

# Inside Market Data

December 2007

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# HOSTING

SPECIAL REPORT



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## Avoiding Latency and Lights Out

Anyone who threw parties in college knows that playing the host can often be a troublesome and thankless task—especially when trying to explain the mess to your parents, or worse, the police.

Now, though, that role has taken on a new importance—at least when dealing with low-latency, high volumes of market data. Network providers and players in the low-latency space are building or buying space in large datacenters located close to exchanges—either their own facilities or, in some cases, in an exchange's own datacenter.

In most cases, this is being driven by the need to shave microseconds off data latency by reducing the physical distance between exchanges and trading firms, which get to install high-consumption algorithmic trading or event processing applications in the same datacenter as an exchange's matching engine—known as proximity hosting. Simply put, the shorter the physical cable connection, the lower the latency.

The other main use for hosting services is in enabling firms to outsource the management of high-demand applications that require lots of servers, along with the space, staff, and power and cooling needed to maintain them.

Only a couple of years ago, when providers like Savvis and BT Global Financial Services began seriously touting these services, end-users were wary of spreading any part of their “secret sauce” over someone else's servers. Given the secrecy with which these firms guard their systems, what could convince them to change their minds?

The answer is simply the rising costs of infrastructure and support at a time when ever-more data—and increasingly complex data—needs to be shared between multiple applications. Very simply put, says Tabb Group senior research analyst Kevin McPartland, think of it as “renting versus buying a home or apartment. If you rent and a... light bulb burns out, a quick call to the super is all you need do to change the bulb. As an owner, though... if you had no time to buy a new bulb or stepladder and you are too short to reach the fixture, you could go weeks without light.”

After all, no-one wants lights out.



### Max Bowie

Editor, *Inside Market Data*

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## Hedge Funds Sign for Interactive Data Hosting

Interactive Data Real-Time Services has signed three hedge fund clients for its DirectPlus hosted direct feeds service, and is in the final stages of negotiations with a fourth, officials say.

After initially experiencing an extended sales cycle for the first deals, the vendor says interest in the service is now increasing.

“The problem of market data volumes shows no sign of abating—and is even accelerating,” says Mark Hepsworth, president of the Real-Time Services division. “Customers are looking for hosted services to help take the burden of managing data off their hands.”

He declines to name the new clients, citing the “secretive” nature of their business. The service allows clients to locate applications that need to consume low-latency, direct exchange feeds—such as algorithmic trading systems—within a BT datacenter in New York where Interactive Data locates its exchange connectivity servers and ticker plant.

Prospective clients acquire rack space for their servers from BT, then Interactive Data provides a cross-connection to its vendor’s ticker plant, which can also augment the direct feeds with consolidated data from its PlusFeed service. Hepsworth says the proc-

ess would usually take around four weeks to get up and running.

The vendor recently went live providing data from the DirectEdge ECN to DirectPlus, and plans to add the New York Stock Exchange’s NYSE Alerts feed of market conditions and other indicators, in response to requests from one of the new clients, Hepsworth says.

Interactive Data has also been able to apply developments created for DirectPlus to its consolidated ticker plant, including rewriting code in more efficient ways and swapping hardware for more high-performance components, he says. ■

## Fortis Americas Takes Spryware Co-Lo

Fortis Clearing Americas rolled out a hosted ticker plant and datafeed in September under a multi-year deal with Chicago-based vendor Spryware, designed to reduce the technology footprint required to support the firm’s data system.

Over the past four months, Fortis has migrated two screen-based trading systems and three intraday risk management systems used by a total of around 40 users, says John Riordan, chief information officer at the firm in Chicago.

Riordan says the firm’s previous feed provider, which he declines to name, experienced performance issues such as stoppages and slowdowns under high data volumes, which “trickles down” to Fortis’ customers. Also, “we had to house the server farm, along with the communications equipment. The footprint was expensive, and datacenter space isn’t cheap

anymore,” Riordan says.

This growing hardware footprint incurs purchase and maintenance costs, and represents higher risk from multiple points of failure, says Dan Curry, director of sales at Spryware. “We’ve compressed them down to one machine—two for complete redundancy. The previous incumbent took up eight machines—16 for redundancy,” he says.

The data covers all North American equities exchanges and ECNs, options exchanges and some futures markets.

