

Asian investment bank shifts market data to the cloud to improve risk management

Firm type: Investment bank
Location: Asia
Industry: Investment banking
Cloud type: Private cloud
Data type: Full tick market data
Solution: Real-Time Managed Distribution Service – Managed Service

Objectives: Implementing a managed service solution, simplifying and updating market data management infrastructure; improving operational resilience; ensuring access to the same data across geographies

The challenge



This use case is part of a series showcasing possible scenarios where different types of financial services businesses could benefit from the flexible options available within our managed services solution. Here, we focus on **Real-Time Managed Distribution Service – Managed Service**.

In this scenario, an Asian investment bank is looking to simplify, and update, its market data management infrastructure and improve operational resilience. The firm has several offices in Asia, where data is managed on-premises and without a disaster recovery site.

The investment bank's management wants to make these changes to reduce the costs and resources associated with managing its market data, which are high compared with its competitors. The team is also keen for the whole of the enterprise – across its geographies

– to have access to the same data. Lastly, the bank also recognises the need to improve its approach to operational resilience, given renewed focus on this from regulators and the central bank.

The investment bank has multiple locations across Asia, including Hong Kong, Japan and Singapore. Each of these sites has its own on-premises data infrastructure supporting the firm's capital markets platform for trading, treasury, risk management and post-trade. The sites are not connected and each only distributes data to local users. Moreover, each site has different live versions of hardware, operating systems and software, making it difficult to keep track of and maintain the systems from both a data and an IT perspective.

The lack of operational resilience also needs to be addressed. The relevant financial services regulator and central bank have both made it clear that operational resilience is a priority. Natural disasters – such as earthquakes and tsunamis – are not uncommon in the region. In addition, newer risks such as cyberattacks are becoming more frequent. The investment bank needs to ensure that its teams can access market data should a negative event occur, so that it can continue to serve its customers.

The solution

In this use case, the investment bank chooses to migrate all its on-premises data centres to our **Real-Time Managed Distribution Service – Managed Service** in the private cloud. All the offices in Asia now have access to the same data across the whole of the trade and investment lifecycles. In addition, the move to private cloud instances also helps the bank to comply with regulatory requirements. As a result, the investment bank can reduce the cost of its overall data infrastructure, redeploying resources to value-generating activities.

Moreover, the bank can also leverage other Real-Time Managed Distribution Service sites to support operational resilience, providing the optimal geographic distance for the purposes of data business continuity.

The move to market data in the private cloud enables the management team at the bank to add some additional functionality that the firm did not have previously. For example, they choose to adopt the Real-Time Data Access Control System – an entitlements solution that enables the tracking of data usage by individuals. This is the industry-leading market data entitlements administration system. It is recognised by all major exchanges and venues as a means for customers to stay both compliant with exchange fees and manage their market data spend.

The investment bank also chooses to bring on board the Real-Time Advanced Transformation Server, an analytical server that manipulates, enhances, calculates and transforms data. It enables firms to publish the resulting data onto our **Real-Time Managed Distribution Service – Managed Service** for further distribution and consumption by other applications and users across the front, middle and back office. Advanced Transformation Server includes a full library of industry standard financial functions and models to support real-time pricing and risk analytics across any asset class, along with rule-based operations to enable real-time data management, validation and enrichment. This new functionality enables the investment bank to perform many standard calculations – such as yield curves – centrally and then distribute that data across the enterprise.



Business benefits



The investment bank experiences several significant benefits from moving to the private cloud, which:

- Provides a lower total cost of ownership for the investment bank, enabling it to redeploy resources into value-generating activities
- Delivers data, software, hardware, hosting, maintenance, operations, and monitoring – alongside change, incident, problem and capacity management – all looked after by LSEG
- Enables access to full tick data, including 90 million+ instruments from 500+ global exchanges and 1,000+ OTC markets, for equities, foreign exchange, money markets, fixed income, commodities and derivatives
- Ensures robust operational resilience, to meet both regulator and customer expectations
- Supports more proactive management of entitlements across the enterprise, helping maintain compliance with contracts and data usage cost control
- Allows analytics – such as yield curves – to be calculated centrally and distributed across the investment bank so that the same information can be used across the entire trade and investment lifecycles

Implementation of **Real-Time Managed Distribution Service – Managed Service** in the private cloud enables the leadership team at the investment bank not only to meet its goals, but also to enhance its processes even further across the business.

The outcome

By moving to the private cloud and a managed service for its market data, the Asian investment bank's management team can meet both its cost savings and operational resilience compliance goals. In addition, it is able to make unanticipated improvements to the market data management environment across the entire firm by implementing a robust entitlements management solution, which delivers assurance about how data is used and its associated expenses.

The other improvement – the implementation of the Real-Time Advanced Transformation Server – means supplying identical analytic outputs across the front, middle and back offices. By providing trusted calculations for decision-making, the new solution enables the firm to act consistently across markets and geographies. All of these changes help make the investment bank more competitive, and better able to manage potential risks.