

Max Bowie: Market Data's a Dirty Job, But Someone's Got to Do It

After the recent arrival of his twins, Max argues that market data execs are the nannies of the data industry.

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As increasingly complex content and licensing processes stretch the seams of current data management outfits, Max respectfully suggests that market data professionals are the nannies and wet nurses of a healthy, growing financial industry.

If I've learned anything useful since my wife gave birth to twins in February, it would be (a) always cover a baby during changings unless you want to be cleaning all manner of substances off the walls and floor, and (b) with babies, as with life, market data or with starting a business, there's going to be a lot of poop, so you'd better not only get used to it, but also learn to enjoy dealing with it.

Market data professionals are used to dealing with more than their fair share of poop, often cleaning up licensing and compliance messes unknowingly created in haste by the business side then handed off when they start to stink. So data managers often need to wear multiple hats — being an expert cajoler and negotiator, a quick-draw diaper changer and a diplomat with the ability to smile and coo even when surrounded by the stench of rotten data management or procurement processes.

Stinky Diapers

Indeed, some of these scenarios can land you in deep do-do. Strike a bad deal that doesn't deliver value and management will poop all over you. But if you fail to understand or honor a deal, that opens up a whole separate stinky diaper. For example, data audits should be a formality, but can become a nightmare if a firm is unclear on the meaning of the terms and policies in their license agreement. License agreements, of course, can be their own unpleasant sticky mess that one must wade through. And a simple misunderstanding of what data can be used where, by whom, or in what manner, can prove more costly than starting a college fund. Hence, the industry spends a small fortune on advice and interpretation from consultants and platform providers such as Ballintrae to ensure that it doesn't have to spend a large fortune in fines and penalties.

The newest kid on the block in this space is Axon Financial Systems, a Belfast-based start-up set up by former NYSE Technologies staff who had worked on the DART entitlements and reporting tool originally developed by Harco Technology (which was acquired by Wombat and ultimately by NYSE) and Aaron Garforth, who also served as head of the

compliance and managed services team at Ballintrae. Axon's core platform, dubbed PEAR, allows users to monitor policies and to assess their exposure to any changes, compare the requirements of different exchange products using a proprietary tagging schema, and understand what datasets and licenses are most suitable to meet their needs. Used effectively, tools like these could save firms a lot of discomfort and clean-up time.

Noxious Emissions

And speaking of clean-ups and all manner of noxious emissions, some of the new datasets that data professionals are expected to manage include content beyond prices or balance sheet information, but which still impact a company's bottom line or share price. This can include the type of emissions data being collected and distributed by vendors like Carbon Market Data for firms focused on carbon trading, or for risk managers to quantify their carbon footprint, as well as for investors to identify companies with high or low carbon footprints to gain or reduce exposure to them. Or it could include ESG (environmental, social and governance) data such as that created by Zurich-based RepRisk, which is diversifying from a single database of ESG data into screening tools aimed at different user bases, such as tools to screen the risk profiles of suppliers, to identify ESG "hot spots" in portfolios, and for company directors to assess their own ESG risk against their peers.

Overall Health

Much like reputational risk, a company's dirty secrets can be a major indicator of its overall health and integrity. Hence, finding and managing that data within the soiled playpen that is often market data management is likely to be an increasingly important and time-consuming task in future as these datasets become more diverse and commonly used. But as the data management burden grows, remember that an abundance of poop is a sign of a healthy system. So if you find yourself up to your elbows, consider it a positive sign.