“They get the raw inbound feeds brought into [their Equinix datacenter] and terminate them in our cage,” Curry says. The firm then connects its applications to the ticker plant via Spryware’s API, which mimics the format of the previous supplier’s API to minimize development work required to support the switchover, he says. ■

## Essex Radez Rolls Out Historical Tick Data

Market maker and trading technology provider Essex Radez has launched a new historical data product that provides hosted access to historical tick data going back to August 2006.

Clarity-HD, which is aimed at quantitative research staff at hedge funds, broker-dealers and banks, as well as those responsible for system testing, includes all quote, trade and administration messages disseminated via the Options Price Reporting Authority’s feed and from North American equity and futures exchanges and ECNs.

Essex Radez collates and hosts the data—more than 20 terabytes of data in compressed format—and allows clients to access the data via an API to their applications for developing and testing algorithmic trading strategies.

For firms to run similar systems in-house would involve managing “tens of terabytes of data,” says Mike Eichen,

director of market data technology at Essex Radez in Chicago. “We have this database online, and people can use it as though it is in-house. They can co-locate a server in one of our datacenters and access the data via low-latency lines. For simple queries, customers could even access it over the Internet,” he says.

The administration messages include notifications of trading halts, corrections, and order cancellations, which enable firms to perform systems testing by running live exchange scenarios through their applications.

Because of the amount of data storage involved, Eichen says the firm has not yet decided whether it will keep more than a year’s worth of data immediately available. While more data would be required for developing long-term investment strategies, he says one year is sufficient for short-term, high-frequency strategies. ■



## CS Preps TF-Paladyne Data for Hedge Funds

Credit Suisse has added a datafeed from Thomson Financial to a software platform that integrates portfolio management, analytics and accounting components from Paladyne Systems, and has rolled it out to hedge fund clients of the bank's prime brokerage service unit.

The bank's Advanced Prime platform, launched in June, comprises a hosted version of Paladyne's software for hedge fund clients to run their portfolio management

activities across multiple prime brokers.

"Advanced Prime offers a way to make it easier for hedge funds to scale their infrastructure to add a second or third prime broker," says Razi Karim, a director in Credit Suisse's Prime Services business. A barrier to providing data to clients in the past has been the entitlements requirements of exchanges, Karim says. The Thomson-Paladyne deal sees Thomson act as vendor of record, responsible for

enabling and tracking data. "That makes it easier to keep track of data, and makes it easier for our clients," he says.

The Thomson data is being made available as part of a broader agreement with Paladyne to augment the data already available via Paladyne's products—which includes ratings from Standard & Poor's, real-time and end-of-day data from Reuters, and reference data from Interactive Data. ■

## AC Capital Takes Hosted CDO<sup>2</sup> Pricing

Dublin asset manager AC Capital Partners is using derivatives pricing and analytics from UK vendor CDO<sup>2</sup> on a pay-on-demand grid computing solution from Sun Microsystems' Network.com subsidiary.

CDO<sup>2</sup> draws in data from various sources, including interest-rate data from Reuters and credit default swap data primarily from Markit and interdealer broker GFI, says CDO<sup>2</sup> director Gary Kendall.

CDOsheet users can calculate data for structured transactions by entering relevant details for each structured portfolio into

spreadsheets equipped with CDO<sup>2</sup>'s library of functions. Data from each spreadsheet is passed into the Sun-hosted CDO<sup>2</sup> application, which then calculates and returns the required values.

Sun charges \$1 for each CPU-hour used, while CDO<sup>2</sup> charges its clients a further \$1 per CPU-hour as an application usage fee in addition to its annual license charge. The hosted grid solution can cut the time needed to price collateralized debt obligations from 30 minutes to about two minutes, Kendall says. ■

## Aleri, Fixnetix Partner for Hosted Analytics

Chicago-based vendor Aleri is offering hosted access to its event processing software via a deal with low-latency data provider Fixnetix, by integrating Aleri's Streaming Platform with Fixnetix's data platform for capturing and distributing direct exchange feeds.

Fixnetix will host Aleri's software at its datacenter for clients to build applications for low-latency analysis on datafeeds from the UK-based vendor's platform.

Potential applications could include real-time indicators for use in heatmap displays or in trading algorithms. Fixnetix director Alasdair Moore says one example could be a real-time cashflow indicator to show traders the flow of money in or out of a stock, sector or index, which could be integrated into a VWAP strategy "to determine how aggressively or passively the algorithm should trade throughout the day."

