



## **Record market data spend highlights need to track costs**

- Market data spend in 2020 up 6 percent to record \$33 billion
- Remote working boosts demand for licenses as alt data spend grows
- TRG Screen's 'game changing' insights, savings of 10-30 percent

# Executive summary

SPENDING ON FINANCIAL MARKET DATA IN 2020 ROSE ALMOST 6 PERCENT TO A NEW RECORD OF MORE THAN \$33 BILLION, ACCORDING TO AN ANNUAL REPORT BY BURTON-TAYLOR CONSULTING, AND IS EXPECTED TO GROW STRONGLY IN 2021 AND BEYOND. THIS MAKES DATA ONE OF THE BIGGEST COSTS FACING FINANCIAL INSTITUTIONS.

Market volatility during the pandemic fueled increased data demand while a shift to remote working led to an uplift in the number of licenses required, potentially making it harder to track compliance with vendor contracts. Industry insiders say the cost per license rose sharply in 2020, above the 2-5 percent norm.

Alternative data is a growth area, expanding the variety and complexity of sources to be managed. Nearly two-thirds of respondents to a separate Burton-Taylor survey said they expected to increase alt-data spending.

These factors are putting pressure on firms large and small, to optimize their spend on and their usage of both data and information.

But optimization is more than just cost-cutting. It requires clarity on spend, usage, compliance and data enquiries, among many other factors across the lifecycle of a market data subscription.

For the data manager, the goal is optimum visibility of the data landscape. This should cut the time spent on spreadsheets, leaving more for higher-value tasks such as ensuring users have only the best and most relevant data. It can also lead to potential savings of 10-30 percent in the first year.

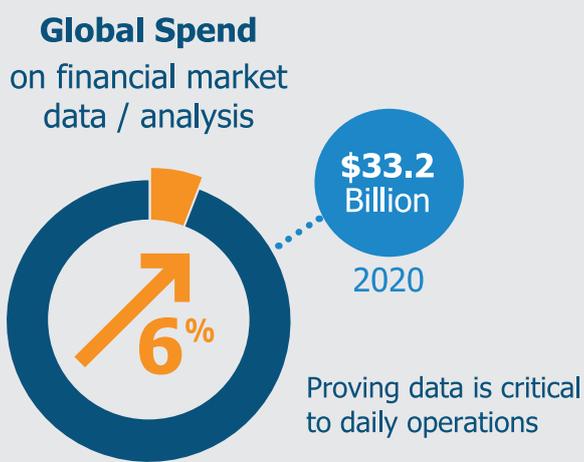
Clearer visibility of the data landscape can lead to potential savings of 10-30 percent in the first year, industry experts say

# The growing value of market data

THE VOLUME, VARIETY AND VALUE OF MARKET DATA AND OTHER FINANCIAL INFORMATION IS GROWING BY THE YEAR.

These digital streams allow financial assets to be priced, bought and sold, and trades initiated and completed. Quite simply, without this information, today's financial markets would not exist.

It's no surprise then that the financial industry spent more than \$33 billion on market data in 2020, according to Burton-Taylor International Consulting. That was a record and up nearly 6 percent on the previous year. Spending is expected to grow strongly this year.

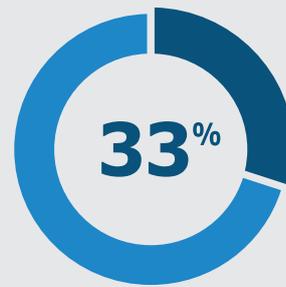
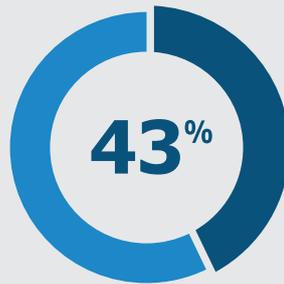


This makes data among the biggest costs facing financial firms, exceeded only by expenditure on buildings and labor, analysts say.



