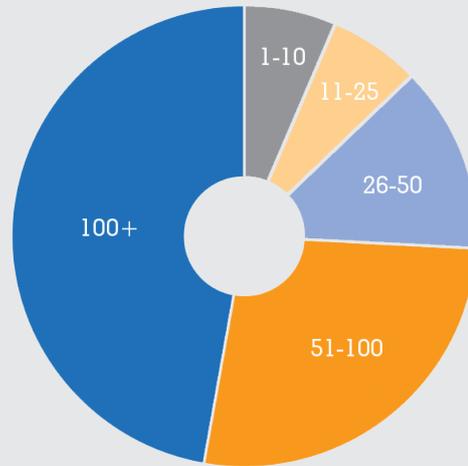
Said one respondent, "It's still growing – it's a new space, just feeling its capabilities. People have been very reluctant to use web for so long and now they are

recognizing that it's not so bad." Another respondent says that his firm's increased use of web-based information sources is "a result of business growth."

# How Dealing with Growing Numbers of Suppliers Creates Complexity

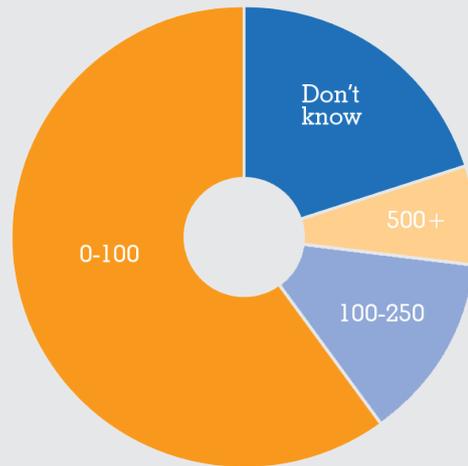
THE ADVENT OF WEB-BASED INFORMATION SERVICES NATURALLY MEANS THAT THE NUMBER OF DATA SUPPLIERS WILL INCREASE TOO – GONE ARE THE DAYS WHEN ALL OF THE DATA IS FUNNELLED THROUGH A SINGLE DESKTOP APP SUPPLIER.

Managing information product supplier relationships – and the use of that information – is becoming challenging because of the sheer number of relationships involved.



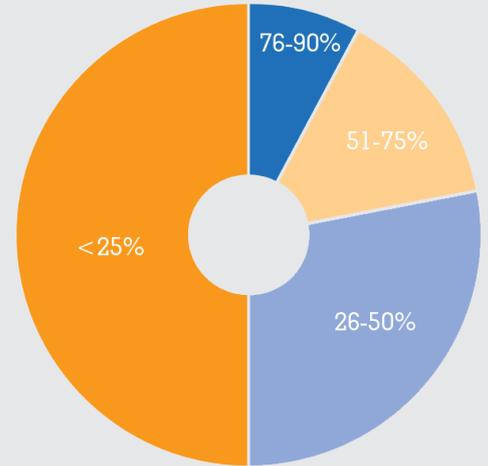
**Q11 How many different suppliers (or information products) do you currently manage relationships for?**

Nearly 47% of respondents are responsible for more than 100 relationships in their roles. An additional 27% are responsible for between 51 and 100 relationships. That is a lot of supplier relationships to manage across the usual matrix organizational structure – the complexity of tracking the vendor-to-consumer relationships is almost mind-boggling.



**Q13 How many web-based subscriptions do you currently have?**

The spread of web-based information solutions is clearly helping to drive these numbers up. In this survey, 20% of respondents say their organization has at least 100 web-based subscriptions, with nearly 7% saying they have more than 500 such subscriptions. The majority – 60% -- have up to 100 subscriptions.



**Q25 What percentage of your information services are delivered via the web rather than an installed application/ desktop by spend?**

Web-based information services are capturing a larger proportion of overall spend too. More than one-fifth of firms surveyed spend 51% or more of their information services budget on products that are delivered via the web, rather than an installed application or desktop solution.

Respondents indicated that the trend towards web is set to continue. "The reality is that vendors are pushing .com versions of their services but we have resisted because of security issues," says a respondent. "For example, we take market data via web services but would prefer a data feed or secure FTP, due to more control/security. Similarly, with MSCI benchmarking, which is web-based – access is via their website. But it is difficult to control access among staff, and with new additions fee-liable, it can become very expensive very quickly."