"We're going to be selling a hosted offering. So from a plug-and-play perspective, it means anyone can access a hosted Aleri solution in a much easier way and—with the benefit of direct data already integrated—without the need to consume internal IT resources," Moore says. ■

## WestLB Outsources Data Tech to Reuters

German bank WestLB has migrated its market data infrastructure to a hosted version of Reuters' RMDS platform and datafeed connectivity at BT Radianz sites in London and Düsseldorf.

The new agreement simplifies support for the bank's data backbone. More than 25 applications within the bank currently consume data from RMDS for functions such as pricing and risk management.

"We're still using RMDS in the same way as before, it's just not at WestLB sites anymore," says Alexandra Balloff, head of market data at WestLB.

Previously, WestLB's RMDS infrastructure was supported by an un-named third party technology provider, while the software was supported by in-house engineers and Reuters staff. "We wanted to have services from one provider. Reuters has all

the know-how for their own platform because they developed it," Balloff says. "If it's all from one provider, troubleshooting is much easier."

The bank ran its own in-house RMDS installation in parallel with the hosted solution for three months in Düsseldorf and six weeks in London before finally switching over to the Reuters solution in April.

The hosted solution also generates savings by allowing the bank to dispose of servers and infrastructure.

Michael Parlapiano, global head of information management solutions at Reuters says that although WestLB must now connect its applications to the hosted RMDS in BT's datacenter, the hosted arrangement actually removes a latency hop by connecting Reuters' datafeeds directly to RMDS within the facility. ■

# Hosting the Data Party

Only recently, the idea of deploying an algorithmic trading application in someone else's data center sent shivers up the spines of trading firms. But now, as latency-conscious firms realize the value of geographic location as a means for squeezing extra milliseconds out of data delivery, proximity hosting has become standard practice, while the cost pressures of supporting an ever-larger hardware footprint are also driving firms to outsource their technology requirements. But do the latency advantages outweigh any security concerns? *IMD's* panel of experts assesses the current marketplace and debates the benefits—and risks—of hosted services.

**IMD:** How have you seen demand and availability of suitable hosting services evolve and expand over the past few years?

**Tom Price, senior analyst, TowerGroup:** Demand for hosted services has been rising over the last few years. Buying real estate to locate applications as close as possible to execution venues is unaffordable for most firms [so] extranet providers offer economies of scale that have become an integral part of the market data structure for brokerage firms.

**Kevin McPartland, senior research analyst, Tabb Group:**

Hosting services have eliminated a major barrier to entry for investment and technology firms. Only 10 years ago, firms spent millions of dollars in start-up costs to create datacenters. But today, hosting services allow smaller firms access to high-performance computing (HPC) at only a fraction of the cost. More specifically, the proliferation of hedge funds and quantitative-driven trading firms is driving demand—and where there's demand, availability quickly follows.

**Greg Treacy, senior vice president and director of sales, NeoNet Securities:**

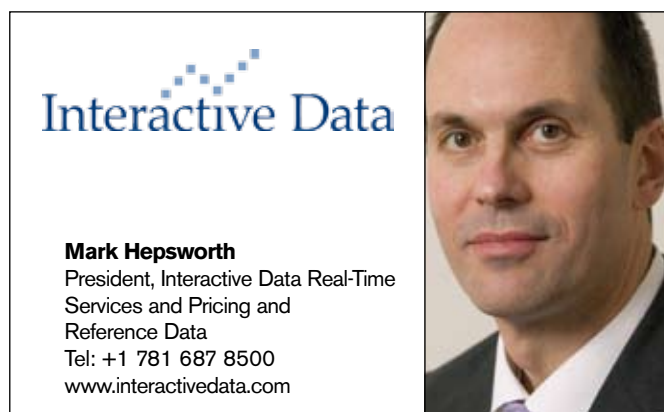
We are getting more and more firms requesting low-latency access, including "proximity" hosting services... [for] both market data and order routing.

**Alexandra Balloff, global head of market data, WestLB:**

Demand has certainly risen, with firms looking at total cost of ownership and gradually recognizing the benefits a good hosting service can provide. The step to outsource the first major system takes courage, and the protagonist must be convinced that the solution will work, because the effort to convince the skeptics is often higher than the resulting system migration. One needs a strategic partnership here, and mutual trust is imperative.

