

The xignite logo is positioned in the top left corner of the page. It consists of the word "xignite" in a white, lowercase, sans-serif font, set against a dark orange triangular background that points towards the top right.

xignite®

The top half of the page features a decorative background image. It shows a close-up of several colorful pens (yellow, green, blue, brown) lying diagonally across the frame. A semi-transparent, light blue geometric shape, resembling a stylized 'X' or a series of parallel lines, is overlaid on the pens. The background is a warm, golden-yellow color.

# Cut the Cord on Market Data

## Embrace the Power of the Cloud

Featuring Research from Greenwich Associates

**GREENWICH**  
DATA | ANALYTICS | INSIGHTS

**T**hink about paying for cable TV where you have access to hundreds of channels but ultimately only watch a dozen with any frequency.

Removing a cable box from your house or cutting back on a premium package can help a little, but the reality is you're still paying for way more than you consume.

The most cost-effective path forward would be to outline exactly what is watched and how often, and then pay only for those programs. This option, unfortunately, isn't available for cable television, but it is available today for market data. Yet many are still consuming market data the old fashion way. It's time to cut the cord!

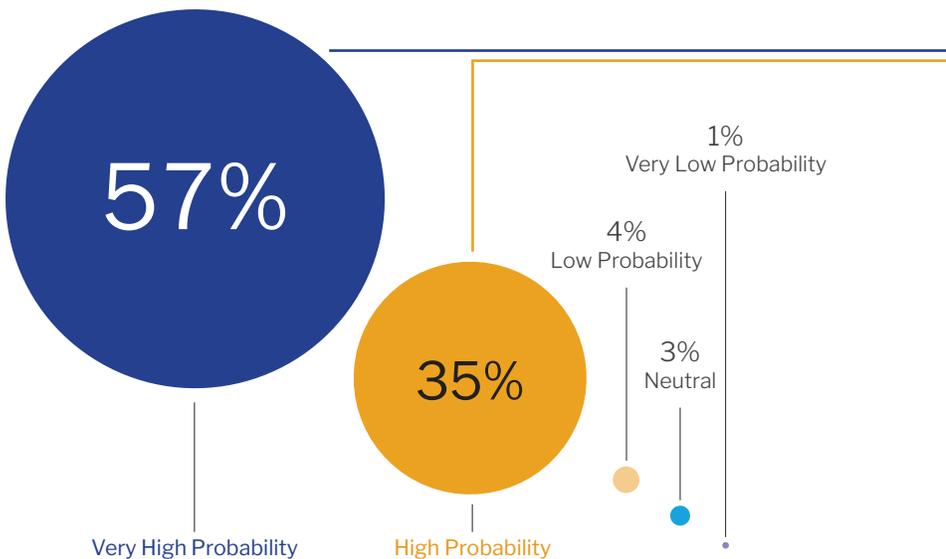
“Market data in the cloud is not an “if” or “when,” it is here today”

—Stephane Dubois  
CEO and Founder,  
Xignite

## Market Data Should Be Easy

Cloud computing has reshaped the consumption, analysis, management, and distribution of market data. Market participants still using decades-old, non-cloud-based market data platforms are likely missing trading opportunities, and most certainly spending more than they should on data or infrastructure they don't need or won't use. And as the digital transformation of capital markets continues increased use of mobile devices, more automated trading, seemingly endless sources of data—keeping up is all but impossible without putting the cloud to work. Greenwich Associates research shows market participants have heard that message loud and clear.

