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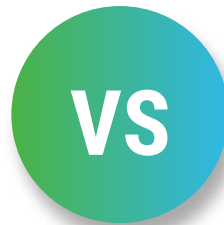
A COMPARISON GUIDE

IMPROVE FLEXIBILITY OVER LEGACY
SERVICE PROVIDERS AND REDUCE COSTS

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Power up your Index and ETF data needs



Responsive, knowledgeable team that leverages instant messaging platforms

Support

Variable quality

API Access/UIs/Tools/Calculators

Technology

Inflexible Flat Files

Flexible/Capped/Partnership

Pricing Model

Inflexible, expensive, one sided

Point in time, auditable, data delivery

Versioning

Versioning Data overwritten

Global, new coverage added quickly

Index

Slow to add new coverage

Global, structured correctly

ETF Data

Incomplete and unstructured

One cost no matter how many systems
you need to push data into.

Head of Business Development

Giles Sarton

This white paper outlines some of the key considerations when reviewing your managed data service provider for Index Benchmark and ETF data. In the past 5 years, there has been a sea-change in the availability of cloud-based technologies to both improve service and data quality. Whilst a small number of asset managers are leveraging this new paradigm to reduce costs and ensure their Index Benchmark and ETF data aggregation solution is fit for purpose for the long term, many continue to suffer from Stockholm syndrome and lock themselves into their existing provider without reviewing alternatives, until it is too late.

In changing your managed service provider, the following areas will be expanded upon in more detail to include –



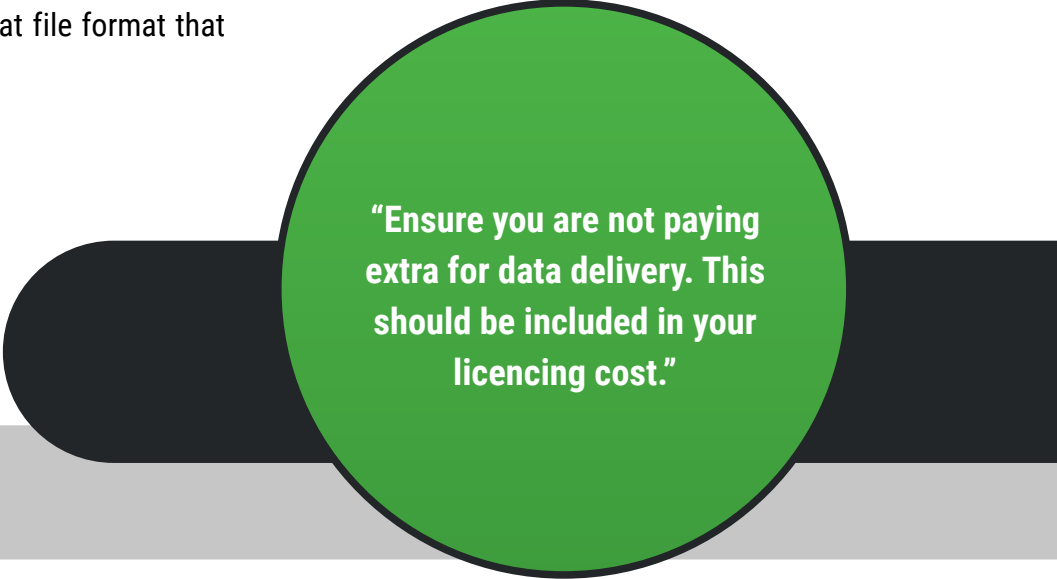
- 1.** Why APIs will always beat flat files as a method of data delivery and consumption
- 2.** How client support needs to be re-evaluated with the introduction of instant messaging and remote teams
- 3.** Why Data lineage for compliance, trading, performance attribution and risk must be understood and embraced
- 4.** The evolution of Index and ETF data in terms of breadth and levels of information being provided has exploded. As such, clients require a data service provider that has developed a platform from first principles to accommodate this
- 5.** ETF Data is an asset class that requires specific data and operational expertise to manage and deliver. ETF data cannot be crow-barred into an existing index data model and commercial framework

TOP TRENDS AFFECTING INDEX & ETF DATA AGGREGATION

When it comes to the increased use of Index Benchmark and ETF data within organisations the additional expense to license and maintain this data set is unprecedented.

Yes, the move to passive investing and the explosion of ETFs has been responsible for increased use, but in addition to paying eye-watering index licensing costs, organisations - also being charged ever additional costs by data aggregators, to have this data delivered, often in a legacy flat file format that offers little to no benefit.