Availability has indeed increased, however quality and an exact match of requirements to service offered are still hard to find. Instead of hosting companies offering a complete solution, they very often offer a patchwork approach leading to long, drawn-out negotiations in order to reach a final and comprehensive agreement. Experience has also shown that the onus is on the customer (i.e. the investment or trading firm) to demand and

draft required sections of the final agreed service level agreement. As much of the service as possible needs to be defined in a measurable way and integrated into the SLA.



**Mark Hepsworth**

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**Mark Hepsworth, president, Interactive Data Real-Time Services and Interactive Data Pricing and Reference Data:**

Interactive Data's Managed Solutions business, which is based on a hosting services model, has been the company's fastest-growing business, having grown by nearly 20 percent in Europe and 100 percent in the US during the 12-month period ending Sept. 30, 2007. We began marketing in the US just over two years ago. Services include Web-based financial portals and terminals, and hosted components for developers. In our Real-Time Services business, we're seeing significant adoption of hosted datafeed services, including a managed direct exchange datafeeds service and a consolidated datafeed co-location service, both of which are hosted at the BT Global Financial Services' Radianz datacenter.

**Tobias Straessle, chief information officer and head of IT, Saxo Bank:**

There is a clear trend and strong demand for hosted services in various areas, and I think this trend will only continue. The offerings are growing by the day. The basis of this is certainly the Internet and its networking capabilities, as it efficiently provides some functionality that was formerly missing. The challenge, of course, is whether such services need to be integrated into the larger value chain of an organization.



**IMD:** What are the key business drivers prompting trading and investment firms to consider hosting services for exchange connectivity or data platforms?

**Hepsworth:** Mushrooming data volumes, the increasing complexity of financial instruments and the costs involved in managing both of those challenges is one factor. Another is the growth of algorithmic trading and ensuing demand for low-latency data. In addition, many of the datacenters that firms have built over the years don't support the power and cooling requirements of the new hardware available on the market, and in many of those cases a hosted datacenter can be a good solution. For our Managed Solutions business, key drivers include the desire to reduce the total cost of ownership of the application, achieve faster time to market, and leverage our expertise in developing customizable components for clients.

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**“Many of the datacenters that firms have built over the years don't support the power and cooling requirements of the new hardware available on the market, and in many of those cases a hosted datacenter can be a good solution”**

Mark Hepsworth, president, Interactive Data Real-Time Services, and Interactive Data Pricing and Reference Data

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**McPartland:** As message volumes continued to explode, solutions were sought to manage the change and stay competitive. While hosting services have not been the only solutions utilized, they are heavily used and a rather effective tool deployed to combat increased message volumes and subsequent lower latency. The need for low latency through co-location is one of the biggest business drivers behind this impetus, as extra milliseconds of latency saved can lead to huge profits.

The rising cost of physical space plus the need for energy savings are two other key business drivers behind the growth of hosting services as they provide your firm with a more scalable solution for self-maintained data centers and allow you to expand or contract server power as your firm's needs change.

**Treacy:** The primary drivers are to achieve lower latency, leverage the existing infrastructure a firm has in place, and decrease its costs.

**Price:** I think it comes down to cost and latency. I touched on real estate, but there is also the cost element of datacenter infrastructure and staffing. More important is the realization that hosted solutions can reduce geographic latency. If a particular market center is using a certain service then it makes sense to be in the same location.

**Straessle:** The key drivers are mainly time-to-market and lower costs. In case of Saxo Bank, we offer not only the technology

needed to provide the hosting service and data platforms, but a fully-fledged business service. As such, we are able to get our customers to market quickly and with an entire business service at minimal initial investment costs because our clients (white-label partners) pay as they go.

**Balloff:** The key business drivers are: Cost, as major expenditure [on technology renewal] every few years is no longer required; providing optimal routes for data exchange; and quick scalability (both up- and down-sizing!).

**IMD:** What are the risks and rewards associated with divesting control of these functions? Are there latency trade-offs to consider between a hosting provider and a firm's own facilities?

**Balloff:** The risks, particularly in Germany, where there is a high awareness of data security and protection, cannot be ignored. Firms offering hosting solutions must supply a very professional approach to the topic of data storage and backup. Certain risks may only become apparent after start of production, which need to be anticipated and addressed in advance as part of a clear and comprehensive SLA. It is also very important that the customer gets access to experienced technicians, particularly in case of failures, where fast reaction times are essential. If co-operation and communication between and within the IT team and provider is not optimal, then the whole solution runs the risk of failing. It is important the fundamental rules are agreed upon and implemented at the start of the contract.

