

# Managed services under the spotlight

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**waterstechnology** in partnership with



**LSEG** DATA & ANALYTICS



A large, stylized spotlight beam originates from the top left corner, where a spotlight fixture is partially visible. The beam is a wide, light gray cone that tapers slightly as it moves towards the bottom right, illuminating the main text area. The background is a dark navy blue.

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## Managed services under the spotlight

The size, sophistication and popularity of the managed services market have grown significantly in recent years, even though the model, and its enabling technology, has been available across the financial services industry for the best part of two decades.

And, while it might still be some time before the bulk of financial services firms consume all of their data and technology by way of managed services, it is entirely feasible — inevitable, even — that, at some point in the future, cloud-based managed services will be the only way data and technology are managed, delivered and consumed. Indeed, more than a decade ago, there were examples of early adopters jettisoning all of their internal systems and applications, opting instead to consume even their most mission-critical data and technologies as a service. Advocates of the managed services model will tell you that it is not merely another way to consume data and technology, but the only way to do so.





# The current managed services landscape

The managed services market continues to consolidate the gains it made in the run up to, and during, the Covid-19 pandemic, when large numbers of capital markets firms on both sides of the industry reassessed their technology, data and operations requirements with the view to streamlining and managing them more cost-effectively.

LSEG has accumulated more than 800 instances worldwide of its various managed services in the past 13 years. Demand is coming from across the capital markets — from small buy-side shops to tier one investment banks. Buy-side and sell-side firms are looking to either extend their managed services strategies, or embark on new initiatives as the business, operational and financial benefits are now too difficult for them to ignore.

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# The compelling business and technology factors

## Resourcing

One of the primary drivers firms consider when taking on a managed service is an aging data and technology workforce, with new subject matter experts (SMEs) entering the industry unable, or unwilling, to manage large-scale, complex data projects in-house. This is especially the case for large financial institutions.

Traditionally, smaller firms have never really had the technology and data personnel to manage such projects in-house. Taking on a managed service, therefore, has always made more sense for smaller firms, given their options were somewhat limited compared with large financial institutions that have traditionally enjoyed extensive technology and data budgets, in addition to in-house teams.

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## The shift in business funding

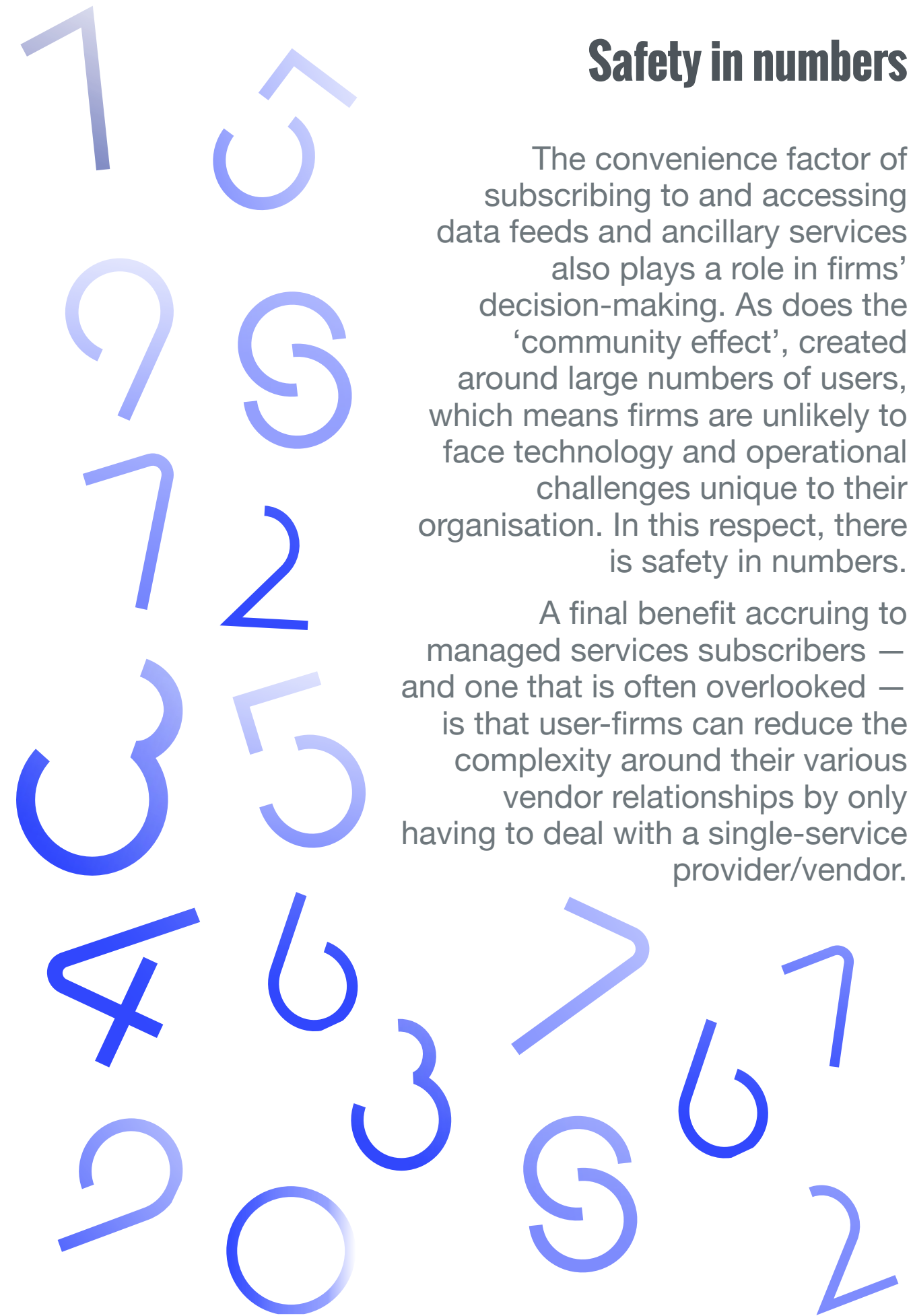
The CapEx-OpEx play, where firms move the funding of large projects from capital expenditure to operational expenditure, is also a significant driver pushing firms to consider taking on a managed service. It goes without saying that it is becoming more difficult for firms to justify the internal hardware refreshes needed to ensure the technology supporting their various data functions is fit for purpose and at least on par with that being offered by a managed service provider.