Legacy data aggregators are offering a solution that is more akin to fur-lined handcuffs designed tie their clients into a service provider with a vendor specific, customised format, proprietary security codes and costs that ratchet up, year on year for no discernible service improvement.

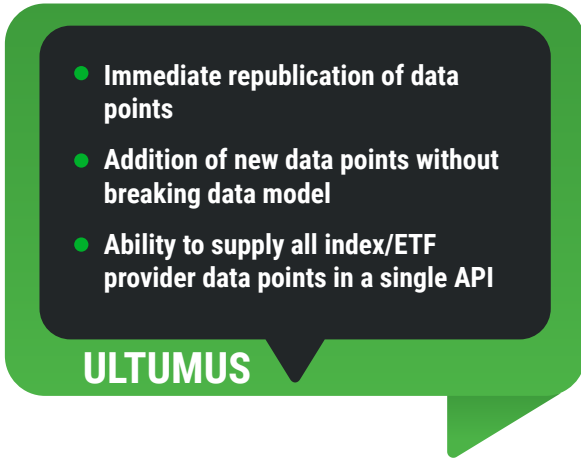


“Ensure you are not paying extra for data delivery. This should be included in your licencing cost.”

While some organisations are tackling these challenges head on, ready and willing to adapt their operating model to use APIs for data delivery and partnering with firms that offer flexible pricing models, others are simply getting left behind with no exit strategy to back themselves out of the cul-de-sac they are getting trapped in.

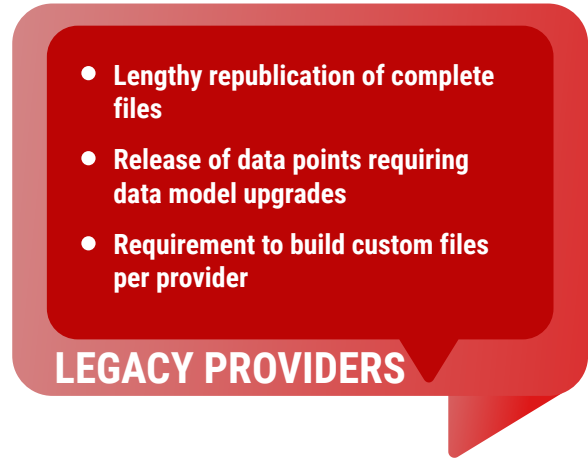
We’re going to delve into the challenges affecting Index and ETF data aggregation, but most importantly show you what you can action, to stay ahead of the competition, migrate to a better technology solution that is vendor agnostic, save significant costs and put you in control of your ETF and Index data strategy.

THE FLAT FILE IS DEAD - LONG LIVE THE API



- Immediate republication of data points
- Addition of new data points without breaking data model
- Ability to supply all index/ETF provider data points in a single API

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- Lengthy republication of complete files
- Release of data points requiring data model upgrades
- Requirement to build custom files per provider

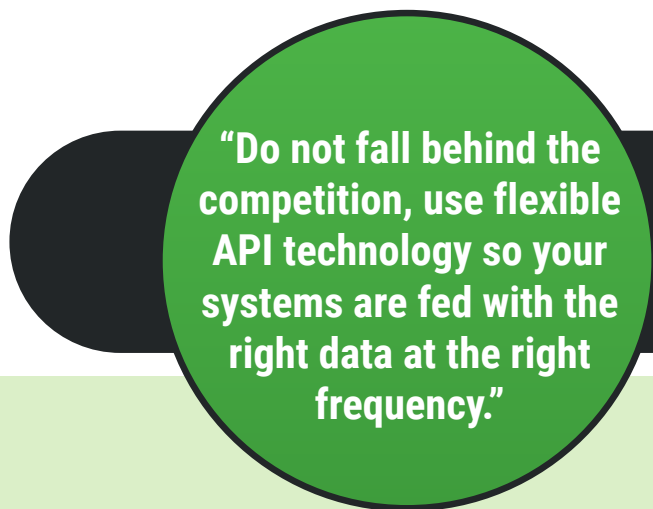
LEGACY PROVIDERS

The complexity and evolving nature of Index and ETF data has never been more evident. On a weekly basis there are more entrants in the Index and ETF data provider space with an even more pronounced shift in the range of data points that are being made available for consumption for clients against these products, be it ESG ratings, crypto asset flags or additional vendor codes such as Bloomberg OpenFIGI.