The rewards are generally clear from the outset: Low investment and a stable, cost-effective solution. The better the SLA is, the higher the rewards. In-house staff can concentrate on key business functions, but have access to a high degree of specialization and know-how via the provider.

**Price:** I suppose ceding control of any function imparts an element of risk, but in the case of established hosted solutions I think the risk is ameliorated in large part as the function is part of the core business. They generally provide security, power outage protection and secure access based on entitlement. Most firms have—and will continue to have—data centers, and hosted solutions do not necessarily eliminate that need. For applications that are latency-sensitive, it would make sense to look for a proximity solution. However, for applications and consumers where latency is not an issue, why pay a premium? They should utilize existing structures if possible.



**Tom Price**  
TowerGroup

**Hepsworth:** Several years ago, firms looking at hosted solutions may have been held back by concerns about security, data integrity and the potential for slower reaction times from hosted

## ROUNDTABLE

solution providers. In most cases those concerns have all been effectively addressed. Most of the hosting centers now have state-of-the-art security, and much more sophisticated firewall techniques designed to provide high-level security are widely available. There are also service level agreements available which can provide firms with the level of responsiveness that they desire. Another concern has been connectivity to the back office, but handling that from a hosted environment is usually simpler than the alternative task of managing the connections to multiple execution vendors and multiple data sources that would be necessary with a locally deployed solution.

**“The only way to achieve low-latency across multiple, globally distributed exchanges is local installations and feeds from these trading systems”**

Tobias Straessle, chief information officer and head of IT, Saxo Bank

**Straessle:** The use of hosted services creates dependency for the user, and therefore reliability, consistent service quality, and responsiveness are crucial elements in evaluating such solutions. The latency question needs to be addressed in a case-by-case fashion. Often it is irrelevant, but in some cases (particularly around algorithmic trading engines) direct links via a firm’s own facilities are preferable. In the end, it is also an issue of time to market, and in this case, costs are definitely a consideration. Running your own facilitates is costly and resource-intensive, requiring extensive in-house technology staff.

**Treacy:** There are some minor trade-offs, but they are less important when looking at the whole picture. When using a vendor, you have full access remotely to the software running on your equipment—but it might take you some time if you need to go there physically. In regards to latency, the downside is minimal. There might be an additional switch, but we are talking about sub-milliseconds in additional latency.



**Greg Treacy**  
NeoNet Securities

**McPartland:** There is just as much risk in keeping these functions in-house as you do in outsourcing them. For both cases, you need a service level agreement with the datacenter team that must be adhered to and, equally important, enforced. Hosted services, of course, often provide improved latency when located near major market centers. However, with an on-site datacenter, you could see improved performance for functions such as analytics not tied to remote data.

Here’s a different, if not overly simplistic, tack on this: The

difference between a hosted versus an in-house datacenter is like renting versus buying a home or apartment. If you rent and an energy-saving, eco-friendly light bulb in a 10-foot high ceiling fixture burns out, a quick call to the super or building maintenance firm is all you need do to change the bulb. As an owner, though, changing that bulb is your responsibility, but if you had no time to buy a new bulb or stepladder and you are too short to reach the fixture, you could go weeks without light.

**IMD:** How can a true low-latency data and trading environment be achieved when trading on multiple, international exchanges, given that an algo trading system hosted close to exchanges in one time zone cannot operate in a low-latency environment with exchanges in other time zones?

**Hepworth:** There are a couple of ways to address that. One is to locate your algorithmic engine in a venue where lower latency is most important. Another way, which is more expensive, is to replicate your trading algorithm and locate one in each venue where it makes sense to have an ultra-low latency solution (these would be algorithms that focus on a single venue.) In a world of Reg NMS and MiFID, where you may be trying to achieve best execution, hosting at a center with really good connectivity to multiple execution venues seems to make most sense.

**Straessle:** The only way to achieve low-latency across multiple, globally distributed exchanges is local installations and feeds from these trading systems. If the systems were hosted rather than in-house, one would look for local hosting services close to the exchange. These services already exist in bigger financial centers.