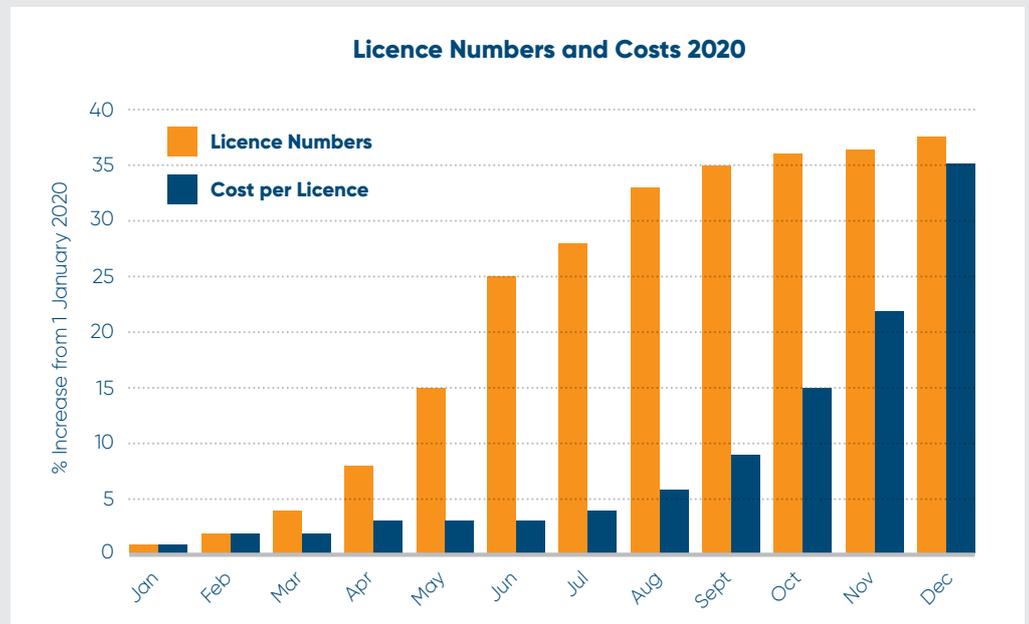
The largest banks can each spend upwards of \$500 million a year on feeds from stock exchanges, specialist data providers, and credit-rating agencies, among others. While smaller institutions may not match these total sums, costs per user are unlikely to be any less and spending on data and information may be an even bigger share of their outgoings.

**Consumed  
more data**



**Increased  
Spending**

Market volatility during the pandemic has led to increased data demand, combined with an uplift in licenses required due to the shift to remote working. Vendors have also raised their prices per license – above the 2-5 percent increase seen in a “normal” year.



Source: TRG Screen

This has put financial institutions under increased pressure to optimize their spend on and use of data and information that underpin today's financial trading.

The increasing value of market data is transforming the industry as players seek to strengthen their positions in an evolving marketplace. High-profile transactions such as S&P Global's \$44 billion merger with IHS Markit and the London Stock Exchange's \$27 billion acquisition of Refinitiv underline the importance of data providers. They also make careful management of data usage and spend even more vital, industry insiders say.

This makes data among the biggest costs facing financial firms, exceeded only by expenditure on buildings and labor, analysts say.

## Increasing complexity

MARKET DATA IS PART OF THE EXPANDING SUBSCRIPTION ECONOMY. MAJOR INSTITUTIONS SUBSCRIBE TO HUNDREDS OF DATA SOURCES FROM DOZENS OF VENDORS, POTENTIALLY REQUIRING THOUSANDS OF LICENSES ACROSS THE BUSINESS.

Basic market data include transaction prices, underlying bid/ask spreads and traded volumes of financial instruments, along with details of buyer and seller. From there, it extends to price and other data, real-time and historical, covering a vast array of assets and instruments from exchanges and trading venues across the globe.

## AIMA sees 'surge' in demand for alt data

THIS DATA UNIVERSE IS EXPANDING, INCLUDING INTO HITHERTO UNCHARTED TERRITORY. SOURCES OF SO-CALLED 'ALT' (FOR ALTERNATIVE) DATA, EMBRACED BY NIMBLE HEDGE FUNDS IN THE PANDEMIC, ARE PROLIFERATING.

These include retail footfall metrics, social media posts and even measures of traffic jams in Beijing, often in non-standardised formats. This makes the datascape even more complex and inevitably adds to costs.