# Subscriptions and Usage Monitoring: A New Approach

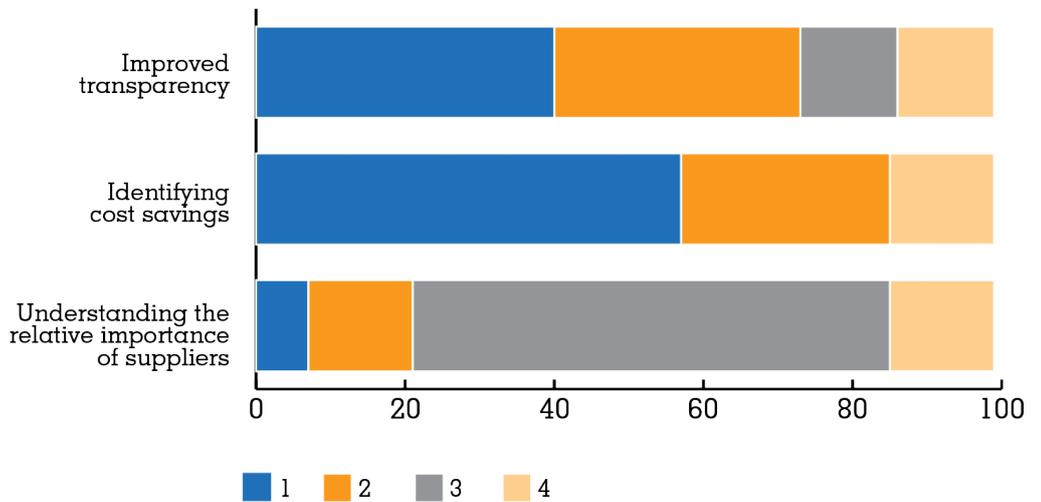
CERTAINLY, MARKET DATA EXECUTIVES ARE GOING TO HAVE TO CHANGE THE WAY THEY APPROACH DATA AND INFORMATION SOURCE MANAGEMENT AS THE NUMBER OF WEB-BASED RESOURCES IN FIRMS MULTIPLIES.

The benefits from taking a new approach are considerable, according to the market data managers themselves.

Not surprisingly, the most significant preferred benefit of being able to track the usage of the information services that a firm is paying for is the ability to identify

cost savings. More than 57% of the market data managers interviewed ranked this as the top priority, with an additional 29% ranking it as their second priority.

The second overall priority was improved transparency over information use within the organization, with a more than 73% rating this as their first or second priority.

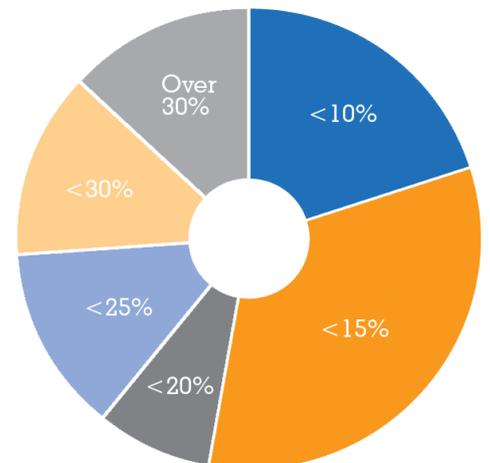


**Q17 How would you prioritize the potential benefits of being able to track the usage of the information services you are paying for? (In order of 1-5 where 1 is the biggest benefit).**

Transparency and cost savings “really can’t be separated”, says one respondent. For example, he explained, “You’re enticed to sign up for something as an enterprise license, and you’re paying a lot of money for it. You find out that if you do not have an inventory, you won’t know if you’re consuming as much as you’re paying for—and whether the enterprise license is beneficial to you. An inventory will tell you if you have more than 25,000 users, so buying enterprise license for 75,000 is good. But if I buy a license for 25,000 and only have 500, it’s not so good. Without the inventory, you can’t make those determinations, to purchase one by one or volume discount.”

In fact, nearly 47% of the respondents to the survey said their potential cost savings could be 20% or more of their total spend on information services if they had transparency into their actual usage of those services. Nearly 27% said their savings could top 30% or more. For

