



Debunking Five Misconceptions About Market Data Transformation in the Cloud

Introduction

Market data powers financial institutions (FIs), and they spend hundreds of millions of dollars to license, store, clean, normalize, manage, and distribute that data. From banks to brokers, wealth and asset managers to hedge funds, pricing- and trade-related data is critical for their business applications such as trading, portfolio management, compliance and regulatory reporting, as well as valuation and performance.

FIs are under tremendous pressure. Rising expectations from customers who want to access data from their personal devices are fueling the FIs' digital transformation efforts. Developers are demanding easier access to data so they create innovative apps. The volume of data usage is increasing, and at the same time, the C-suite is calling for enterprise-wide modernization and cost cutting. On top of this, add in increasingly complex auditing and regulatory requirements and something has got to give. The cloud may provide FIs with much needed relief.

Feeling pressure from all sides, some FIs are starting to move away from traditional methods of on-premise storage and distribution of market data and migrating data storage away from their legacy data centers and moving their market data to the cloud. The cloud simplifies and accelerates access to data, eases data management, and enables advanced analytics – without the need for heavy infrastructure costs.

In fact, cloud-based market data allows FIs to distribute their licensed real-time, historical and reference data to developers and business units throughout the organization on demand via application programming interfaces (APIs). This flexibility and scalability create opportunities to reduce costs, boost connectivity, and increase innovation.

However, some FIs still have fears about the public cloud. Here we will debunk five common misconceptions about cloud-based market data.

FIs are moving away from traditional on-premise market data storage and distribution.

Misconception 1: Managing My Market Data in the Cloud is Expensive

Not true. The cloud will save your organization money in the long run.

By working with public cloud providers such as Amazon Web Services (AWS), capital markets organizations are able to re-think and re-design legacy operating models and implement cost-saving measures that decrease total cost of ownership.

Among the top cost issues when migrating market data to the cloud can be the need to rewrite applications to optimize them for the cloud—especially ones that are very complex or have a high degree of customization. But if you choose a cloud-native data management and distribution solution you can usually deploy right on top of existing feeds and keep your existing data sources.

When you are ready to migrate make sure you choose a cloud-native vendor solution, such as Xignite's [Market Data Cloud platform](#) that offers:

- Cloud-native feed handlers, storage and processing for your current data sources.
- Cloud APIs for easy integration with digital channels and applications.
- Emulated APIs for easy deployment with legacy systems.
- System services to manage and control your data distribution and spend

With a cloud-native data distribution solution you can usually deploy right on top of existing feeds and keep your existing data sources.

Misconception 2: My on-premises setup is more secure than the cloud.

Not true. The cloud is extremely secure.

The AWS Cloud is designed for the most data-sensitive organizations, and Technology and Consulting Partners in the AWS Partner Network offer hundreds of tools and features to help meet objectives around visibility, auditability, controllability, and agility. From capital markets and insurance, to global investment banks, payments, and emerging fintech startups, many FIs already rely on AWS today.

It is also important to remember that market data does not contain any personally identifiable information (PII). Although access and usage are restricted to those who license it from vendors and exchanges, market data such as historical stock prices are publicly available data.

Misconception 3: I Will have Less Control of my Market Data in the Cloud.

Not true. Your control will actually increase with the cloud.

With cloud-based market data, FIs maintain ownership and control of their data, including the ability to manage permissions and entitlements, and distribution. They authorize who can access the data and can create rules around when, how often, and why. This can help tremendously when it comes to audit time.

Once FIs move to an on-demand model powered by cloud, they actually gain complete visibility and tracking of their market data. They can slice and dice usage to granular levels and see that information visualized in one place. For instance, they can see the number of calls for a specific security and the usage by a certain individual or team. This transparency helps to optimise data and makes cost allocations much simpler.

Misconception 4: Compliance is Difficult in the Cloud.

Now true. The cloud will make complying with vendors and regulators much easier.

The financial services industry is one of the most regulated in the world with complex auditing and reporting requirements. With cloud-based market data, FIs can sail through those data provider audits with detailed reports of data usage, avoiding back billing and fines.

From a central market data hub data owners can control user entitlements and easily comply with who, where and how the vendors data is being utilized.

Misconception 5: I Can't Get Real-Time Data in the Cloud.

Not true. Many FIs stream real-time market data from the cloud today.

