


2024



Market Data Transformation

SIAPARTNERS



The Beginning of a Strategic Transformation

In partnership with Sia Partners, our client committed to an organization-wide market data cost savings initiative. The objective was to capitalize on savings opportunities through a cost savings program. Later the funds will be invested back into the business by making improvements while optimizing a growing expenditure.

Our client recognizes that by being strategic in how market data is delivered, a suite of opportunities can be realized.

What Followed...

An in-depth discovery was conducted, examining vendor licensing agreements and user profiles to assess the level of product usage, which formed a set of clear savings recommendations and the following accomplishments:

\$967K

Identified in **savings opportunities** on a small amount (24%) of market data spend

\$240K

In **quick win** savings, making the effort self-funding & delivering a 25% positive year over year ROI

The motivation behind Optimizing 3rd Party Data

Developing an Enterprise Market Data Strategy

We showed how our client federated data servicing model is heavily focused on financial accounting. This approach has served them well for years. However, it has also led to consequences such as spend transparency challenges at the user P/L level. This was discovered by the amount of high premium data services being consumed by non-investment professionals and less accurate business line cost allocation charges.

Investing in a Demand Management

Our client was at a disadvantage when preparing for contract renewals and negotiations. Demand management was not robust across the organization, with no real expertise and skills to manage the complexities of predatory vendor practices. This made it virtually impossible to be treated fairly when negotiating commercial contracts with vendors.

We found that our client had limited visibility to usage metrics and oversubscribes via large-enterprise vendor arrangements, taking an easy to manage approach in purchasing and buying market data services. This has come at a high cost, impacting expense margins for each LOB.

Building a value-added Market Data Central knowledge Center

Investing in building a firm-wide enterprise Market Data Central Strategy will support technology to deliver data across the organization faster, easier and in a more cost-efficient manner. A centralized market data management approach would yield an estimated \$12 million in savings, compounded by large business value.

\$5.5M benefit p.a

\$2.1M

Impact

Reduction on market data spend via alternative, more cost-efficient market data services.

\$2.0M

Impact

Enhancing FITS inventory to remove constraints on demand management and improve reporting / allocations

\$1.4M

Impact

Investing in building a centralized market data service of excellence is the first step to establishing a market data technology strategy

The Operating Challenges

Internal Operational Set up

The Finance Services Team inherited accountability for expense cost oversight during an organizational restructure and supported the investment offices (LOB) by federating expense management to each LOB. This dynamic changed accountability from a centralized shared knowledge center to a Line of Business remit. Managing commercial allocations, sourcing, and financial activities such as vendors, contracts, subscriptions and services had become the obligation for each business line. By aligning these processes under the finance function and federating the purchasing to the lines of business, our client believed the business could handle full autonomy over expense management & ownership. This would later demonstrate oversight challenges with vendor and demand management activities. The model wasn't developed to provide visibility into Market Data usage, which made it virtually impossible to conduct accurate, thorough demand management attestations.

It's estimated that the Federated operating model cost upward of \$5m in over subscriptions and efficiency losses

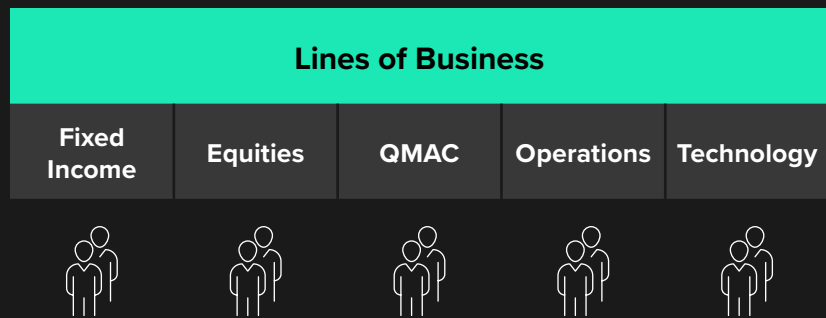
The team exposed to the following complexities:

- 01/** Vendor relationships are managed by the various asset classes and program areas, resulting in multiple contracts with the same vendor under different terms
- 02/** Valuable contract information is buried in thousands of documents, as well as institutional knowledge in the heads of people across the business
- 03/** Extremely challenging to answer any questions from the business, as reporting was lacking and very time-consuming involving data exports and manual manipulation into Excel
- 04/** Lack of big picture contract negotiations which meant no economies of scale, and with no review process the business was potentially exposed to contract risk
- 05/** Cost allocations were arbitrary, typically made by applying a percentage split and never routinely reviewed against need or usage
- 06/** System workflows no longer made sense resulting in difficult workarounds, inefficiencies and bottlenecks. They also lacked operational risk controls or audit trails

The Constraints

Our client's challenges stemmed from how market data spend is being managed within their federated operating model. This causes issues with expense allocations and demand managing services at a user level.