That said, a survey by the Alternative Investment Management Association last year reported a 'surge' in demand for alt data and that many of its members will increase spending on this non-standard information in the next three years. Nearly two-thirds of respondents to a separate Burton-Taylor survey expected to boost alt-data spending.

AIMA last year reported a "surge" in demand for alt data with an increase in spending on this non-standard information in the next three years.

## Alt Data

Predicted interest  
increase in 2021



Alt data gains interest (from predicted 50% increase in 2020 to **62% increase in 2021**), as market volatility pushed firms to seek data that can provide an edge.

An important driver of volume and complexity is growing demand for automation to fuel algorithmic and high-frequency trading and state-of-the-art analytics. A report last year from Greenwich Associates found that some 46 percent of institutional trading in equities and 22 percent of foreign exchange trading was driven by algorithms.

Yet replacing traders with an algorithm does not necessarily reduce data costs. Delivering data for automated trading and other applications is no less expensive than providing it for people and leads to potentially higher contractual risk.

## Looking for an edge

“EVERYONE IS LOOKING FOR THAT EDGE,” SAID LEIGH WALTERS, CHIEF OPERATING OFFICER OF ENTERPRISE SUBSCRIPTION MANAGEMENT COMPANY TRG SCREEN, WHOSE 500+ CUSTOMERS RANGE FROM HUGE GLOBAL BANKS AND ASSET MANAGERS TO SMALL HEDGE FUNDS.

It is not just financial institutions that struggle under the weight and complexity of their data subscriptions. TRG Screen includes law, energy and professional services firms among its clients and all rely on data to serve their customers.

For already hard-pressed data managers, 2021 could be a particularly challenging year. Among the fresh challenges, they must evaluate the new alt data feeds and their providers. They must also keep track of the profusion of home workers' licenses and the consequent increase in spending and impact on compliance.

And, as if that were not enough, shouldn't data managers be preparing for the next black – or even green – swan event that will inevitably disrupt the best-laid plans and financial forecasts?

Arguably, keeping track of burgeoning data spend and usage and the requests for ever-more feeds has never been more important. For many, it has never been more of a headache, given tight budgets and headcount cuts in response to the pandemic.

Covid-19 notwithstanding, managing market data is a multi-faceted operation. Of all the data sources coming into the business, which are the most important? Have some become redundant as users' needs have changed?

Who is using what data and how often? Do they really need all the data sources they can access or would different, perhaps cheaper datasets be more appropriate? As sources of data proliferate, is there duplication, with the business paying two vendors for the same information? Is everyone licensed for a particular service even still working for the company?

Arguably, keeping track of burgeoning data spend and usage and the requests for ever-more sources of data has never been more important.

## Cost creep

AS MORE SEGMENTS OF THE BUSINESS REQUEST DATA AND MORE OF THE SUBSCRIBER'S APPS START USING THE INFORMATION, ARE THEY BEING PROPERLY PRIORITIZED. AS ENQUIRIES MULTIPLY, IS THERE EVIDENCE OF "COST CREEP" THAT NEEDS TO BE MANAGED?

Lose control of these factors and tracking or forecasting the data budget is a problem.

A big part of the task is ensuring the institution remains compliant with all its numerous vendors' contracts. Market data, like other parts of the subscription economy, come licensed, with restrictions on who is permitted to use them, and how the datasets can be distributed. Failure to comply can result in fines and reputational damage.

Then there are the thousands of separate invoices, often still on paper, and the easy-to-miss renewal dates peppered across the year to be dealt with.

All these tasks require precious staff attention and time that could be more fruitfully spent on higher-value projects.

Not for the first time, data managers are being asked to cut costs. However, industry insiders say it has not always been easy to get an accurate picture of data usage and spend and where savings can safely be made.

"You've got to choose very carefully what you switch off," said Walters. "It's not just cost-cutting", he said, adding it is vital to optimize access to data so that different parts of the business have the information they need to consistently generate revenue and growth. "It's about squeezing more out of the stone and enabling your end-users."

