TRG SCREEN

Reference Data Usage Management for Financial Institutions

The case for enhanced reference data transparency, control and governance

A-Team Insight

TRG SCREEN

Introduction

FINANCIAL INSTITUTIONS CONTINUE TO STRUGGLE TO TRACK USAGE AND IMPLEMENT CONTROLS OVER REFERENCE DATA AND OTHER VALUABLE ENTERPRISE INFORMATION, LEADING TO A LACK OF VISIBILITY AND UNDERSTANDING OF HOW SERVICES ARE BEING USED BY STAFF, TEAMS, BUSINESS UNITS AND IT APPLICATIONS.

This can have expensive and potentially damaging consequences, in terms of unexpected invoices and possible financial penalties for noncompliance with suppliers' licensing agreements. In particular, it can make it difficult to reconcile usage with invoices, making it hard to verify the accuracy of data suppliers' bills and hard to apply accurate cost allocations.

Without an understanding of who is using these data services, firms are unable to determine the value they derive from their reference data subscriptions and manage data budgets. What's needed is a proactive approach to usage tracking so that firms can implement controls on access, ensuring accurate cost allocation and value for money from data investments.

Executive Summary

Consequences of Lack of Transparency

- A lack of controls around enterprise data usage may result in unauthorised staff gaining access to data sets they shouldn't, duplicate requests for the same data, redundant subscriptions or costly requests from non-production environments.

- This can result in unnecessary payments for premium services or firms' not benefitting from the more advantageous commercial options they are entitled to. In some cases, it may spark a data supplier audit – a potentially time-consuming and expensive exercise – or even financial penalties for breach of licencing agreements.

What's Needed

- To gain transparency around consumption of both internal and external data, firms need a mechanism for tracking every data request throughout the organisation, with the ability to capture details of which individuals or teams, systems or applications are requesting which data sets and from what data sources.

- A facility for recording and reporting every data request, verifying them against licensing agreement parameters and costing models, and blocking unauthorized access requests, can give the firm control over access to valuable data sets, as well as an understanding of where data requests are originating, providing insight into usage.

- Furthermore, this approach can help streamline data-related operational processes, by mapping actual usage to predicted or received vendor invoices, thereby validating data bills, and by producing more granular cost allocations – which all combine to identify the true cost of teams' data consumption and drive cost efficiencies.

Benefits of Usage Transparency

- Adopting a robust usage monitoring system for reference and other enterprise data can yield benefits on a number of levels. The first is cost: Monitoring true data usage allows firms to ensure they are paying only for the data they need and consume, driving cost reductions.

- Firms can expect to benefit from improved compliance with vendor licences, helping them avoid financial penalties and streamline the often-expensive audit process. Armed with greater understanding of internal usage patterns, data managers can ensure users derive full value from paid subscriptions, improving return on investment (ROI) on data services spending.

- By implementing a proactive control mechanism over data usage, firms can develop and enforce policies with respect to access, particularly where it applies to expensive fee-liable services. Real-time controls can ensure that teams that don't need access to certain costly services aren't permissioned to receive them.

- The result is a comprehensive understanding of data usage that helps managers make better-informed decisions on data spending and access, ensuring users' value from data services is maximized.

- TRG Screen Usage Management helps financial institutions gain greater understanding of their usage of reference data services via the XMon reference data tracking platform, offered in partnership with XPansion. Customers have enjoyed significant business benefits, with one hedge fund reporting 45% savings from improved transparency and licensing compliance and another a 25% cut in its annual data spend.

- The XMon platform monitors gives data managers transparency around how data sets are being used by monitoring all data entering the organization and tracking all requests to vendors. XMon also tracks the flow of data through the organization, identifying duplicate requests for the same data sets and mapping service access to internal need, thereby facilitating more accurate cost allocations and more detailed usage reporting. Finally, XMon monitors data leaving the organization, helping providers understand how their data is being consumed by external clients.

- Through this approach, XMon helps financial institutions establish enhanced controls for data managers, providing them with greater insight into internal usage of reference data services. It also supports streamlined reporting and eases the vendor audit process, by keeping usage data continuously up to date.

Data Usage Management Challenges

DESPITE THE SOPHISTICATION OF FINANCIAL INSTITUTIONS' USE OF REFERENCE DATA AND OTHER NON-REAL TIME ENTERPRISE INFORMATION, THE ABILITY TO TRACK USAGE AND IMPLEMENT CONTROLS OVER THESE VALUABLE DATA SETS REMAINS OUT OF REACH FOR MANY FIRMS.

This lack of understanding of how external (and internal) data services are being used can have expensive and potentially damaging repercussions, in terms of surprise invoices and financial penalties for noncompliance with licensing agreements.

