

Before the Spin

Is Best-of-Breed Coming Back?

The drive to bring down data latency in trading rooms is forcing more than the issue of market data distribution infrastructures that are too hierarchical. It is bringing into relief the issue of being attached to one vendor for too long—which is the battle cry of user firms uncomfortable with the current situation.

As our Page 1 story shows, there are options emerging to address the dire need of firms for very low latencies. But another trend is also emerging—the old bugaboo of best-of-breed deployments.

Officials of Wombat Financial Software, 29West and VhaYu Technologies say that they are working with user firms that are cobbling together low-latency infrastructures that help them with their program trading, auto-quoting, and cross-market

listing needs. It's a given that these vendors want to take on Reuters, but these officials do have a point.

Reuters controls the legacy TIB and Triarch and next-generation Reuters Market Data System (RMDS) platforms, and thus controls the evolution of the technology. With the only viable competitor, Telerate, possibly joining the Reuters fold, the control over the trading room will be nearly complete. No wonder user firms are feeling frustrated and fearing vendor lock-in.

Granted, there is a safety in staying with a major firm committed to taking care of users' needs. A Reuters spokesperson underscores this point by reminding that Reuters represents risk mitigation. "We are not going to close up shop and not be here next year," the

spokesperson says. "It is something our customers ask us on a consistent basis."

At last count, RMDS has either been deployed or will be deployed in more than 270 customer sites. "It would be hard for a smaller company to match that," the spokesperson says.

However, there is the nagging need to be free to move from technology to technology, based upon changing market conditions, says Jeff Hudson, CEO of VhaYu. "Users don't want safety—they want to compete," Hudson says.

As this recovery continues, that choice will become starker.



Comments?
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