Real-time stock quote tick data can be streamed via cloud APIs in micro-seconds. Vendors such as Xignite offer highly responsive APIs you can use to obtain real-time stock quotes for global exchanges to power visual real-time applications. Real-time financial data can easily be embedded into spreadsheets, websites, mobile apps and other corporate applications, dramatically reducing the time to market for apps that need real-time stock prices.

Cloud APIs are being used by FinTechs from digital brokers and mobile trading apps to robo advisors and social trading platforms. Robinhood, eToro, Seeking Alpha, and StockTwits are just a few of the startups who are using Xignite's cloud to power their real-time apps and portals.

Xignite and AWS

The Xignite Market Data Cloud is a single platform that unifies financial data consumption and market data management — all delivered as a service in the cloud. It gives you a scalable way to manage, control and optimize your real-time and reference data across traditional systems and cloud applications. The Xignite Market Data Cloud was the first market data platform built natively to run in AWS. With more than a decade of cloud expertise in building, scaling and operating cloud-based market data technology, it is no wonder that leading financial services and capital markets firms rely on Xignite to empower their journey to the cloud.

Popular Financial Data APIs include:

- [Stock Price APIs](#)
- [Futures and Options APIs](#)
- [Fixed Income and Rates APIs](#)
- [Indices and Benchmarks APIs](#)
- [Security Master and Reference Data APIs](#)

About Xignite

Xignite, an AWS Partner Network (APN) Advanced Technology Partner and AWS Financial Services Competency Program member, is the provider of the Xignite Market Data Cloud platform, which allows companies to simplify infrastructure, scale quickly, and innovate faster. Xignite's cloud-based solutions free clients from the constraints of hardware and software so they can create financial services products that touch millions of users and devices.

For more information, contact Xignite through its listing on the [AWS Solution Space](#) or visit its [website](#).



Customer Case Study: Personal Capital

This digital wealth management startup wanted to create a better money management experience for consumers by blending cutting-edge technology with objective financial advice. To that end, the company sought to create a platform containing an array of free tools that would provide users with a comprehensive portrait of their financial lives, including their net worth, as well as in-depth insight regarding key areas such as asset allocation, investments performance, fees, growth projections, and more.

To do so, they needed to obtain up-to-date account data (balances, transactions and holdings) from the user's full assortment of financial accounts. In turn, that information would need to be augmented with accurate market pricing and annotation data relating to the securities and investment instruments held within those financial accounts.

For the market data necessary to help power its platform, Personal Capital's developers determined they would have to incorporate a market data feed into its system. Doing so would require they work directly with the exchanges or enlist a market data provider. Personal Capital found that exchanges and most data feed providers required high capital investment, dedicated circuits, long-term contracts, and many other things that a small startup simply couldn't spend time and money on.

The company would have to identify a market data provider capable of delivering an affordable, easily integrated solution more aligned with their stature as a startup. Personal Capital eventually determined Xignite offered an affordable solution that was fully capable of addressing its market data needs at a fraction of what it would pay an exchange.

Integration was straightforward and completed in a timely fashion. "Our integration is deeper than most others. We actually plum the APIs into our backend databases and then serve them up to our web client via services. It took us a couple weeks to integrate and the APIs were into production within a month," says Fritz Robbins, Personal Capital, Chief Technology Officer.

Personal Capital launched its free financial dashboard and fiduciary advisory service to the public in 2011. Their web-based and mobile app platforms, powered via the account aggregation data provided by Yodlee and the market data delivered by Xignite, has enabled users to gain a comprehensive view of their complete financial life. Since launching, the company has grown exponentially—today more than 1.2 million people use Personal Capital to track almost \$275 billion in assets. The company manages over \$3 billion in Assets Under Management and has over 10,000 clients with an average of \$320 thousand in AUM per client. And it continues to experience well over 100 percent annual growth rates in their key business metrics.

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“We were a startup and wanting to get things off the ground quickly, so doing a dedicated circuit or bringing in a dedicated data feed from an exchange that would lock us into a two-year contract were non-starters. Xignite provided what we needed: easy-to-integrate REST APIs, flexible volume-based pricing, and accurate market data,” says Fritz Robbins, Personal Capital, Chief Technology Officer.

Conclusion

FIs have already decided to move to cloud, but not all cloud APIs are the same. Before they dive in, they must know how to evaluate options. The three most important things to consider are:

- Documentation so their developers can test the data and APIs
- APIs must support standard outputs like Excel, CSV and JSON
- Data arrives via APIs cleansed and normalized

Please contact Xignite to get started.

www.xignite.com