### Public financial firms planning to use the public cloud for their market data data needs

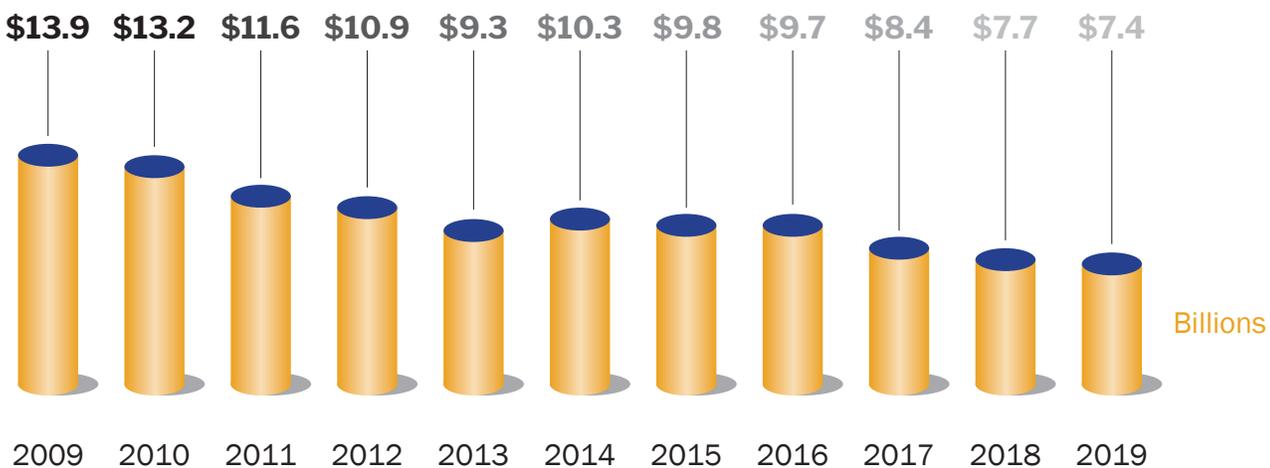


**93%** of market data professionals interviewed say they plan to use the cloud to manage their market data.

Market data is not an “if” or “when”, it is in use by major market participants across a litany of use cases and the benefits are clear. With the cloud, data is made more accessible, elastic capacity is infinitely more manageable and costs drop dramatically. Couple these benefits with the use of standard APIs for easy innovation and robust data management tools for cost optimization, and the return on investment is huge. And as data quantities and sources continue to grow in the coming years, and as successful FinTech companies built on a cloud-native architecture are challenging the status-quo, improving access while reducing costs isn’t a nice to have, but essential to maintaining an edge in a market where trades are free, total revenues are shrinking and profit margins continue to decline.

So while managing market data continues to be very complex—it shouldn’t be. Despite the complexities of today’s market managing market data should and can be easy. As such, selecting the right market data cloud partner is critical. By utilizing the public cloud, standard APIs and innovative technologies, market data consumption, distribution, and administration can be streamlined and simplified. This, in turn, saves budget on legacy data center infrastructure, development and maintenance expense, data communications, enterprise data optimization, and unnecessary desktop applications. Equally enticing is the ability to quickly add new data sources, create new products, improve the user experience and gain enhanced visibility into data usage across the enterprise.

## Buy-side traders spend is declining in a market where trades are free.



## Benefits of Moving Market Data Management to the Cloud

### **Data management is a critical component to cutting costs.**

Despite best efforts, many market participants have limited transparency into their market data consumption. With what is often dozens of offices and hundreds of data sources, it remains common that employees have access to data they don't need or shouldn't have and that data once deemed necessary by a single business user is no longer in use, but still being paid for.

For instance, many on the trading desk have access to full market data "packages" with each individual utilizing only a small portion of what comes in the box while still paying for it all. The same is true in the middle and back office, where a single function, or the need to interface directly with trading, results in a data bill that does not reflect the true level of data consumption.

Think about paying for cable TV, where you have access to hundreds of channels but ultimately only watch a dozen with any frequency. Removing a cable box from your house or cutting back on a premium package can help a little, but the reality is you're still paying for way more than you can consume. The most cost-effective path forward would be to be given access to data outlining exactly what is watched, and how often, and then paying only for those channels. This option, unfortunately, isn't available for cable TV, but it is available for market data. Yet many are still left consuming data the old fashion way.

The trading desk may have access to an expensive market data feed with some individuals utilizing just one instrument—but you are still paying for all of it.

## Do you know how your data is being used? How often, by whom and for what purpose?

Getting a handle on data entitlements, how data is being used, how often, by whom and for what purposes becomes considerably easier as both the data and data management tools move into the cloud.

### Key Benefits

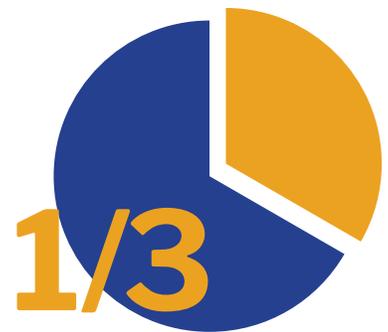
- Access data centrally
- Quickly turn on new data sources and turn off unused data
- Analyze data usage patterns to unearth and eliminate unused data
- Discover duplicate data and similar inefficiencies
- Easily allocate data costs across the organization
- Ensure you are in compliance with data provider licensing agreements

For example, think of an organization in which 100 market data desktop applications are deployed across risk and compliance for those users to monitor activity in a single market.