While most large financial institutions use subscription management systems, smaller firms may not even realize that managing their data spend and usage presents a potentially costly problem.

“You’ve got to choose very carefully what you switch off. It’s not just cost-cutting, it’s about squeezing more out of the stone and enabling your end-users.”

## The real gamechanger

MARKET DATA OPTIMIZATION STARTS WITH KNOWING THE FULL PICTURE OF A FIRM'S DATA LANDSCAPE AND ENSURING THE RIGHT DATA GETS TO THE PEOPLE WHO REALLY NEED IT.

“If you don’t have that visibility, you’re driving blind,” Walters said, adding that large companies with a subscription management system or small firms with none were all looking for greater transparency.

TRG Screen, with more than 20 years of experience, is the only vendor offering solutions to manage data spend, usage, compliance and enquiries – the entire lifecycle of subscriptions.

Now it is phasing in a new platform combining the best of its existing products and groundbreaking analysis of how to get the most out of subscriptions.

This brand-new platform is Optimize and promises unparalleled clarity on an enterprise’s data landscape and, for the first time, tailor-made actionable insights on how to enhance efficiency and save money.



“The real gamechanger is that we are re-imagining the way this information should be presented to our customers. We are showing our customers a narrative about their optimization opportunities,” said TRG Screen Chief Product Officer Richard Mundell.

Existing spend management products such as FITS and INFOmatch have been integrated in Optimize Spend while data usage management tools, including ResearchMonitor, DART and XMon, will be reborn as Optimize Usage.

Optimize manages all aspects of subscriptions, including alt data and other new sources as they arise. It catalogues sources used by each individual user and automatically deals with compliance, ensuring license terms are adhered to. Users can be surveyed regularly to check whether they still need a particular feed.

It also handles the time-consuming but crucial functions such as renewals and paying invoices via interfaces between vendors and the enterprise's finance and human resources departments. Managers can see where licenses and data purchases are allocated. Monthly management reports can be generated automatically.

An increasing number of clients are seeking to add other types of enterprise-wide expenditure to subscription management systems. These include software, cloud applications, research, consultancy services and contingent labor. Customers want clarity similar to that they get with market data on regular expenditure in other parts of the business.

Optimize will meet the growing demand among market data users for trend analysis, not only keeping tabs on rising costs but, using artificial intelligence machine learning, analyzing why they are rising, Mundell said.

In other words, no more driving blind.

However, turning visibility on data usage and spend into actual savings and greater efficiency has up to now often involved busy managers hacking through lengthy reports and spending hours interrogating spreadsheets.

Market data optimization starts with knowing the full picture of a firm's data landscape and ensuring the right data gets to the people who really need it.

## Insight

THIS IS NO LONGER THE CASE. AT THE APEX OF THE NEW PLATFORM IS OPTIMIZE INSIGHTS, WHICH USES AI TO DELIVER THE 'WHOLE STORY' OF A FIRM'S DATASCAPE TO THE DATA MANAGER'S SCREEN, ALONG WITH ACTIONABLE RECOMMENDATIONS FOR COST SAVINGS AND GREATER EFFICIENCY ACROSS ALL ASPECTS OF A SUBSCRIPTION.

Real-world "do this now" suggestions will be displayed on the manager's dashboard.

"There are trends we can see by looking at the big data and all the different correlations that you'd never be able to see as a human being," Walters said.

Not only does Optimize Insights bring together data from a whole suite of TRG Screen products, it allows users to pull in their own data from internal applications and third-party systems via API links and extensions.

Not only does Optimize Insights bring together data from a whole suite of TRG Screen products, it allows users to pull in their own data from internal applications and third-party systems via API links and extensions.

