

## Market Data Management Challenges – Spend, Usage and Compliance

THIS SURVEY REVEALS THAT FIRMS OF ALL SIZES ON BOTH SIDES OF THE INDUSTRY STRUGGLE WHEN IT COMES TO ACCURATELY AND TRANSPARENTLY MANAGING THEIR MARKET DATA SPEND, USAGE AND COMPLIANCE.

### Responsibility for Market Data Management

Respondents were asked whether their firm currently has a dedicated market data team, function or department, to which more than three-quarters (76%) indicated they do.

**76%** have a well-established dedicated market data team

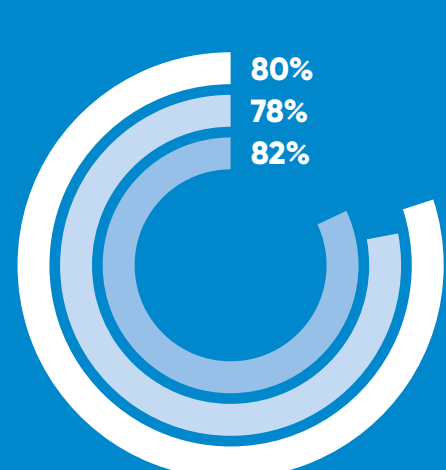
**18%** Have recently created a dedicated market data team



**Takeaway:** Illustrates the importance that firms place on managing their market data efficiently and transparently

### Market Data Tracking and Optimizing

Respondents selected the most appropriate response to a statement as a means of gauging their ability to track and optimize their market data spend, usage and compliance with the details of exchange and vendor contracts.



**80%** Believe they are able to track and optimize market data spend

**78%** Believe they are able to track and optimize market data usage

**82%** Believe they are compliant with exchange and vendor contracts

**Takeaway:** Large firms believe they are well-placed to manage such activities however, anecdotal evidence indicates that firms of all sizes suffer from 'invisible' overspend and compliance breaches.



Leigh Walters

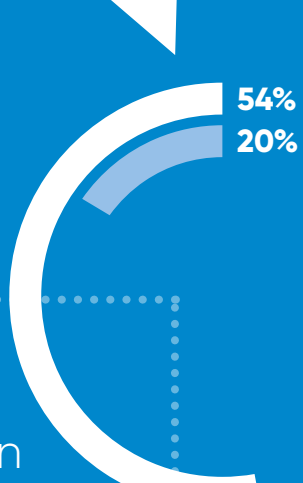
"For larger firms, the magnitude of spend is so large that a small swing can make a big difference, which means they have been focused on this for many years," Walters says. "But, for the smaller firms, the absolute dollars they are spending are smaller – millions or tens of millions of dollars each year rather than hundreds of millions – but there is so much more potential saving they can make that it's actually still really material. However, part of the issue they have is that they tend not to be looking for a solution because they don't know they have a problem to start with."

Respondents were asked where they believe there is greatest potential with regard to improving their firm's market data management.

**54%** Believe their usage could be improved

**20%** Believe their spending habits could improve

**Takeaway:** Reinforces the notion that, due primarily to a lack of transparency, firms do not fully utilize the market data they acquire.



### Market Data Tools and Technology

Gauges the extent to which respondent firms have specialist systems or tools in place to help them track their market data spend, usage and compliance.



**46%** Use specialist third-party tools to manage their market data spend, usage and compliance

**42%** Use a mix of third-party tools and proprietary technologies

**14%** Rely exclusively on proprietary tools to manage these functions

**Takeaway:** Illustrates the important role played by the third-party vendor community when it comes to providing support for these specialist functions

### Challenges When Implementing New Tools

Asked respondents about the primary challenges they encounter when it comes to implementing a system or tools to manage their market data spend, usage and compliance.



**30%** Pure budgetary considerations

**24%** Lack of team bandwidth to manage and leverage the systems

**22%** Lack of IT resources

**Takeaway:** Budgetary considerations impact even the largest players and more than three-quarters of respondents cite internal challenges as their primary areas of concern.

### Market Data Outsourcing

The final two questions focused on respondents' outsourcing preferences – the aspects of their market data needs they are currently outsourcing and those they would consider outsourcing at some point in the future.

**60%** currently use outsourcing solutions for their market data needs

**26%** Outsource contract workflows

**24%** Outsource inventory management

**18%** Outsource compliance management, invoice processing and reporting and analytics

**Takeaway:** Firms are already taking, or plan to take, practical steps regarding using an outsourced service to manage aspects of their market data needs

**68%** Will outsource at least one aspect of market data management in the future

**28%** Plan to outsource inventory management

**26%** Plan to outsource invoice processing

**22%** Plan to outsource contract workflows

**18%** Plan to outsource service utilization

**Takeaway:** There is a clear appetite for outsourcing / managed services.



Roel Mels

The argument for firms to outsource aspects of their day-to-day operations to a specialist third party where they cannot derive additional value is a compelling one, given that there is zero business rationale for managing those processes in-house when a third-party provider can manage them faster, more transparently and invariably cheaper.

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