**McPartland:** Co-location services will continue to expand globally, placing datacenters near major market centers on each continent. Low-latency messaging will also play a huge part in keeping latency down when trading on the other side of the world. The newest products are used not only to send price quotes to trading systems, but also to help synchronize databases in different cities in mere milliseconds.

Global exchange consolidation cannot be ignored either. For example, if NYSE Euronext decides to buy the Tokyo Stock Exchange, it would be conceivable that a New York-based trader could trade on markets in London, Tokyo and New York in ultra-low latency from NYSE Euronext / TSE servers based in New York.

**Balloff:** Certainly latency trade-offs need to be considered, but the market now offers several high-speed hardware solutions in which latencies have become negligible. Dedicated firewalls and appropriately-sized QualityOfService lines do the rest.

**Treacy:** One of the key components to achieve low latency when trading multiple international markets is to have a system and network architecture that is decentralized. This allows for flows to go straight to the exchanges/ MTFs/ ECNs without having to travel



via a centralized point. The latency should also be looked at from a relative perspective rather than “how fast can I/ we get there.” If you as a firm are faster than the others running the same models, you will obviously “win.”

**IMD:** What issues have yet to be addressed by the providers and users of hosting services, and what will be the next stage of evolution for these services? With internal IT and hardware requirements constantly growing, what other areas could these services be expanded to encompass?

**Treacy:** It’s always difficult to predict how things will unfold, but there seems to be an opportunity for hosting providers to offer market data feeds and order routing directly to/ from the exchanges.

**Straessle:** The issues to be addressed are around open APIs at various stages in the service process to allow easier integration and enable mixing of hosted and in-house functionality along the value chain. Another issue to be constantly addressed is access and data security, as more critical data resides in hosted environments.

There are many areas where hosted services will soon be offered or are already offered, such as in enterprise services, sales services, accounting and the like—essentially the full value chain for a business to go live. Many small businesses can today be entirely built on hosted services that offer time to market and cost effectiveness.



**Tobias Straessle**  
Saxo Bank

**“Today’s technologically advanced trading environment is quickly pulling people back to financial centers and as latency levels continue to drop, moving physically closer will be the only way to gain further time savings”**

Kevin McPartland, senior research analyst, Tabb Group

**Baloff:** Global coverage is often required but this is still an issue, even for so-called global service providers. In many cases we look for a dedicated solution, but in most cases it would be sufficient to request a service. Once the service can be supplied and guaranteed, it is not necessary to know system details. For example, the Bloomberg system is more or less a black box, but as long as I continue to get Bloomberg data, then this is acceptable.

The next stage of evolution could [see hosting] ultimately expand into almost all areas—but there are two considerations here that should be addressed before thinking that hosting can solve everything: Data protection is an issue which cannot be ignored—whom do I trust with sensitive data?

At least in a trading environment, nothing can beat good floor support when dealing with individual problems. This does suggest that companies should stick to outsourcing backbones only.

**Hepsworth:** Many of the issues, such as concerns about security and data integrity, for the most part have been resolved, and we’re seeing a more wide-scale adoption of hosting services. In our Managed Solutions business, we are seeing banks outsourcing more applications that they have previously been reluctant to give up, such as trading applications and providing advisors and their clients with access to client portfolios. Many firms are more interested in outsourcing trading applications because of the sheer growth in trading volumes, and many banks are also interested in developing portals that serve not just their own advisors but also those advisors’ clients—since both can benefit from similar tools and information. Many also now want a customized service that is designed to help guide their advisors through the investment process. They want to implement a workflow process that takes the advisor and client through a structured and documented advisory process.

We also believe that financial institutions will increasingly base more in-house development efforts around hosted solutions such as our PrimeDeveloper offering. PrimeDeveloper provides hosted components and APIs for developers, allowing firms to let us deal with time-consuming tasks. We think vendors will provide hosted components such as these, allowing financial institutions to build their own applications around them—adding their own value and putting their own stamp on their financial information solutions.

**McPartland:** Hosting of the actual algorithmic engines in co-location datacenters will continue to grow. Complex event processing (CEP) systems will sit on servers in co-location environments so trading decisions and the subsequent actions will take place in close physical proximity to the exchange. Taking that a step further, we will likely see exchanges begin offering co-location services where this trading logic resides within the exchange, rather than in a third-party datacenter across the street or, in some cases, across the Hudson River in Jersey City, for example.