## Safety in numbers

The convenience factor of subscribing to and accessing data feeds and ancillary services also plays a role in firms' decision-making. As does the 'community effect', created around large numbers of users, which means firms are unlikely to face technology and operational challenges unique to their organisation. In this respect, there is safety in numbers.

A final benefit accruing to managed services subscribers — and one that is often overlooked — is that user-firms can reduce the complexity around their various vendor relationships by only having to deal with a single-service provider/vendor.





# The challenges firms need to consider when taking on a managed service


While the financial, business and operational benefits of the managed services model are clear, there are a number of potential pitfalls financial services firms need to be aware of.

## TCO considerations

They tend not to fully understand, or appreciate, the total cost of ownership (TCO) of running large and complex projects in-house. They often overlook staff and tech stack refresh costs, both of which fall under the 'benefits' column when contemplating taking on a managed service. However, firms also tend to underestimate the complexity of weaning themselves off of internal systems in favour of a managed service. Such ties can be frustratingly difficult to unpick, although the more experienced managed services providers ought to be able to assist clients in this regard.



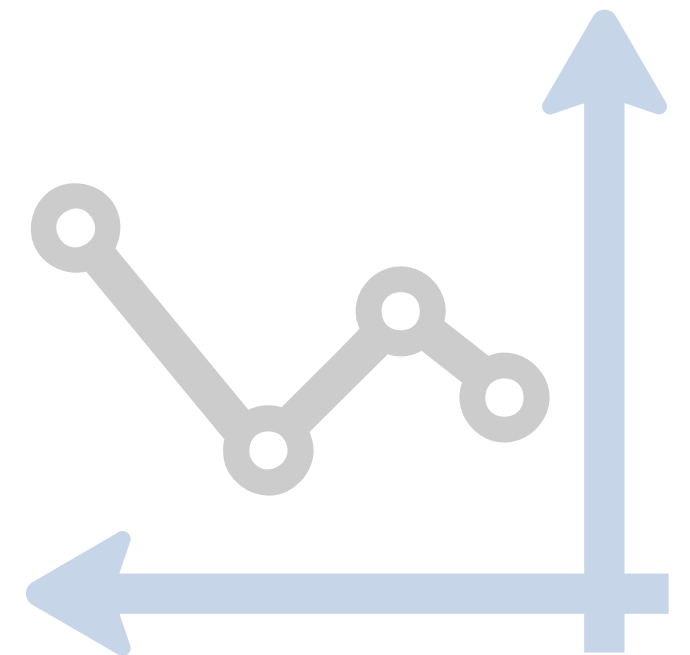




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## Relationship management

Vendor lock-in is frequently cited as a concern by chief information officers/chief technical officers when considering any new service provider/vendor relationship. Service providers' reputations, and their track records of maintaining happy relationships with their customers, are therefore a critical factor for firms to consider when vetting potential partners. Service/subscription cancellations are a fact of life, and overly punitive break clauses in contracts should be an immediate red flag for prospective customers.





# LSEG's unique offering

## Abundant data

The managed services market is currently well served by a large number of providers — many of which have mature and sophisticated offerings. Needless to say, it is an intensely competitive market. Clearly, though, not all providers are created equally and not all services deliver the same value to their clients.

LSEG's managed services offering differentiates itself in a number of ways. LSEG provides its clients with an abundance of data, including real-time data, tick history data, packet capture data and reference data, all of which is available via its managed data service.



