CONSULTING

MARKET DATA COST OPTIMISATION

MDG provides in-depth analysis of clients' market data services to achieve the optimal balance between requirements and dollar cost. Market Data has grown to become one of the financial industry's largest expenditures, usually increasing faster than other costs.

This presentation provides a high level introduction to Market Data Cost Optimisation project methodologies.

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Problems & Solutions

Data begets data, and the more data needed the higher the cost, especially to businesses where demand is dynamic and constantly changing, which means requirements never remain the same, but often the contracts and data consumer does. There are three main reasons driving increasing market data expenditure.

1. Increasing market sophistication with the development of new markets and instruments necessitating access to a wider and deeper range of information than ever before
2. Client and regulatory reporting impacts expanding data usage in risk, compliance, middle and back offices
3. Expanding enterprise usage through process automation and application utilisation across the business requiring real time access to data, and the targeting of this as revenue sources by vendors, third parties, and exchanges

The practical benefits of market data cost optimisation?

- The potential to realise significant savings with minimal business impact
- Provide specialist resources in terms of experience and expertise to the client's business managers
- Collated data on utilisation from the optimisation exercise provides the basis for medium term market data planning and cost control, backed by efficient management tools for cost allocation and inventory management

Methodology

MDG's cost optimisation project management is broken down into 4 phases based on key principles:

- Every client is unique with their own distinct requirements
- DataContent tailors market data solutions to each client's real-world needs
- This is achieved by basing findings upon the business' real-world usage and forward-looking requirements
- This also creates a transparent Data Governance Environment

① DUE DILIGENCE	② ON-SITE REVIEW	③ REPORTS	④ ACCEPTANCE
• Compilation of Information and analysis of the client's existing market data environment • Identification of costs, services, and discounts • Validation of contracts and invoices • Assessment of cost allocations where available by business, cost centre, user, and application • Details on application usage and internal distribution	• Onsite at clients to assess the business' and users' market data requirements • It would be preferable, though not often not practical to survey, each individual market data user and each individual market data application manager • To gain feedback on what each user does and how they do it • Understand how data is consumed within the business	• Analysis of findings and presentation of savings options • Assessment of impacts and requirements for changes • The report contains: • Introduction • Conclusions • Recommendations • Vendor Review • Data and service usage analysis • Appendices	• Presentation of Report to Client Management • Detailed explanation of rationale governing available options • Strategies to ensure potential strategies 'stickiness' • Proposals for effective forward looking management tools and market data administration • Produce options for implementation • Implementation can also be offered as a service

Data Acquisition Strategies

In addition, MDG can advise on Market Data Acquisition Strategies through the adoption of continuous assessment to ensure spend is justified and employs Best Practice Data Governance.

① SOURCING	② BUSINESS CASE	③ VALIDATION	④ REVALIDATION	⑤ BEST PRACTICE
Objective • Identify and Validate Data Sources	**Objective** • Making the business case	**Objective** • Setting the data validation criteria	**Objective** • Ensuring data used still meets business needs	**Objective** • Best Practice Data Governance
Definition • Ensure right data is sourced and adapt to new business models with increased emphasis on Rights Management by Data Source Owners	**Definition** • Ensuring the structure for identifying the requirement for new data is driven efficiently for the benefit of the Business	**Definition** • Organisations have a procurement and approval process, but many still lack an acquisition validation methodology	**Definition** • Organisations often allow contracts to rollover to avoid data sources renegotiating unfavourable T&Cs. Does not take account changes in business needs or new business models	**Definition** • Ensuring Rights & Obligations to Data are understood and acted upon
Environment • Understanding what data is required, where it comes from, its attributes, qualities, and providence	**Environment** • Implement thorough process for bringing onboard data and establish clear criteria defining the dollar business benefits	**Environment** • Effective process and management for identifying and then bringing onboard new data for the Business	**Environment** • Re-Qualifications should be treated as Pre-Qualifications	**Environment** • Liabilities through good processes and access to Licences, Agreements and T&Cs