## Unlock Actionable Insights

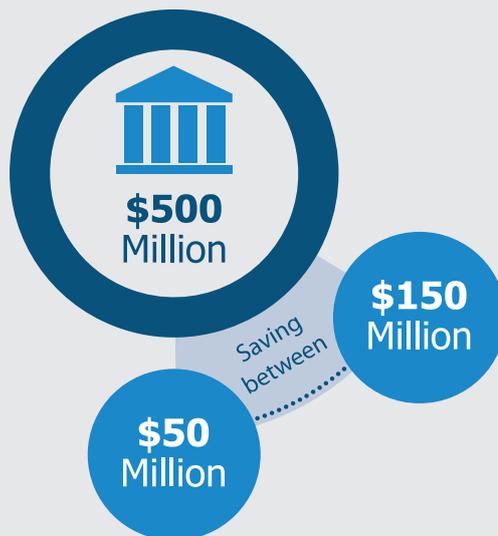


“We are showing our customers a narrative about their optimization opportunities.”

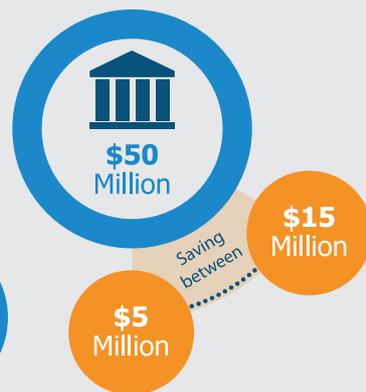
The company says clients who adopt TRG Screen solutions benefit from centralized management of their subscriptions, including global agreements with data vendors and greater use of automation. On top of that, the complete visibility that comes with Optimize Insights means licenses are allocated more efficiently and other wastage eliminated.

These measures deliver rapid improvements in return on investment (ROI), with potential savings of 10–30 percent in the first year.

### Large Institution



### Small Institution



For the largest institutions currently spending \$500 million, that could mean savings of between \$50 million and \$150 million. A smaller firm spending \$50 million could benefit to the tune of \$5 million to \$15 million.

A clear benefit of seeing the big picture through Optimize is that it becomes easier to leverage a firm’s whole spend on data in negotiations with a vendor, rather than renewing contracts piecemeal as they come due.



Compared with handling individual invoices, some TRG Screen users have saved up to 80 percent.

The company says enhanced visibility can deliver rapid improvements in return on investment (ROI), with potential savings on subscriptions of 10–30 percent in the first year.

## More time for managers

THAT LEAVES MORE TIME FOR DATA MANAGERS TO CONSULT WITH THE BUSINESS ON LIKELY FUTURE REQUIREMENTS AND WITH VENDORS ON THEIR PLANS FOR NEW SERVICES.

Even for companies with subscription management systems, the increased volume and complexity of data, along with the need for standardization, means that many systems may no longer be fit for purpose. A proliferation of custom data presented in custom fields has left many, installed 10 or 20 years ago, creaking.

For existing TRG Screen customers, Mundell stressed that upgrading to Optimize will cause minimal disruption, with no need to re-key in data.

For users of other systems, the company can point to cases where, faced with a costly rebuild of a legacy management system, switching to TRG Screen technology resulted in savings of 60 percent.

Another benefit of Optimize, Mundell said, is that it will be easier to build new capabilities into the system, allowing for more business challenges to be addressed.

That leaves more time for data managers to consult with the business on likely future requirements and with vendors on their plans for new services.

## Managed service

OPTIMIZE COMBINES ALL THE POWER AND CAPABILITIES OF TRG SCREEN PRODUCTS TO HANDLE THE MOST COMPLEX AND HIGHEST VALUE ENTERPRISE SUBSCRIPTIONS.

However, the company acknowledges that not all data users need the same solution. TRG Screen therefore offers a smart managed service, run by its own team of market data specialists, that can handle anything from invoicing to full management of all aspects of market data and information subscriptions.

It is clear that the data market will continue to grow in terms of volume, breadth, complexity and cost, while experience shows that pressures to do more with less will only intensify. Industry insiders are clear that the unavoidable first step to taking control of this rapidly changing landscape is for users to ensure they have the whole picture of their data subscriptions 24/7.

That way lies insight and the opportunity to optimize data consumption and make significant savings.

“Not only do we give you insights, we give you the real next-generation, cutting-edge business intelligence capability,” Mundell said.

## 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.



**TRG Screen**

[info@trgscreen.com](mailto:info@trgscreen.com)

[www.trgscreen.com](http://www.trgscreen.com)



@trgscreen



trg-screen