

Reference Data Review

T H E A U T H O R I T Y O N R E F E R E N C E D A T A

Broadridge Teams with GoldenSource, IBM, Rounds on Managed Reference Data Space

Broadridge Financial Solutions is seeking to leverage its pedigree in the provision of ASP and business process outsourcing services with an entry into the managed reference data space. Its Global Reference Data Solution offers a fully managed service for capture, scrubbing, storage and distribution of reference data.

GoldenSource software powers the service, and IBM – which itself has dipped a toe into data outsourcing in the past with the now defunct Dresdner Bank deal – is the preferred systems integrator.

The vendor has a long history of providing outsourced securities processing services to brokers. It does however expect to sell the managed reference data service as a standalone offering, says Rich Stumm vice-president at Broadridge. “We will look to sell it into our existing service bureau client base, and we also see it as an entry point into markets we are not currently widely known in such as the asset management space.” The primary focus for the service is North America and Europe, but Broadridge views it as a global solution, he adds.

According to Stumm, the vendor is in discussions with “a number of prospects” about its new reference data solution. “The environment itself – the hardware and software – is running in our data centre in a production environment. We are perfecting an internal proof of concept

and we are looking for multiple anchor clients to work with us,” he says. “We hear from some firms that they want to proceed by asset class, others by department or application and others still want to take a big bang approach.”

Broadridge – formally ADP Brokerage Services Group, recently spun-off as a separate entity from Automatic Data Processing – does actually already have some experience in outsourced reference data management. Its Global Processing Solution bureau service has a security master component; an 8 million-plus row DB2-based security master publish and subscribe engine keeps reference data consistent across the global processing framework. “Using a soft sell approach we did start to market that product in the industry and had some – but limited – success,” Stumm says (*Reference Data Review*, September 2006).

Although managed data services provided by the likes of Accenture, SunGard and IBM have not so far seen as much take-up as had been predicted, Stumm is confident the timing is right for this launch. “The fact that we had been successful with our existing solution – albeit in a limited way – coupled with mounting regulatory pressure on financial institutions and the accelerated adoption of enterprise-wide data management strategies, convinced us that the timing was right for an

appropriate solution with the right functionality,” he says.

To determine what the “right functionality” would be, Broadridge tapped into feedback received on its existing security master offering, which “highlighted the features required to enhance the solution to make it truly successful in the marketplace”, Stumm continues. The data in its existing solution was sourced primarily from Interactive Data and the security master did not have complete functionality for pulling in and comparing multiple vendor sources to create a golden copy, he says. “For distribution, we only had our own API. Our feedback suggested we needed to have more flexibility on the data we could take in, business rules for comparing and contrasting different data sources and a more robust publishing engine.”

Ruling out the inhouse build option as “prohibitive from a time to market perspective”, Broadridge evaluated a number of solutions, Stumm says, and settled on GoldenSource because it had “the highest level of feature functionality and its approach was



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more in line with our strategic direction". IBM was appointed preferred systems integrator for its "tremendous amount of intellectual property in this space", he adds.

For GoldenSource, selling its system to Broadridge is consistent with its "powered by" strategy – leveraging the capability of its software to handle multiple golden copies and different users' hierarchy and data preferences to support service providers. "We have recognised over the past few years that there are market opportunities beyond traditional financial services institutions and that we can sell our system to power service bureaux," says Tim Lind, senior vice president at GoldenSource. "For us, this relationship opens up a new addressable market for us to target – smaller entities that are prone to lease and reticent to license software."

About GoldenSource

GoldenSource provides an integrated enterprise data management (EDM) platform for the securities and investment management industry. Our software and expertise help our customers benefit from better management, storage and distribution of their data company-wide.

A consolidated, centralized data foundation layer for securities and other products, clients, and counterparties combined with positions, balances and transactions enables firms to show a real time aggregated view of risk and exposure.

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Lind says GoldenSource has been watching the market for managed data services for some time. "It is a sign of the growing maturity of a business when intermediaries come in to handle certain functions, and this development is inevitable in the data management space," he reckons.

"What makes Broadridge different and gives us a high degree of confidence in their success is their pedigree in providing managed services. They have been in this business since 1962 and have made billions of dollars hosting services on behalf of financial services institutions," Lind continues.

GoldenSource has "a vested interest in seeing Broadridge do well with the service, and we will be there to explain to its customers the flexibility of our software", he adds. "There are different levels of service Broadridge could provide. One is a hosted version of the software, with

Broadridge assuming all the configuration, hosting, disaster recovery and hardware. Broadridge also has analyst and operational skills so, at the direction of the customer, can layer on certain operational functions in relation to the hosting," Lind says.

IBM positions its involvement in the solution in the context of its ongoing efforts to address the master data management space. "We have been looking at what kind of solution might be appropriate for this industry for a couple of years," says Steve McKenna, partner at IBM Global Business Services. "We have made several recent acquisitions in the master data management space, including Ascential and DWL (now the WebSphere Customer Centre). For us this partnership is another avenue to leverage our expertise in support of an initiative we think the market is crying out for."

About Broadridge

Broadridge Financial Solutions, Inc., formerly ADP Brokerage Services Group, with nearly \$2.0 billion in revenues and more than 40 years of experience, is a leading global provider of technology-based outsourcing solutions to the financial services industry.

Broadridge integrated systems and services include investor communication, securities processing, and clearing and outsourcing solutions. Our systems help reduce the need for clients to make significant capital investments in operations infrastructure, thereby allowing them to increase their focus on core business activities.

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