Reference data is a major expense for financial institutions of all sizes. Firms may be spending millions on the reference, pricing and other static data sets they consume, and more on systems to integrate and validate those services. Yet they continue to suffer from limited transparency around what happens to those data sets once they have entered the organisation.

Practitioners struggle to understand which staff, teams, business units and IT applications have access to these data services. As a result, they have poor (or even no) understanding of incurred charges and usage by consumer.

Without the ability to monitor requests for data updates, firms may struggle to control data usage. They may also find it difficult to reconcile usage with invoices, making it hard to verify the accuracy of data suppliers' bills. This also applies to cost allocation, where matching usage back to individual consumers, teams or systems can be difficult or inaccurate.

In complex environments – with multiple data sources, accounts and consumers – these challenges may grow exponentially. The result is that firms have no real understanding of who is using the data they are paying for making it difficult to assess the value they derive from their reference data subscriptions and manage data budgets.

Data Vendor

Problem:

Limited Transparency
Poor understanding of incurred charges

Limited Control
No control or monitoring of requests

Difficulty in Reconciliation
Hard to validate invoices accuracy

Complex Environments
Multiple sources, accounts and consumers

Cost Allocation Challenging
Matching use back to users/systems difficult

Consumer
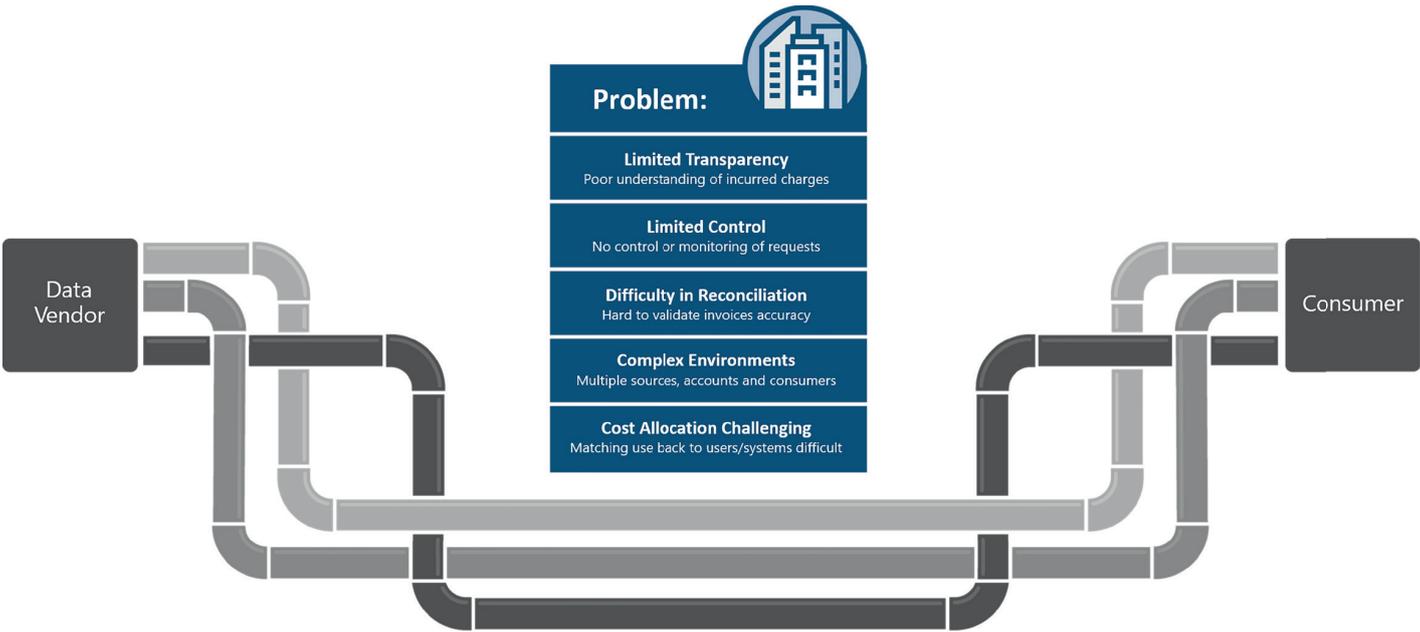
Why Firms Need Transparency Around Data Usage

THIS LACK OF TRANSPARENCY CAN HAVE SEVERAL REPERCUSSIONS.

Perhaps the most important consequence is that organizations are limited in their understanding of data flows. Quite simply they lose track of who has access to data once it has entered the organisation.

