

Blog Post – Monday 3rd December 2018

Content is king, the venue is all a matter of choice

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A famous sportsman and music lover once said, *"If you are a serious boxer, fight at the Royal Albert Hall. If you are a footballer, play at Wembley. If a DJ, mix at the Ministry of Sound."* Until recently it was as much about being in an iconic venue as the performance itself.

The digital age has changed everything as the new commercial reality dictates that it is less about the venue and all about immediate accessibility to the masses at the right price. Box office sports are now dominated by pay-per-view along with unlimited access to music and film, all available on-demand or via streaming. Thanks to new technology, the modern performing artist, sportsperson and content creator are now all able to exploit the enormous potential of a truly global audience, faster and far more cheaply than ever before. iTunes, Netflix and SKY Box Office all deserve a massive shout-out for helping to dismantle the limitations of a long established and completely outdated status quo.

So, what does this all mean to the world of market data? Increasingly we are seeing content owners looking to exploit technology to reach a very price sensitive audience using alternative channels rather than the traditional terminal based venues. Going 'content direct' delivers many advantages for the content owners; an undiluted brand, highly protected IP, an enhanced customer experience as well as the ability to establish direct relationships with the users themselves. By cutting out the data vendor middle man one also has the opportunity to engineer bespoke commercial arrangements and who knows, you might even get better insights into how your customers are using your content. Sounds great, but just a note of caution, adopting a 'content direct' strategy will come with a price. Before jumping on the bandwagon, one should carefully evaluate the potential administrative overhead impact on the business as a result of increased customer support and technology requirements as well as having to manage multiple and varying commercial arrangements.

Having worked in the inter-dealer-broking space for the past 30 years, one can be forgiven for overlooking the fact that the large IDBs have expertly managed their relationships with the vendor venues where brokerage price discovery went hand in hand with information sales. Quid pro quo,



the vendor venues taking equal advantage of the relationship and the importance of the “over-the-counter” derivatives content that is simply not available anywhere else. The IDBs were already aware of vendor firm consolidation as far back as the early 80s and very wisely created new direct channels to supplement and protect distribution. Investing in direct feeds and data capture gathering solutions stood many firms in good stead during this time.

Everywhere we are seeing both established and emerging content owners looking at not only the traditional vendor distribution channels but also at new delivery channels and mechanisms. All are eager to maximise distribution but are cognisant of the fact that the end user wants to consume relevant information with greater flexibility and a cheaper price point without compromising their existing license agreements. According to a recent report from IBM Marketing Cloud, 90% of the data in the world today has been created in the last two years alone. Let’s read that again... 90% of the world’s data has been created in the last 24 months! This is a staggering statistic and while it points to the world of “Alternative Data” and the Internet of Things (IoT), many brokers, banks and the trading venues are already significantly increasing their investments in technology to enable them to reach the widest audiences possible.

As the financial markets become more sophisticated and highly regulated, market data consumer habits have also changed dramatically. Back in the day, market data was locked inside the "gold fish bowl" of a proprietary data vendor terminal but has now found its way into the grey trade, reporting, risk and compliance functions. It’s the same content, but is now being used by different people, each with differing needs and with very different agendas.

So, while today’s content owners can distribute their content to a wider global audience, with or without the traditional vendor venues, the content consumers are equally empowered to challenge the way content is delivered to them and at what price. Freedom of choice and flexibility for both the market data content owner and consumer is the ultimate objective. And with technology now ubiquitous within the market data arena, this is just the start of the story and we are bound to see much more disruption in this space.

However, despite the massive impact of the new world digital era, when all is said and done, I would have paid a king’s ransom to see Mohammad Ali’s 1979 farewell fight at the Royal Albert Hall, been a spectator at Wembley when England won the 1966 World Cup or watched Micheal Jackson strutting his stuff in Vegas. But hey ho, at least now I can download all these iconic performances on demand.



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