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DATA CONSUMERS

Energy Firm GasTerra Squeezes Data Spend

Dutch energy trading firm GasTerra has initiated a project to review its market data consumption and spend in order to help ensure compliance with usage policies, rationalize costs and better prepare for future contract negotiations.

The firm engaged TCAM Services, who performed a review of GasTerra's use of information from data terminals, FTP data services and electronic newsletters sourced from various providers, including Bloomberg and a range of specialist vendors such as McGraw-Hill subsidiary Platts, European energy information publisher ICIS Heren, and UK-based news and information provider Argus Media.

The costs of using all of these services had risen over recent years, prompting the firm to contract TCAM to review its data consumption, says Tjalling Dijkstra, application manager at GasTerra. "We wanted to get an overall feel of how we were using data, which employees were using it, what the cost was, and what opportunities we had to save money," Dijkstra says.

TCAM provided a breakdown of data spend by each department within the organization, including per-user averages, and examined different user groups to determine their unique requirements. Dijkstra says that while the firm does not have a large number of traders, it has many business analysts that use market data for contract negotiations and analysis.

One of the immediate benefits of the review has been to find potential areas of cost savings by identifying services that staff are paying for access to, but simply do not use, Dijkstra says. Similarly, understanding the requirements of each business user means that the firm has been able to reinvest savings from canceling unused data access in new products to benefit staff whose data requirements weren't being met.

The project also involved ensuring that GasTerra was in compliance with all of its vendors' usage policies. "We weren't completely clear on the exact terms of each vendor," Dijkstra says. "TCAM looked into all of the terms, defined everything, and spelled it out for us." Although GasTerra has not been audited by any of its information providers-and does not, for example, source any real-time exchange data-Dijkstra says that the firm is now prepared for the eventuality of any future audits. In addition to ensuring compliance, the review has also prepared GasTerra for future contract negotiations by giving it more detailed insight into its data usage and needs, while TCAM also provided a list of recommendations for optimizing the firm's "market data management in terms of organization, procedures and tools," Lathouwers says.

Although GasTerra does not currently use an inventory management system, Dijkstra says that the firm is "now in the process of gathering more background information" and is already in contact with most of its vendors to begin contract renegotiations. "It's easier for us to renegotiate and renew our contracts with vendors when we can say, 'this is what we use, this is who uses it, and this is what they do with it'," he adds.

Jean-Paul Carbonnier, Inside Market Data