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# **Overcoming Market Data Challenges**

From Regulation  
to Data Spend  
costs

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## The challenge

TODAY'S FINANCIAL SERVICES INDUSTRY IS INCREASINGLY COMPLEX AND COMPETITIVE AND IS SUBJECT TO EVER-GREATER REGULATORY SCRUTINY.

Firms place a high value on accurate market data to meet their needs -- from seeking alpha for customers to achieving compliance for auditors. Many firms don't realize how much redundancy and unnecessary costs they may be incurring in managing their market data services.

Firms need a "single view" of their market data and subscription services footprint in order to see the "big picture" cost of their vendor services. But today's market data managers are often stretched thin with increased regulation, the rising cost of market data and the constant internal pressure to drive efficiency while reducing overall market data spend -- doing so with fewer dedicated resources. These challenges leave little bandwidth to focus on more strategic issues and opportunities to add value to the business. This puts managers in a stressful,

complex role that involves managing multiple contracts, negotiating deals and a long list of responsibilities that leaves little bandwidth to effectively manage market data expenditures.

Focusing on market data automation can dramatically reduce a firm's market data spend, improve operational efficiency and positively impact resource management to transform businesses. Fortunately for market data managers, automated tools are available to power intelligent and efficient operations for more informed decision-making based on the true cost and the consumption footprint of an individual or group within the firm. This can help to streamline contract renewals, automate invoice reconciliations and reduce spend with increased visibility into the firm's needs.

## More regulatory scrutiny = increased market data demand

BEFORE, AND PARTICULARLY AFTER, THE 2008 FINANCIAL CRISIS, REGULATORS ACROSS THE GLOBE HAVE BEEN MANDATING MORE TRANSPARENCY IN FINANCIAL MARKETS IN AN EFFORT TO BETTER MANAGE SYSTEMIC RISK.

This creates a pressing need for global harmonization of regulation, process and analysis. The SEC Reg NMS in the U.S. and the Instrumental Reference Data Project in the E.U. both require an increased volume of market data to be reported to demonstrate best price at trade execution. Thus, a "single view" of the firm's market data footprint is needed to start to see the "big picture" and more easily identify cost-reduction opportunities.

Market data managers can achieve increased transparency through

consolidated data warehousing and reporting. This can be accomplished through strict adherence to global market data standards. Firms motivated to implement these standards should seek advice from industry groups focused on market data management to keep current on developing or changing standards. These include the Enterprise Data Management (EDM) Council, the Financial Information Services Division of the Software and Information Industry Association and the Information Providers User Group in the U.K.

**Of particular importance to market data managers should be building knowledge and expertise in the areas of:**

- Consolidated/centralized data to standardize and normalize data and gain economies of scale
- Business intelligence and reporting solutions

- Tight cost control, governance and contractual regulatory compliance
- Complete cost transparency
- Leveraged buying power for economies of scale
- Isolated auditable functions for order tracking, invoice reconciliation and payment approvals
- Proactive contract action notifications

## Achieving the "single view" into market data management

EMPLOYEES COME AND GO AT EVERY FIRM, AND THEIR ROLES AND NEEDS WITHIN THE FIRM CHANGE FREQUENTLY.

Users may be too busy to indicate that they no longer need services that were previously important to their role. Vendor contracts are frequently designed to renew automatically and cancelling a contract outside its set cancellation period can be very expensive or impossible. Data managers know how difficult it can be to determine which services the firm has subscribed to that are no longer required.

Keeping track of a large number of complex contracts and services is a challenge, so business intelligence is essential to ensure the team is always aware of pending action

dates. Understanding the services and users governed by the contracts equips managers to make informed decisions about each contract and know when it's time to negotiate with the vendor. A "single view" solution proactively and electronically polls the user community about current service requirements, facilitating cost containment and reduction. This alleviates the data manager from expending valuable time pursuing each user and leaves more time to examine the "big picture." A single view of costs/expenses will also provide the ability to accurately allocate costs across users/departments etc. to truly understand profitability.

## Big picture trumps market data myopia

JUST AS REGULATORS ARE PUSHING FOR GREATER MARKET TRANSPARENCY, DATA MANAGERS IN TODAY'S COMPLEX AND COMPETITIVE ENVIRONMENT NEED SIGNIFICANTLY MORE VISIBILITY INTO THEIR FIRMS' MARKET DATA NEEDS AND COSTS.

Lack of visibility impairs purchasing decisions and makes it difficult to manage the spend. This is particularly problematic as the cost of data continues to rise.

Just as information technology has transformed and streamlined commerce, industry and financial

markets, automation can empower intelligent and efficient operations for more informed decision-making by managers at firms with limited resources. A "big picture" solution employs business intelligence and automation that examines and finds the true cost of an individual or group within the firm.

**Business intelligence and reporting enable direct expense reduction and tangible cost savings through intelligent, automated solutions focused on:**

- Demand management to cancel unnecessary, underutilized and/or undervalued services
- Billing and error identification to eliminate overpayments
- Duplicate service processing for “netting” and multiple installation credits

**Automation minimizes market data myopia by creates a single view of data management, helping a firm achieve:**

- Lower cost, higher value-adding operations through automation and efficiency

- Automated data interface modules
- Streamlined workflows
- Flexible reporting and analytics
- Total visibility, automation, accuracy and efficiency for each and every invoice

Further, managed services providers offer a combination of technology and domain expertise that allow market data managers to outsource invoice processing enabling them to more effectively manage ongoing market data administrative duties and impact cost, efficiency and operations. Consulting expertise and powerful technology should be used to empower them to focus on value-added opportunities that help their firms better compete, while technology does the heavy lifting.

## Efficient data management saves costs, empowers firms to compete

AS REGULATORS AND AUDITORS PUSH FOR MORE ACCURATE REPORTING AND CONTRACT AND TAX COMPLIANCE, SEEING THE “BIG PICTURE” WITHOUT A CONSOLIDATED VIEW OF MARKET DATA REMAINS A CHALLENGE.

Market data management can be made more efficient through data consolidation, intelligent automation and processes such as managed services. As regulators and auditors look for increased transparency into business operations, automated solutions also provide a much-needed audit trail.

With a single-view market data management system, it is realistic for firms to achieve a reduction in market data

costs from 10 to 30 percent, which can be as much as \$50 million annually, depending on the size of the firm. Taking this approach, one firm cut over \$400,000 in annual duplicate service fees within a year.

Other firms have corrected invoice errors totaling over \$1 million annually in reduced headcount toward invoice processing, inventory management, reporting and more.

## Overcoming Market Data Challenges

THE CHALLENGES FACING THE INDUSTRY ARE CLEAR – MARKET DATA MANAGERS ARE CHARGED WITH MANAGING IN INCREASING VOLUME OF DATA, MANAGING A GROWING LIST OF REGULATORY REQUIREMENTS AND MAKING INTELLIGENT SOLUTIONS DESPITE THESE FACTORS.

The industry is embracing solutions that offer a more consolidated view of market data in order to increase automation, auditability and savings globally. While the challenge is real, these businesses are coming to understand that so too are the solutions and through either an in-house or managed services

approach, today's market data challenges are surmountable. As the benefits of data standardization and automated analysis are realized by market data managers, these are lessons that can be applied to optimize information services across industries and roles.

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.



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