Greenwich data shows that fully one-third of buy-side trading desk technology budgets are spent on such systems (compared to only 12% on direct data feeds). This is in part because the firm is left paying for the entirety of the data package for a user who may only uses a single screen. Those users are also locked into that user interface to consume the data, even if they'd prefer to view that same data in another system. In contrast, if only 30 of those users instead had these same data feeds aggregated in the cloud, and consume that one data set via Excel or another less costly front end, the firm could save over \$1 million annually in reduced front-end and data licensing fees. This simple use case is only the tip of the iceberg with regards to cost savings via improved data management. But it does however demonstrate the value of a central data lake that liberates enterprise data, separating the data from the delivery mechanism so it can be used as efficiently as possible.

Integrating all data sources—real-time, EOD, historical, fundamental, pricing and reference data—onto a single platform with centralized controls further enhances these benefits. It allows the value of the data to be better unlocked across the enterprise. This means that not only can the business line or trading desk that requested the data put it to work, but so too can others in the organization who otherwise would not have known that data was available. This can, in turn, make it much easier to develop and deploy new applications regardless of where in the company they sit.

The cloud allows you to get complete control and transparency into data consumption and usage.



of buy-side trading desk technology budgets are spent on market data desktop applications

## Moving from CapEx to OpEx

It is also important to note that moving to the cloud shifts a tremendous amount of spending from CapEx to OpEx. To put it simply, capital expenditures are incurred when firms buy stuff—like servers or desktop PCs. Operational expenditures are more akin to renting—like paying for user access to a web deployed application or, of course, access to a public cloud. Most firms prefer OpEx, as the full amount can be deducted from the tax bill in that current year. CapEx results in the firm owning an asset, with only the “used” portion of that asset deducted from taxes each year over several. While this is at some level only an accounting issue, its impact on firm spending and investment is very real.

And lastly, but certainly not least, a centralized data management platform means increased efficiency across the organization dealing with data requests, procurement and billing, and a reduction in compliance risks overall. In many cases today, desks around the world manage their data independently, duplicating functions in each major region. A single, centralized system means a standard and real-time data acquisition and usage process regardless of the market or region, reducing the cost of fielding requests and monitoring consumption.

## Buy vs. Build

The last decade has seen a noticeable shift in the buy versus build mentality for trading and related applications. For example, Greenwich research shows that over 90% of buy side firms now look to a third party for their execution management system. FinTech providers have spent over two decades simplifying customization, removing the burden of maintenance from their users and, more recently, deploying applications via the cloud eliminating the need for local installations and on-premises hardware.

This trend towards third-party cloud deployed applications further unlocks the value of cloud deployed market data. If a firm’s application and market data are both running in AWS, for example, linking one to the other—even if they are managed by different firms—is increasingly trivial. This is in stark contrast to the legacy approach that required protocol translation and security concerns not only between the two platforms, but between each platform and the firm itself. It could cause simple enhancements that should require only configuration changes to take months to implement; and months can mean lost opportunities.



## Four Key Questions to Ask Your Potential Market Data Cloud Vendor

The case for managing market data in the cloud has already been made and decided. The benefits are undeniable. But unlocking those benefits requires a partner with the technology and wherewithal to leverage the cloud effectively. When evaluating cloud-based market data solutions, there are four key questions to ask your potential market data cloud vendor.

### 1 Are your applications natively built to run in the cloud?

The vast majority of cloud-based market data offerings are using large, well-known cloud providers like AWS. With hundreds of data centers around the world, each running 50,000 servers or more, the ability to scale would appear to be a given. However, AWS's massive scale only benefits the end-user if the application in use is built to fully leverage the cloud. As any developer will tell you, building software to run in a dedicated data center on a predefined set of servers is a dramatically different proposition than writing for the cloud. Platforms natively built to run in the cloud have a clear advantage here, as the legacy single data mindset is nowhere to be found. As such, we believe that while utilizing a cloud environment like AWS is table stakes, unlocking the true benefits of the cloud rest solely with the market data management provider itself.

### 2 What is your uptime for cloud-based market data feeds?

The ability to scale quickly and efficiently is only helpful if performance levels are maintained. The addition of new data consuming applications or new data sources cannot and should not impede the flow of data. As with scale, cloud environments provide what is effectively limitless compute power—but only if deployed properly. With the feed for options market data alone producing over 20 million messages per second on peak days, ensuring virtually 100% up-time and no additional latency for data consuming applications requires deep technological expertise for building cloud-native applications and data processors.

