Operations Data-Sharing: A Critical Time to Innovate

September 24, 2024

Executive Summary:



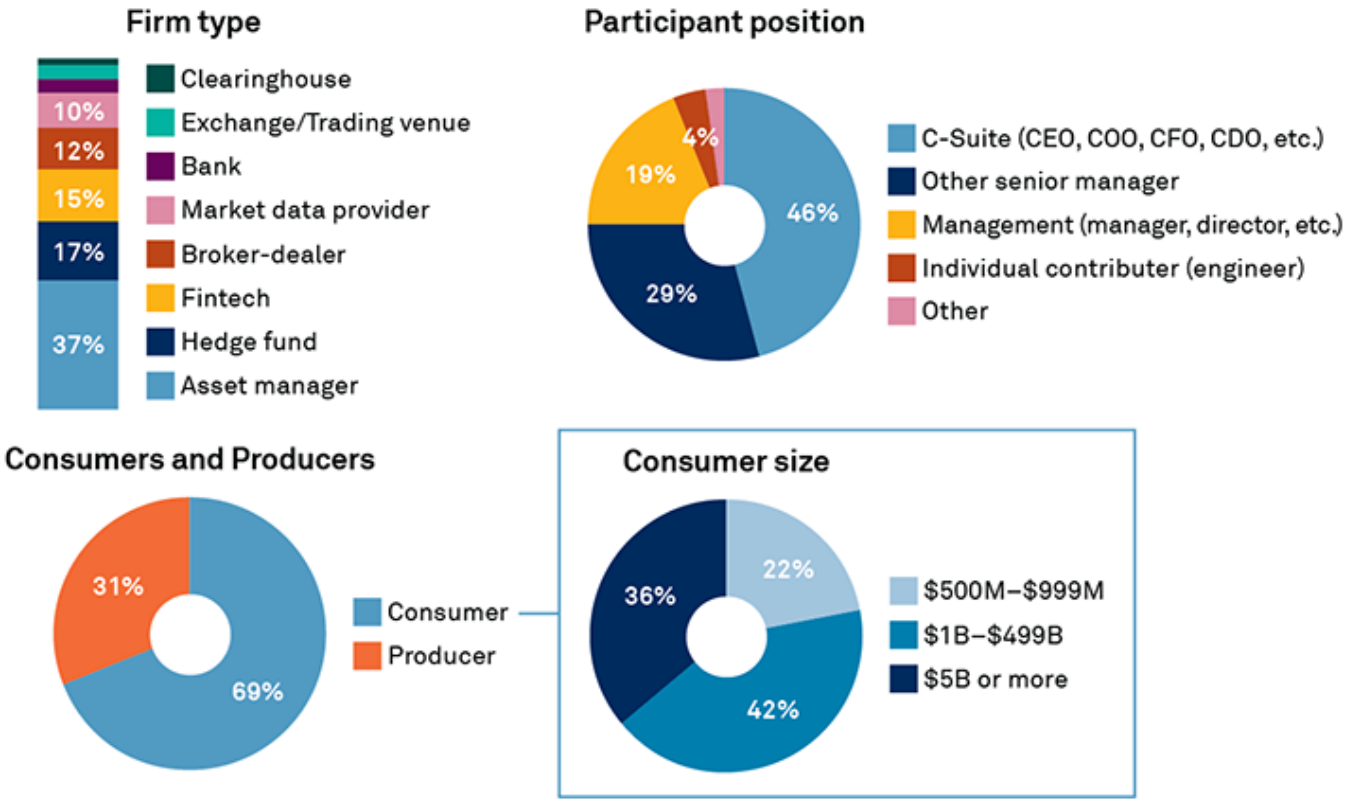
Data-sharing methods are evolving in the back offices of capital markets firms. While many operations professionals still rely on traditional methods, including file transfer protocol/secure file transfer protocol (FTP/SFTP) files to support end-of-day batch processing, the industry is shifting closer to real-time data-sharing and more efficient workflows to accommodate today's market dynamics.

In light of these developments, Coalition Greenwich, in collaboration with Axoni, explores data-sharing practices of operations professionals at firms consuming and producing data. In our analysis, "consumers" of data include buy-side firms, banks and broker-dealers that receive bulk trading or post-trade reports. Meanwhile, exchanges, trading venues, market data providers, fintechs, and central counterparty clearing houses (CCPs) are categorized as "producers" of data and are primarily the sources of large volumes of data to their consumers.

Methodology:

Between May and July 2024, Coalition Greenwich conducted a study using an electronic questionnaire and qualitative interviews to explore the data-sharing practices of 52 firms in the United States and the United Kingdom, including 36 firms that are "consumers" of data (asset managers, hedge funds, banks, broker-dealers), and 16 "producers" of data (exchanges, trading venues, CCPs, fintechs, and market data firms).

Respondents



Note: Based on 52 total respondents: 36 consumer firms and 16 producer firms. Segments with values <3% are not labeled.
Source: Coalition Greenwich 2024 Operations Data-Sharing Study

Appendix: Cost of Manual Processes Methodology

In all cases, cost analysis is derived from the number of staff included in the reconciliation process, typical annual salaries of full-time employees (FTEs) according to seniority, typical mix of junior, mid-level and senior people per team, and the percentage of time spent during a typical workweek dealing with manual interventions as follows:

- Junior FTEs*annual salary*%manual task(s) + Mid-level FTEs*annual salary*%manual task(s) + Junior FTEs*annual salary*%manual task(s) + Senior FTEs*annual salary*%manual task(s)
- Junior salary ranges are estimated at $60,000/year
- Mid-level salary ranges are estimated at $80,000-$100,000/year
- Senior salary rangers are estimated at $125,000-$150,000/year
- We assume roughly three to four junior and mid-level FTEs per senior FTE

The percentage of time spent during an average week on manual tasks, the number of FTEs involved in reconciliation per operations team, and the mix of asset classes and products the team is responsible for are provided by respondents.

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