This can happen through lax entitlement methodologies or inadequate policies governing internal redistribution. In either case, firms may be exposed to a risk of non-compliance with their vendor licensing agreements.

A lack of controls may result in unauthorised staff gaining access to data sets they shouldn't. Or it could result in duplicate requests for the same data, redundant subscriptions or costly requests from non-production environments. In some cases, commercial terms may charge different rates for the same data sets, based on usage type. Lack of understanding of these nuances can result in unnecessary payments - for instance, where developers or test environments are consuming for fee-liable data that will not be used by the organisation. Another example is firms not benefitting from the more advantageous commercial options available to them for the same data and vendor.

This kind of lack of understanding of users and usage risks potentially expensive repercussions in terms of unexpected fees, at best. More seriously, it may arouse a data supplier's suspicions, resulting in an inconvenient, time-consuming and expensive audit or, worse still, vendor penalties for breach of licencing agreements.

In short, poor visibility can raise the risk of non-compliance with vendor licenses, creates the potential for over-payment or unnecessary consumption of high-priced data sets, and creates the potential for wasted/unnecessary subscriptions.

> "Poor visibility can raise the risk of noncompliance with vendor licenses."

How Can Firms Address the Transparency Issue?

TO ADDRESS THESE ISSUES, FIRMS NEED TO GET A GRIP ON DATA USAGE, AND GAIN TOTAL TRANSPARENCY AROUND CONSUMPTION OF DATA DERIVED FROM INTERNAL SYSTEMS AND DATABASES, AS WELL AS FROM EXTERNAL SOURCES SUCH AS THIRD-PARTY DATA VENDORS. BY TAKING THIS APPROACH, THEY CAN GET FIRMER CONTROL OVER COSTS, OPTIMIZE VALUE FROM EXISTING SERVICES AND ENSURE COMPLIANCE.

What's needed to achieve this is a solution that is capable of tracking every data request throughout the organisation. The platform needs to capture details of which individuals or teams, systems or applications are requesting which data sets and from what data sources.

This facility can be used to record and report every data request, check them against licensing agreement parameters and costing models, and block any unauthorized access request, all in real time. This gives the firm control over access to valuable data sets, as well as an understanding of where data requests are originating, providing insight into usage.

Streamlining Data Operations

Once implemented, a solution of this kind can be used to streamline other data-related operational processes. For instance, it can help map actual usage to predicted or received vendor invoices, helping to validate data bills. It can also help to generate more granular cost attribution by allocating data costs based on true usage rather than estimates. This can help drive cost efficiencies by providing managers with the true cost of the data their units consume.

Finally, a system of this kind can greatly improve the quality of reporting. By supporting advanced, easy-to-use usage declaration reporting at all levels, the platform can give CIOs, COOs, CDOs and other senior managers insights into usage trends and compliance status.

The adoption of a robust usage monitoring system for reference and other enterprise data helps firms ensure they are in compliance with vendor licensing rules, supports real-time access control, and facilitates proactive vendor usage-reporting, resulting in a simpler data usage landscape.

> "Firms need to get a grip on data usage, and gain total transparency around consumption of data derived from internal systems and databases."

The Benefits of Improved Usage Transparency

FINANCIAL INSTITUTIONS ADOPTING A PLATFORM OF THIS KIND CAN EXPECT TO SEE BUSINESS BENEFITS ACROSS A NUMBER OF ASPECTS OF THEIR ACTIVITIES.

The first and most visible benefits are measurable in terms of costs. The transparency that results from monitoring true data usage allows firms to ensure they are paying only for the data they need and consume - cost transparency drives cost reductions.