Federated Operating Model



Constraints

- Lack of SME expertise
- Un-coordinated Vendor Ownership
- No Demand Management
- Repetitive Finance activities
- Repetitive procurement activities
- Unstructured inventory

- 01/ Highly oversubscribed by the amount of premium data services being under utilized**
- 02/ Inaccuracies with inventory at a user level making expenses difficult for the business to understand**
- 03/ Completeness in the demand management certification insufficient**
- 04/ Limited visibility to usage metrics & underutilized vendor subscriptions via large enterprise contracts**

Sia Partners' Best-of-breed Demand Management Software Solution

In the search to meet their goals, our client commissioned Sia Partners to perform an extensive discovery exercise, using their proprietary software tools to assess where NB had oversubscribed to commercial market data.

A comprehensive software solution encompassing spend, usage & demand management techniques



RADR

Used to facilitate the rapid and systematic analysis of usage across market data desktop platforms with over 25,000 user profiles and more than 3,000 market data services



Big Bloom

Identifies reference data replication across multiple asset classes and application requests. Capable of analyzing millions of Security master, historical and pricing data rapidly



Benchmarking

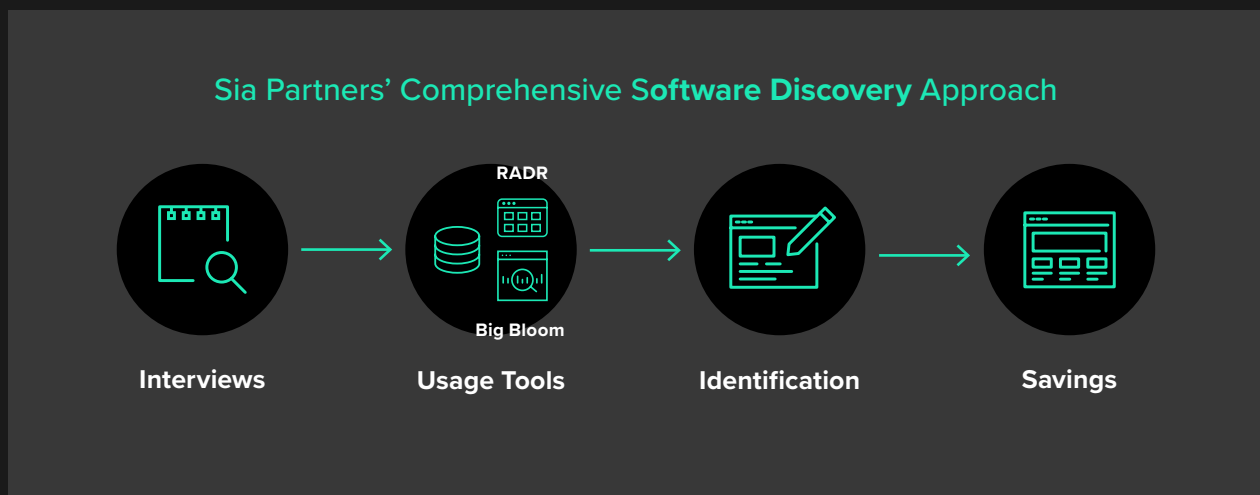
Validates pricing against benchmarks to provide business intelligence on vendor rates comparatively against NB peer group

The Sia Partners Accelerated Approach to Optimizing Financial Data

A comprehensive solution encompassing software tools and usage data to deploy demand management techniques involving these groups

Vendors	Market Data Service Categories				LOB
Bloomberg FactSet Eikon Moddy's S&P ...	Trading DeskTops 650 Investment Professionals.	Reference Data # of Requests and Jobs	Benchmarking Moody's market ESG funds, ETFs, etc.	Exchange Entitlements 280 Unused Exchanges	Financial Investment Professionals Manages MD expenses
TechOps Group that enables market access and support trade investment operations		Finance Operations Accountable for cost controls over subscriptions /consumption for Lines of business		Procurement Sourcing Provides vendor and demand management oversight	

