
Market Data Acceleration: More than Just Speed

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April 2012

Executive Summary

When it comes to Market Data Acceleration, speed is the primary motivator for investing in this technology; however, speed is neither the only defining characteristic, nor is it the most important. Yes, speed is a requirement in today's automated market environment; especially if you are looking to compete against prop shops and market makers. However, while speed is important, it is not the only characteristic that matters. Just as a Porsche 911 Targa 4A, and a Ford Mustang GT 5.0, a can go from zero-to-60 in 4.5 seconds, you would be hard-pressed to characterize these cars as being equal. The same holds true for various data acceleration technologies. While speed is obviously an important aspect of performance, it is not the sole consideration.

When market participants talk about performance, they are looking at more than just naked speed (messages per second). Due to the democratization of speed, more and more participants are taking into consideration other market differentiators such as total cost of ownership, flexibility, control, scalability and time-to-market.

It is not just trading firms that have broadened their focus: investors in financial technology companies need to look at each solution set and compare growth prospects, scalability and profitability. Low-latency vendors and their investors do not want to limit their investments to the ultra-low-latency (ULL), high-frequency trading (HFT) market segment. They are looking to extend their technology to include a whole host of other market participants, where speed is important but not the endgame.

Market data is an area where performance can play a crucial role for a host of trading activities. Obtaining, decoding and utilizing market data in a timely and efficient manner are no longer the purview of the ultra-low-latency firms; everyone involved needs to be able to get at market data in as timely a fashion as possible. This is not to say that everyone needs to be at the 'tip of the spear'; however, it does mean that anyone who is actively involved in trading needs to be moving in that direction.

As latency tolerance becomes more critical, and more firms begin to understand the importance of managing their market data in an as efficient and timely manner as possible, market data acceleration technologies will take hold in more firms across the sector, and customized market data acceleration solutions will become the new normal throughout the industry.

The TABB Group Vision Note **Market Data Acceleration: More than Just Speed** is based upon conversations with equity and derivatives market participants from the buy-side and sell-side, as well as, interviews with market data acceleration vendors and technologists. The report examines what market participants' are looking for when they look to invest in market data acceleration technology. It also examines the market data acceleration landscape with an eye towards identifying areas of growth in the near future.

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