It also allows them to verify vendor invoices by mapping actual usage to individual line items on their bills. Finally, by getting an accurate view of who is consuming what data, it allows them to allocate data spending fairly. Armed with this internal business intelligence, data managers are able to take stock of the data services their stakeholders need, allowing them to drive data costs down.
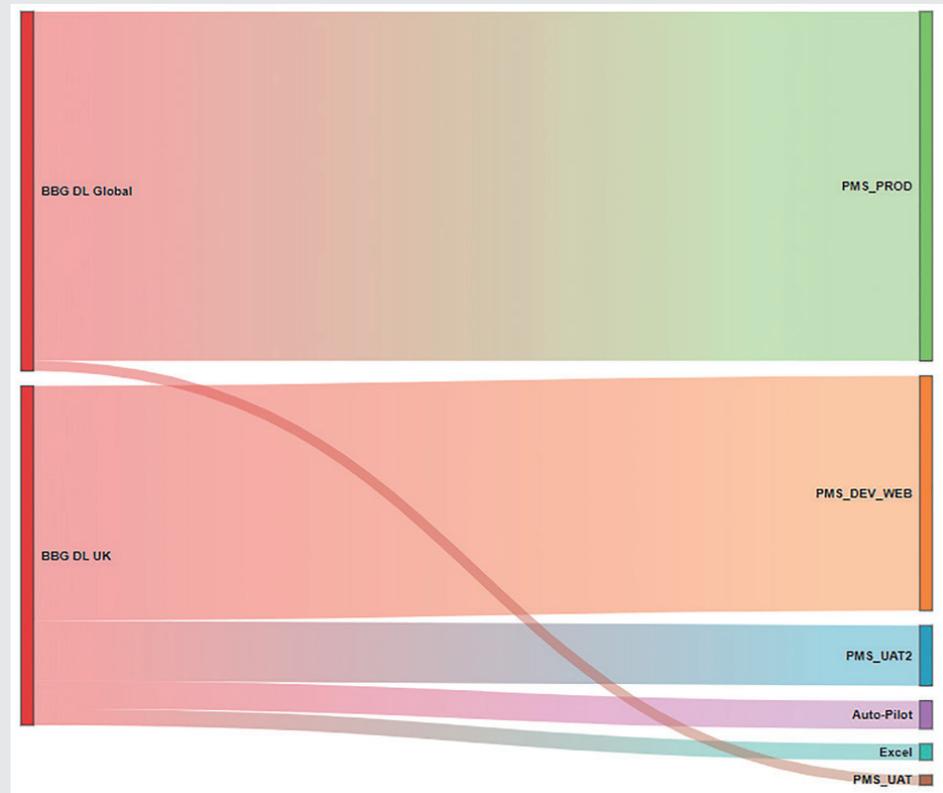

Figure 1: Clear visibility of data flows to consumers, by cost or other attribute

A second area of benefit relates to compliance, which itself may have implications for total cost of ownership (TCO) of data services. A robust approach to usage monitoring allows firms to ensure they are compliant with suppliers' licensing agreements. This helps them avoid financial penalties for noncompliance and streamlines the audit process, which itself can be an expensive proposition. Furthermore, by improving firms' understanding of data consumption by internal teams, data managers can act to optimize the value their users derive from paid subscriptions, improving return on investment (ROI) on data services expenditure.

Proactive Monitoring

Finally, the platform offers an operational benefit in the form of providing a control mechanism over data usage. By monitoring who is using which specific data sets, data managers can develop and enforce policies with respect to access to fee-liable services in particular. This translates into real-time controls over data usage, ensuring that teams that don't 'need' access to certain costly services aren't permissioned to receive them. Through this approach, data managers are able to dynamically control access, rather than perform evaluations on an end-of-the-month basis, which necessarily introduces a lag where cost savings are concerned.

Overall, firms taking proactive moves to monitor usage of expensive data services are able to gain a comprehensive understanding of data usage, making them better informed to make decisions on data spending and access, and ensuring users' value from data services is maximized.