### 3 Do you provide a control center to manage and govern the cloud-based market data?

A tremendous amount of the value of cloud-based market data comes from the ability to manage enterprise-wide data consumption from a central location. This means both limiting data use to only those who have a true business case, and making available data brought onboard (and paid for) by one part of the business put to work for another business. Given most major trading organizations consume hundreds of data feeds from dozens of sources, creating a clean interface and method for controlling and governing consumption is no small feat. However, to truly unlock the value of the cloud-based market data offering the interface should be one that is easy to use, not requiring a deep level of technical expertise.

### 4 What type of experience do you have in implementing cloud-based market data?

Cloud computing continues to have a buzz around it. But the fact is, while everyone can talk about its value and application to financial services, not everyone has deep enough knowledge to operate within a cloud environment in an optimal way. Cloud computing should not be thought of as a nice-to-have or an upgrade for existing platforms but as the only way of managing and analyzing data. Ensure that your provider comes to the table with a cloud-native mindset and that they are cloud-native experts certified by your cloud provider for their knowledge and technical experience. You want folks that have done this before and know both the pitfalls to look out for and also the techniques needed to unlock the full value of the offering.

## The Cloud Cannot Handle Real-Time Data

Using the cloud to store historical data, analyze large data sets and to run enterprise applications is largely accepted as good practice today, but there remains a misconception that the cloud is not suited to handling real-time market data. With real-time data, latency is key, and the extra “hops” needed to get into and out of a cloud environment have been viewed as non-starters.

But in today’s market, the reality is that very few trading firms compete on latency. The majority now feel they are “fast enough”, with a very small few electronic market makers making money based on the speed of their infrastructure over another’s. In practice, this means that the latency problem has largely been isolated to a very few specific applications, with market infrastructure so efficient that “hopping” in and out of the cloud does not have a meaningful impact on data consumption or delivery—and often is better than legacy infrastructures some firms are still running in-house. To put it simply, real-time data in the cloud is now the only choice for most market participants.

The value proposition is even greater in the middle or back office, where real-time data is consumed not for trading but for market monitoring, and is often viewed on the screen (and not via an algorithm), where the literal blink of an eye introduces magnitudes more latency than the cloud ever could. And of course, managing real-time data via the same cloud-based platform as all of your other data further enhances the firm’s ability to manage data usage, streamline access to new data sources and, of course, reduce costs.

## Conclusion

Financial markets are as competitive and efficient as they have ever been. This has forced market participants to focus less on revenue and more on overall profitability. As a result, efficiently utilizing limited data budgets is as important to a firm’s success as is the trading desk’s ability to achieve best execution for their clients. One matters little without the other.

Maintaining legacy systems at best puts you at a competitive disadvantage, and at worst erodes the profitability of the business completely. And while utilizing the cloud to consume market data is now a given, not all providers bring the scale, performance and controls needed to truly unlock its value. As such, the cost benefits of centrally managing and consuming data using are impossible to ignore. Overall data costs are reduced as data flow is better controlled, with data used only by the people that truly need it. Furthermore, operating costs come down quickly as processes are optimized empowering resources to better manage data consumption. And with data sources and business applications decoupled, each user will have access to a more customized workspace in which they have only what they need, and no longer pay for what they don’t.

If a real-time market data infrastructure was created from scratch today, there is no debate that this centralized, native cloud based approach is the only approach. But even though only a small few have the luxury of building from scratch, the tools to prepare your data infrastructure for the next decade are here for the taking.

## Myth

The cloud cannot handle real-time data.



## Fact

The cloud can handle real-time data.

## About Xignite

Xignite Makes Market Data Easy. Xignite is leading the disruption of the market data industry with its Amazon Web Services (AWS)-based financial data distribution and market data management solutions. Xignite's Market Data Cloud Platform provides market data managers full transparency on the usage of a firm's first-level real-time and reference data—making it easy for data owners to entitle, control consumption, comply with licensing requirements, allocate costs, and resolve vendor audits or invoice discrepancies. Xignite also powers financial data-driven robo-advisors, online brokerages, and investing apps with its real-time, delayed and historical pricing data offered via 500+ REST Cloud APIs. Visit <http://www.xignite.com> or follow on Twitter @xignite.

## Contact Us

To discuss your market data management requirements contact [sales@xignite.com](mailto:sales@xignite.com)

# xignite

### Silicon Valley

1825 South Grant Street, Suite 100  
San Mateo, CA 94402 USA

### Wall Street

26 Broadway, 8th Floor  
New York, NY 10004 USA

+1.866.965.7627 | +1 650.655-3700 [xignite.com](http://xignite.com) | [@xignite](https://twitter.com/xignite)



**GREENWICH**  
DATA | ANALYTICS | INSIGHTS