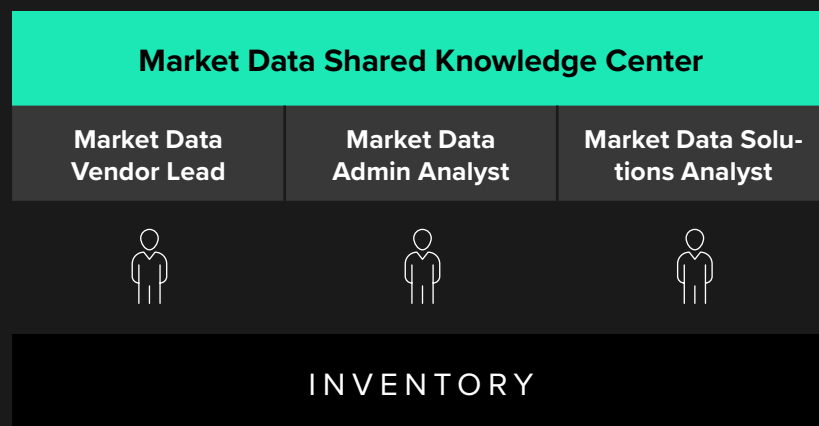
Sia Partners' Software Accelerated the discovery of Cost Savings utilizing data science to perform an extensive and thorough identification exercise.



Unlocking These Benefits

Turning to Sia Partners' Target Operating Model will improve transparency of market data inventory (users, costs, contracts, usage) and establish strong vendor and demand management disciplines (ownership, accountabilities, disciplines) within a single shared knowledge center

Sia Partners' Central Operating Knowledge Center



Adjusting Accountabilities to a Centralized Shared Center of Excellence

Shifting towards Sia Partners' Target Centralized Market Data Capability must be aligned to your firm's corporate agenda and strongly supported by the leadership team. There are 140 market data activities under 6-7 key functions which support a firm's adjustment of accountabilities to a unified Center of Excellence. Key transformation program principals encourage all stakeholder to reach the desired state.

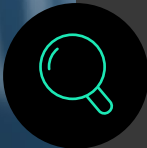
- 01/ Define a functional hierarchy to establish which department is best to build the capability, understanding the influences of each reporting structure on the group.**
- 02/ Establish an operating framework that is accountable to promote collaboration and use best practices (policy, process, information management & transparency)**
- 03/ Establish functional roles within a coordinated shared business service responsibility matrix, adding value through building a Market Data Knowledge Center**

The Beginning of an Efficiencies Era – Next Steps

The ongoing transformations establish a value-added market data centralized management capability with strong governance and effective cost management disciplines, framed within a function that addresses demand & vendor management challenges.

Anchoring that function is an operational and technology strategy with policies and processes to supports informed decision-making and market data service optimization. Alone, this model is expected to reduce total market data costs by 25%.

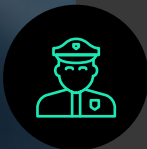
This benefit is compounded by significant efficiency gains by leveraging Sia Partners' optimization software and decades of target model best practice disciplines. This includes workflow process efficiencies, greater control over vendors and contracts, transparency over cost and value, and more informed decision making.



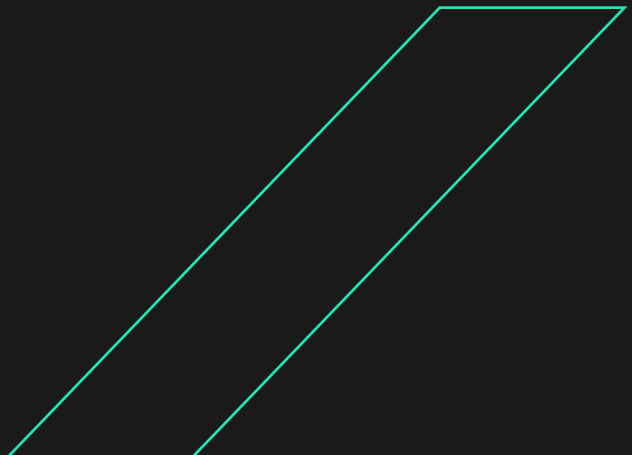
Improved quality of market data inventory will enable user accuracy, cost management, contract allocation and usage monitoring.



Knowledge Center – create a centralized market data function to strengthen the relationships between Neuberger Berman their vendors, and enhance contract ownership, data spend and per user costs accountability.



Developing a strong demand managing capability will further increase transparency, leading to right-sizing of large enterprise contracts.



About Sia Partners

Sia Partners is a next-generation management consulting firm. We offer a unique blend of AI and design capabilities, augmenting traditional consulting to deliver superior value to our clients. With expertise in more than 30 sectors and services, we optimize client projects worldwide. Through our *Consulting for Good* approach, we strive for next-level impact by developing innovative CSR solutions for our clients, making sustainability a lever for profitable transformation.

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