Introducing TRG Screen Usage Management

TRG SCREEN USAGE MANAGEMENT HELPS FINANCIAL INSTITUTIONS GAIN GREATER UNDERSTANDING OF THEIR USAGE OF REFERENCE DATA SERVICES VIA THE XMON REFERENCE DATA TRACKING PLATFORM, OFFERED IN PARTNERSHIP WITH XPANSION. XMON FEATURES MANY OF THE KEY ATTRIBUTES REQUIRED FOR GRASPING CONTROL OF REFERENCE DATA USAGE, ENABLING CLIENTS TO OPTIMIZE COST AND ALLOCATE SERVICE EXPENDITURE MORE ACCURATELY AND FAIRLY.
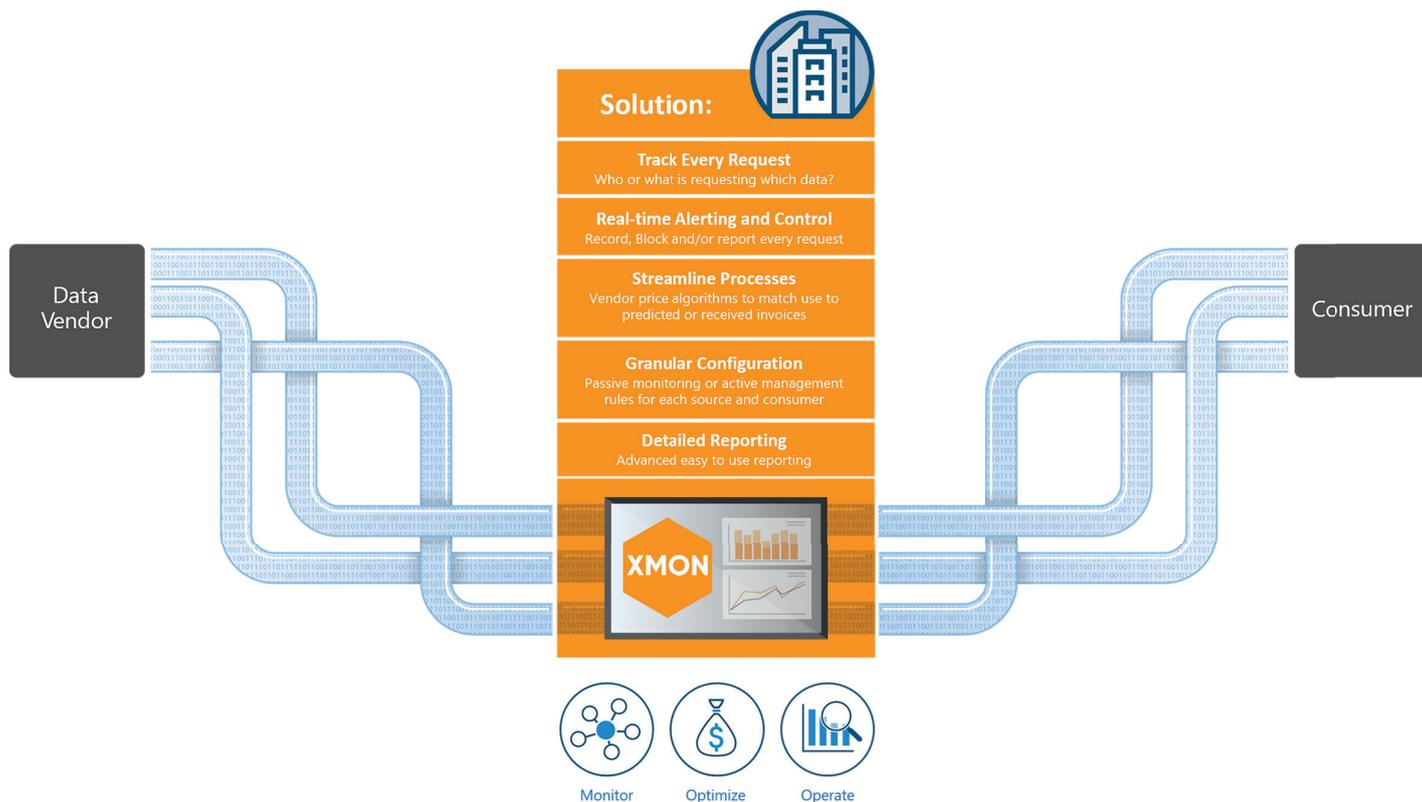
As a result of the greater understanding of user consumption offered by XMon, and subsequent optimisation of data resources, customers have enjoyed significant business benefits. One large hedge fund in North America, for example, reported 45% of direct costs savings from improved transparency and licensing compliance. Another large global asset management firm was able to shave 25% off its $2.5 million annual data spend.

According to the CTO of a large hedge fund: "We've reduced our data licence from $30,000 per month to $12,000 per month in a year. I wouldn't have had the management oversight to push this change without XMon."

Said a COO at a large asset manager: "We're using XMon to enforce firmwide reference data entitlements and access control. Generating usage reports and data access audit trail is a breeze – what used to take us weeks can now be run in minutes." Added another: "XMon helped us identify and automatically block non-compliant data requests. This would have cost us a hefty fine."

The XMon platform monitors all data entering the organization and tracks all requests to vendors. This gives data managers transparency around how specific data sets are being used, allowing them to allocate costs and impose controls where necessary. The platform also allows them to run what-if scenarios for data consumption, and simulate the prospective costs of those scenarios.

XMon also tracks the flow of data through the organization. This capability allows data managers to identify duplicate requests for the same data sets, enabling them to optimize usage by mapping service access to internal need. This also helps create more accurate cost allocations and more detailed usage reporting.

Establishing a Clear Audit Trail

Finally, XMon monitors data leaving the organization. This is particularly useful for global custodians, fund administrators and SaaS-based applications providers, who need to understand how their data is being consumed by external clients. XMon establishes a clear audit trail, which can be used to assess usage by cloud and SaaS clients and enforce data usage compliance.

Through this approach, XMon helps financial institutions establish enhanced controls for data managers, providing them with greater insight into internal usage of reference data services. It also supports streamlined reporting and eases the vendor audit process, by keeping usage data continuously up to date.

"One client reported 45% of direct cost savings from improved transparency."

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.

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