Organisations that have tied their systems to consume Index and ETF data delivered in flat files or a single database structure are going to fall behind and lose out to their competitors who have embraced and adopted flexible API technologies for data delivery. Only APIs provide the extensibility to rapidly add new data points and improve speed of data delivery. The new and improved approach to an operational model is loosely decoupled systems allowing processes to interact with each other whilst maintaining independence, permitting an upgrade or replacement of a data feed across a technology stack without impacting the underlying business.

It should be recognised that data will continue to evolve and expand in both breadth and depth. Organisations need to accept and plan for this new paradigm, partnering with a data aggregator that can immediately flex and adapt to any new or amended data points and data providers that become available.

Organisations that fail to take the initiative to break apart the data inputs and the consuming systems will remain locked together with their data aggregator with multiple “customised feeds” that, over time, few inside the organisation fully understand and as a result are unable to move away from.



“Do not fall behind the competition, use flexible API technology so your systems are fed with the right data at the right frequency.”

Top 3 things to ensure your data is data delivery is flexible and up to date:

- Delivers all required data points in one API
- Immediate republication on any change from underlying Index/ETF data provider
- Any changes made are flagged in API

FLEXIBLE PRICING MODELS – THAT ALIGN WITH YOUR REALITY

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- Capped pricing per Index family
- One price to feed any system
- Transparent, consistent industry pricing model

LEGACY PROVIDERS

- Uncapped open ended pricing
- Additional charge for each system that receives data
- Opaque, variable, “charge what we can” pricing model

Deploying an API technology with a new service provider also allows clients to revisit and optimise the costs they pay. Whilst it’s an accepted fact that index licensing remains a fixed cost - the cost and transparency of how the aggregator charges is often opaque, variable from client to client, one sided and geared towards the service provider maintaining contract values, irrespective of how their clients business has changed.

Organisations frequently have contracts in place legacy data aggregators that no longer reflect the way their business operates, questions such as “Why do I need to pay for each system I populate with index data in an aggregators format?,” or “Why can’t I have a capped cost for my Index/ETF service provision” or “Why do I have to pay every time I want to add a data item to my file?” are often the lament of Chief Data Officers.

“Put in place single year agreement so you can review the data and licencing agreements in line with how your business in changing.”

Working with an Index/ETF data aggregator that recognises the need to work in partnership to provide capped and collared pricing, that is agnostic to how many downstream systems you input their feed into, and allowing you to add new data items at no cost is key. Pricing should be fair, equitable and a “win-win” for both parties and contracts should be single year agreements to ensure service levels are adhered to, with agreed pricing over multiple years.

Top 3 things to ensure you have a flexible pricing model:

- Pricing model reflects the volume of data being used
- The pricing is agnostic to the number of systems or formats required
- Options for single year agreement should be provided on request

GLOBAL SUPPORT - AN EXTENSION OF YOUR TEAM

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- Immediate support around tight SLAs
- Support available by messaging platform(s), email and telephone
- Regular service review meetings

Indices and ETFs are a complex, nuanced data set, especially around the generation of index level returns and rebalance events. The primary responsibility of any data aggregator is to ensure timely and accurate delivery of data that allows clients to run all required trading, risk and performance attribution tasks around key deadlines. However data delivery is only half the story.

With a multitude of downstream systems consuming Index and ETF data from front to back office, it is essential the service provider is able to support clients in the most effective way. Offering “follow the sun” data and technical support via phone, instant messaging and email across regional support hubs. This is the minimum standard any client should expect.

“Legacy support practices are not sufficient - Instant Messaging support should be built in natively within user interfaces supplied by the service provider.”

LEGACY PROVIDERS

- Support based on an “as is” basis
- Email
- Review service one month before contract renewal

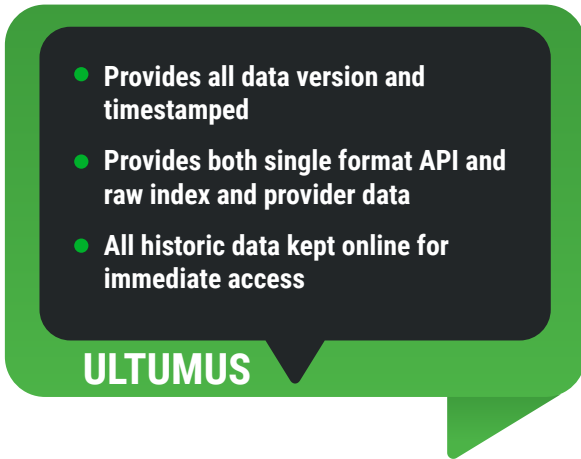
Following COVID and the “new-normal” of clients having geographically distributed teams split between office and home, legacy support practices are not sufficient, with it often being counterproductive in resolving data issues.