**Kevin McPartland**  
Tabb Group

It wasn’t long ago that major trading firms moved to locations outside major financial city centers in search of cheaper space. Now that technology has made this possible, today’s technologically advanced trading environment is quickly pulling people back to financial centers and as latency levels continue to drop, moving physically closer will be the only way to gain further time savings. ■

SPONSOR'S STATEMENT

## The Host with the Most

As market data volumes continue their exponential rise and the costs and pressures associated with managing this data for areas such as algorithmic trading increase, firms are overcoming any security and latency concerns and seeking out providers of hosted data services. Mark Hepsworth, president of Interactive Data's Real-Time Services and Pricing & Reference Data divisions, outlines the vendor's offerings in this space.

Hosted market data services are becoming an increasingly appealing option to many financial institutions as firms confront the costs of dealing with both skyrocketing market data volumes and the growing complexity of financial instruments.

Many firms also see hosted market data services as a way to help address the growing need for low-latency and ultra-low latency data. For firms eyeing financial portals and terminals, hosted solutions are also a way to help reduce costs and achieve faster time to market. Interactive Data is committed to developing new and enhancing existing solutions to address these issues.

At the same time as interest in hosted services has grown, concerns about security, data integrity and the potential for slower reaction times from hosted solution providers have been addressed in most cases. State-of-the-art security and highly sophisticated firewall techniques are widely available, as are service level agreements that can provide firms with the level of responsiveness that they desire.

As the need for hosted services has grown, Interactive Data has become increasingly focused on this area. The company, through its Real-Time Services and Managed Solutions businesses, now offers an array of hosted services, ranging from web-based financial portals and terminals to low and ultra-low latency hosted datafeed services. Following is an overview of our offerings.

- **PrimePortal** intranet and Internet services integrate various Web-based modules to develop applications designed to meet firms' specific needs. These modules range from quote lists, portfolio tracking and extended searching capabilities to professional chart analysis and

alerts. PrimePortal delivers customized, highly intuitive content and applications to retail banks, insurance companies, asset managers, online brokers, media portals, issuers and exchanges.

- **PrimeTerminal** is a customizable financial terminal designed for asset management and advisory services. PrimeTerminal can deliver a broad range of information, and whether that content is provided by Interactive Data or third parties, or is a firm's proprietary data, that information can be seamlessly integrated with other data on the corresponding securities. PrimeTerminal can also give investment professionals access to a broad spectrum of tools, as well as integrated news, powerful searching capabilities, convenient data export and user-specific entitlement and billing. As a platform-independent, web-based Java application, PrimeTerminal is also designed to be easy to install, operate and maintain.

- **PrimeDeveloper** can enable in-house IT departments to build complex financial information systems on Interactive Data's market data platform. Developers can access Interactive Data's content and toolset via an array of APIs. Hosting and monitoring of application servers are also available.

- **DirectPlus** is a fully managed, ultra-low latency direct exchange data service that has been measuring data latency of no more than 130 microseconds (0.13 milliseconds) and generally with a range of 80 to 130 microseconds since being rolled out in June this year. Based in BT Global Financial Services' Radianz data center, DirectPlus uses Interactive Data's ultra-low latency ticker plant to process and normalize direct exchange feeds. In addition, an array of supplemental data is



Mark Hepsworth

available to DirectPlus clients including global exchange data, tick history, global news, reference data, corporate actions, fundamental data, calculated indicators and OTC market data.

- **PlusFeed co-location service** enables firms to co-locate their applications alongside PlusFeed at the Radianz data center. In addition to lowering communication costs, the service is designed to reduce latency between PlusFeed and the firm's application, and the execution venue. PlusFeed is a low latency datafeed that provides data from over 450 sources and exchanges worldwide, covering in excess of 3.4 million instruments. The content set includes exchange-based and contributed data, news, corporate actions, and reference and fundamental data.

- **PlusFeed VPN** is Interactive Data's high-speed digital datafeed delivered over the Internet using leading-edge security and encryption technology. PlusFeed VPN is designed for financial applications that need real-time and delayed data with quick time to market and low set-up cost, including applications that require access to streaming watch lists and snap Level 1 data, and applications that need a broad range of exchanges with limited watch lists.

As we work with our clients and listen to their ideas and feedback, we'll continue to develop and enhance leading-edge hosted solutions to help meet their needs. ■

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