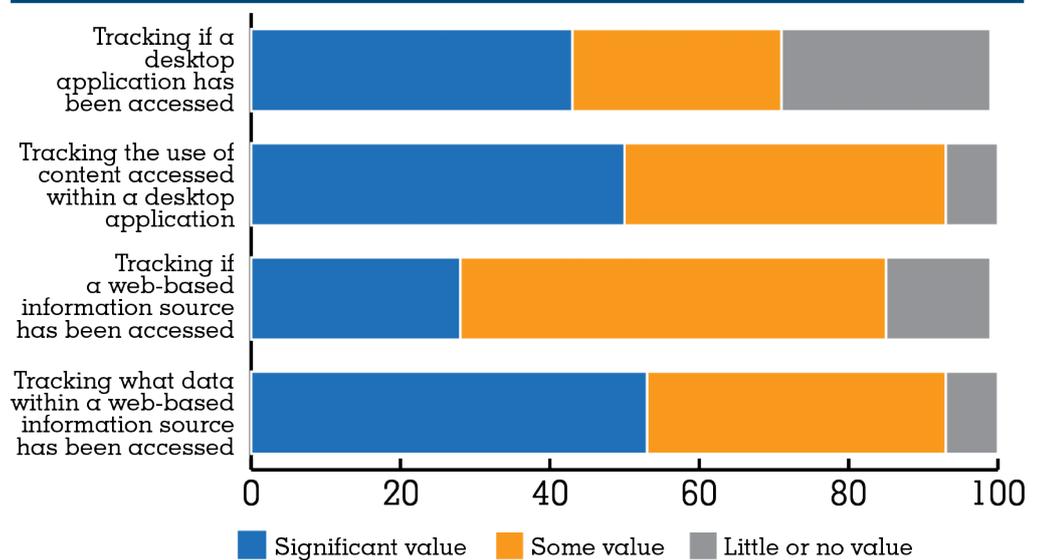
most programs, these are significant amounts of money that more than justify investment in a solution to track information usage.



**Q19 What do you estimate the potential savings could be for your organization if you had transparency into actual usage of the information services you are paying for? (percentage of annual spend on information services)**

It's clear too that respondents expect quite a lot of this savings to come from spending on the web-based services that have proliferated in their organizations so much recently. More than 93% of respondents indicated that tracking the data that has been accessed within a web-based

information source would be of either significant or some value to them – more than half of respondents said it would be of significant value. Along similar lines, nearly 86% said the ability to track if a web-based information source had been accessed would have significant or some value.



#### Q21 What usage tracking is of most use to you?

However, even the independent tracking of desktop applications was also perceived to have value, according to the survey. A substantial 93% said tracking the use of content accessed via a desktop application would have significant or some value, with 50% indicating that it would

have significant value. Tracking access of desktop applications would have value for 71% of respondents. This perhaps indicates that market data managers are not getting the information they need from the vendor's own usage data.

## Key Considerations in Setting a Usage Tracking Strategy

TRACKING THE USAGE OF ALL OF YOUR INFORMATION SOURCES ACROSS YOUR ORGANIZATION COULD BRING SIGNIFICANT BENEFITS – PARTICULARLY WHEN IT COMES TO KEEPING ON TOP OF THOSE ELUSIVE WEB-BASED SERVICES.

Getting started could be quicker and easier than you think. Here are five simple steps to consider:

- Evaluate the current approach: Look at how many services you currently have, how many you have signed up to over the past year or two, and what the organization's cancel rates are for these subscriptions.
- Discuss with key stakeholders: Chat with compliance and procurement, to see if they can be helpful in making a business case – for example, in terms of how the

inability to track may impact vendor compliance requirements.

- If you already charge back these costs to the business, speak with managers as well, whose bottom line may benefit from a more closely managed inventory of information services.
- Develop metrics: Working with experts in these solutions, identify metrics around the cost of current information services, as well as potential benchmarks for savings from improved tracking and cost optimization. Certainly, some of the data from this report could prove useful for this

stage.

- Evaluate usage-tracking software that automates the process of tracking exactly what web-based services are being used by whom and how frequently. Such software can help you to quickly identify under utilized services and make changes without fear of disruption. It can also enable you to ensure your organization remains in compliance with supplier terms and conditions so you don't find yourself on the wrong side of

the rules and incurring fines as a result.

Armed with a business case built from these three steps, which is supported by key stakeholders, it will be easier to obtain buy-in for the development of a program that leads to the active monitoring of access and usage of information services. Find out more about TRG Screen's ResearchMonitor solution for automated usage tracking of web-based services.

## About ResearchMonitor

Companies spend millions on web-based subscriptions. But how do they know if their firm is fully utilising these expensive services, or if they're draining hundreds and thousands of pounds on unfulfilled and underused subscriptions?

TRG Screen's ResearchMonitor platform provides a centralised system to manage and analyse all online subscriptions.

ResearchMonitor reduces cost and improves efficiency by providing visibility into and control over, online usage. This facilitates informed negotiation with vendors, internal or client cost allocation and many other use cases such as password management, contract compliance and more.

## 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 – FITS & INFOmatch (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.



**TRG Screen**

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