Any service provider should be offering standard support options via instant messaging services such Slack, Symphony and Microsoft Teams with dedicated support rooms. Instant Messaging support should be built in natively within any user interfaces supplied by the service provider to allow better understanding of data issues and thus quicker resolution.

Top 3 things to ensure you have the best support in place:

- Ensure you have 24 x 5 – “follow the sun” support
- Support is provided on instant messaging, email, and phone
- Support team is knowledgeable, responsive and trusted

DATA LINEAGE – YES, IT REALLY MATTERS



- Provides all data version and timestamped
- Provides both single format API and raw index and provider data
- All historic data kept online for immediate access

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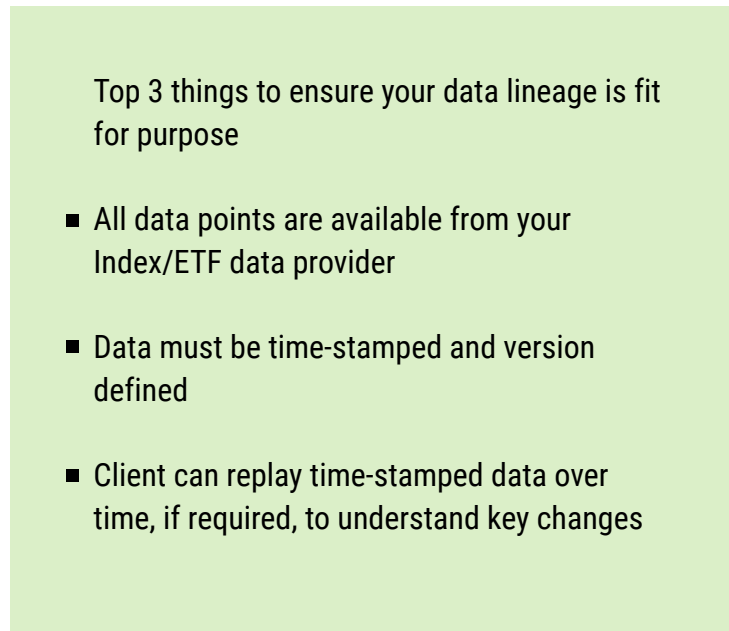
- One file, overwritten with updates
- Single file of data – no raw provider data
- Historic data offline

LEGACY PROVIDERS

Key “point in time” investment and trading decisions are made using Index and ETF data, thus the minimum expectation is that any managed data service provider can supply all data on a versioned and time stamped basis. It is key for a client to understand that they have the most recent data and how it has evolved over time, and also having the ability to re-play data as it was received from their managed data service provider.

Organisations that build their Index/ETF data model and data ingestion layer to be vendor agnostic, based around a service provider that can supply both de-normalised feed and official data have the advantage of future proofing their solution in the longer term.

The ability to access any historic Index/ETF data online is also central to any provider solution as is the visibility onto which data points are derived and which are official.



Top 3 things to ensure your data lineage is fit for purpose

- All data points are available from your Index/ETF data provider
- Data must be time-stamped and version defined
- Client can replay time-stamped data over time, if required, to understand key changes



“Key “point in time” investment and trading decisions are made using the most recent data, how it has evolved over time and it's time stamped.”

BENCHMARK DATA – GLOBAL ACCESS + IMMEDIATE DELIVERY

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- All industry identifiers provided
- Addition of new data added to an agreed SLA
- All Index Data – Open, Close, Pro-Forma, Rebalance provided as part of standard service

LEGACY PROVIDERS

- Incomplete identifiers and proprietary codes supplied
- Data added on an ad-hoc basis
- Additional cost for each Index data view required

With over 200+ index data providers globally, from the behemoths to the new upstart index calculators, there has never been more choice in benchmark selection. Business requires a managed data service provider that can map to all of these in one feed, “out of the box” on day one. It’s essential that all identifiers at both the index and constituent levels are industry standard and allow clients to implement a vendor-agnostic framework, as opposed to locking themselves into a customised feed, littered with proprietary codes which limits options to change service provider.