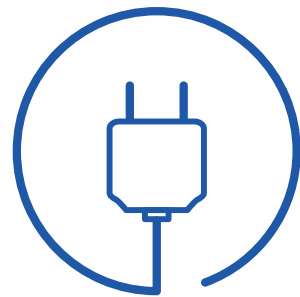
## Learn more

[about LSEG's Real-Time Managed Distribution Service](#)



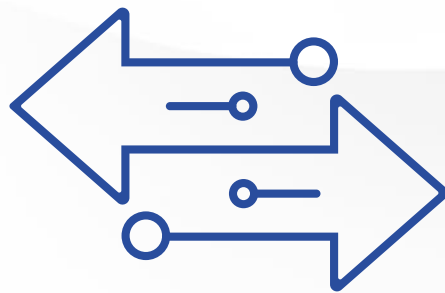


## The heart of the business



### 575 plugged into daily

Data is at the heart of LSEG's business: it plugs into 575 venues daily and collects, collates, normalises and distributes data on more than 90 million instruments across the industry's largest private network.



### Critical components

Data quality is a key differentiator — each RIC is enriched by between 15 and 20 LSEG-derived fields, including bid, quote and volume 52-week high fields. While data breadth, depth and quality are critical components of LSEG's managed data service, it also offers a tried-and-tested data distribution platform, which the firm has developed over the course of decades.



### Entitlement management

LSEG offers its clients an entitlement management system, allowing them to manage data access for their users and comply with any audits to which they might be subjected.



### SMEs as differentiators

LSEG's SMEs who sit behind the firm's data are also differentiators, allowing the business to engineer any solution for a client, either via public or private clouds.



# LSEG Real-Time Managed Distribution Service PoPs

LSEG Real-Time Managed Distribution Service points of presence (PoPs) are geographically disperse and located in close proximity to leading financial hubs to facilitate clients' global trading requirements.



There are 23 PoPs globally, including 17 private cloud and six public cloud PoPs. All Real-Time Managed Distribution Service locations are fully resilient and redundant.





## The road ahead

As with all traditional technology and data implementations, managed services need to be maintained, and iteratively enhanced, to sustain their relevance and reflect the demands and idiosyncrasies of an ever-changing financial services landscape.



LSEG recently launched its new managed service offering in the public cloud, which reflects clients' preferences for public cloud-based services. These cloud-based services are also compliant with operational resilience regulation. LSEG will continue to develop and automate its deployment patterns to facilitate onboarding, and make the migration of clients to the public cloud as seamless as possible.



LSEG's observability dashboard will provide users with crucial metrics of its managed data service, while its on-demand disaster recovery (DR) capability will allow users to fail over to different regions in case of a catastrophic event.



Cloud-to-cloud connectivity and full-tick data also feature on LSEG's managed services road map, the latter of which is already available customers in North America and Europe, the Middle East and Africa (EMEA).



## User services

LSEG is also in the process of developing its observability dashboard and on-demand DR capability. The observability dashboard, expected to be ready in the third quarter of 2024, will provide users with visibility of crucial metrics of the service — status of the service, utilisation levels, users connected, and so on — while on-demand DR will allow users to fail over to another region — from us-east-1 to us-east-2, for example — in case of a catastrophic event. The service will elevate resilience levels for users and will come at a fraction of the price of the production instance as it is only inflated on-demand.

## The LSEG journey

The availability of cloud-to-cloud connectivity and full-tick data is also on LSEG's managed services road map. Cloud-to-cloud connectivity will connect a managed service deployed by LSEG in one cloud service provider with customer applications in another, and is expected to be available in early 2025. Full-tick data is already available to customers in North America and EMEA. Clients' applications hosted in a public cloud can consume full-tick market data delivered via a managed connection into their virtual private cloud. While the service is already available in North America and EMEA, the Asia-Pacific region is expected to follow.



# About LSEG

LSEG is one of the world's leading providers of financial markets infrastructure and delivers financial data, analytics, news and index products to more than 40,000 customers in over 170 countries.

We help organisations fund innovation, manage risk and create jobs by partnering with customers at every point in the trade lifecycle: from informing their pre-trade decisions and executing trades to raising capital, clearing and optimisation.

Backed by more than three centuries of experience, innovative technologies and a team of 25,000 people in more than 60 countries, we are driving financial stability, empowering economies and enabling you to grow sustainably.

# About LSEG Data & Analytics

LSEG Data & Analytics, one of the world's largest providers of financial markets data and infrastructure. With over 40,000 customers and 400,000 end users across approximately 190 markets, we are an essential partner to the global financial community and redefining the future of data in financial services. We enable customers to draw crucial insights through data, feeds, analytics, AI and workflow solutions. With our unique insights seamlessly integrated into your workflow, you can identify opportunity and seize competitive advantage.

Learn more about LSEG Data & Analytics [data and feeds solutions](#)