This is becoming more and more prevalent with the various asset classes that are now being embedded into benchmark data, from equity, fixed income, commodity, crypto, futures and options, the variety of data points and identifiers can vary inside one benchmark, with the smorgasbord approach across the industry. Having a data provider that is able to adapt to the changing and evolving industry is essential.

“To guarantee your success work with a managed data service provider who understands the full lifecycle of index data.”

As clients add new indices to pursue an investment opportunity, the key is speed and agility in having data added and to ensure that the client can work in partnership to maintain any index licenses required for the delivery or avoid any situations where they are in breach of said licenses.

Benchmark data varies hugely between index providers and the level of data that is supplied often inconsistent and/or requiring explanation – the most successful organisations work with a managed data service provider who understand the full lifecycle of index data from open, close, pro-forma and rebalance with a solution that is equally appropriate for asset management or trading.

Top 3 things to ensure your benchmark data is global and immediate:

- All data can be accessed via a single API and Web-Deployed UI
- Agree timely SLAs for the addition of new data points
- All data points and index positions supplied as standard part of service

ETF DATA – ITS NOT QUITE THE WILD WEST, BUT ITS PRETTY DUSTY...

- ETF data model specifically built to reflect data
- Central to ETF Eco System – largest ETF calculation agent globally
- Used by both Sell Side and Buy Side Clients

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- ETF Data Model is built from legacy index or mutual fund structure
- Only an aggregator
- Only used by Buy Side

LEGACY PROVIDERS

ETFs are here to stay, with robust year-on-year growth as they usurp the world of mutual funds. Unfortunately, the quality, uniformity, and availability of ETF data in the market is highly variable and, outside the key visible data points, the quality differs hugely from ETF issuer to issuer. In addition to the paucity of data, many organisations have inadvertently exposed themselves to key man risk by having this ETF knowledge and its nuances concentrated in a small number of individuals, who fix, patch and normalise the data before its used internally.

These challenges can be mitigated by selecting the right ETF data service provider who can provide a single validated feed with ETF composition, reference, and AUM/flows data.

“In selecting a data partner it is essential the following questions are asked -

1) Is the provider central to the ETF Eco System and trusted by ETF issuers to calculate and distribute their products?”

Your Top 3 questions should be:

- Is the provide future-proofed and knowledgeable about ETFs?
- Is the provider used by trading desks and asset managers?
- Do they provide global ETF coverage?

ETF data is evolving quickly and not all service providers have designed their feeds from first principles to reflect the accurate structures of ETFs, instead they have bolted on the ETF dataset into an existing index or mutual fund data model, which is not fit for purpose. To future-proof your ETF data you need to examine the ETF Eco-System and which providers are central to it.

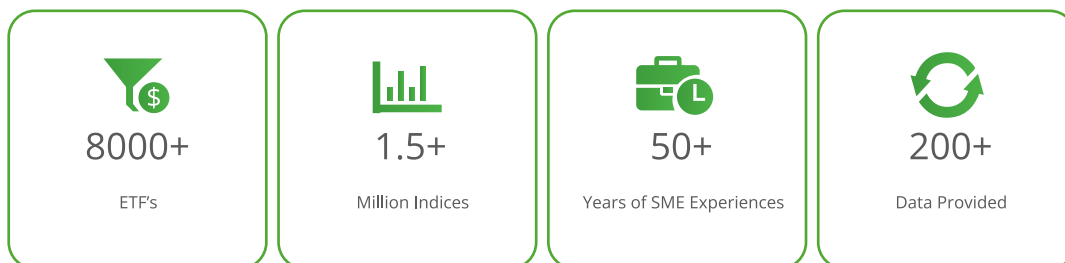
SUMMARY

It should be recognised that Index and ETF data should be maintained, validated, and delivered by a data partner that has a singular focus on this task. As the availability, complexity and volumes of data have increased it is essential that clients work with a data aggregation partner that has built their technology, delivery and support model to provide an industry-leading service.

In selecting a partner, it is essential the following questions are asked:

- Is the provider knowledgeable about ETFs and trusted by ETF issuers to disseminate their products?
- Is the provider used by trading desks, asset managers and custodians for ETF data?
- Does the provider have complete global multi-asset class ETF data?

In doing so clients have the possibility to build their own systems to be vendor agnostic, ensuring they have the best service levels, commercial agreements, and partnerships for the long term.



Please contact us at www.ultumus.com for an overview, demonstration and trial of our market leading Index and ETF managed data service.