

Collins Stewart Tullett plc



Lowest cost, highest flexibility solution for the efficient, effective distribution of real-time market data.

COLLINS • STEWART • TULLETT

Vertical Market

- Financial Services, Capital Markets and Securities

Key Challenges

- Manage operational risk
- Reduce costs
- Build flexibility for new trading conditions
- Support industry standards
- Build for regulatory compliance
- Optimise return on technology investments

Solution

- Reuters RMDS
- SUN Solaris
- SUN V210 servers

Business Results

- Lower cost
- Future proofed solution
- New trading execution flexibility
- Access to market data
- Investment protected
- Global roll out
- Contemporary trader support environment

“We’ll save money and also be able to offer a more flexible, resilient and scalable service for our brokers, clients and data sales customers”

– Geoff Chapman, CIO, Collins Stewart Tullett.

Listed on the London Stock Exchange, Collins Stewart Tullett (CST) is a global financial services group with more than 3,300 staff across 43 offices worldwide. The group comprises of two major business areas – the world’s second largest inter-dealer broker business and a leading independent UK stock broking business, trading on the European and Global markets.

Trading under the Tullett Liberty and Prebon brands, the inter-dealer broker business acts as an intermediary in the wholesale financial markets, facilitating the trading activities of other market participants – specifically commercial and investment banks.

The business covers five major product groups including fixed income securities and their derivatives; interest rate derivatives; treasury products; equities and energy.

For inter-dealer brokers, real-time market data is a vital business ingredient, not only because they rely on it for their day to day operations, but also because they offer consolidated prices and information to their clients and other information resellers as an added value service.

For the process of data management, CST has been using the established market leading combination of Reuters Triarch running on a Sun Solaris Unix platform. This system manages the acquisition of real-time price data from the feed vendors and makes it available for distribution to all consuming trading applications and the external data publishing business. “One of the major benefits realised through the Triarch infrastructure is the ability for all the data that is created by the broking desks to be accessible to other relevant applications throughout the enterprise, without the need to develop and manage new interfaces” Chapman said.

Increasing demands made by a growing organisation

When CST acquired Prebon Yamane in October 2004, they were faced with new, more complex requirements for data management. Real-time market data needed to be acquired, managed and distributed throughout the wider company network – reaching an additional 1,000 brokers located in 10 new offices. The new system would need to support up to 800 real-time concurrent connections located in 14 cities worldwide – some with multiple offices.

The system would have to accommodate the existing Microsoft-based desktop trading applications and support the 60 internal Triarch data publishing sources that Tullett Liberty had been developing since 1993 – plus the new trading applications used in Prebon.

A more flexible, resilient and scalable service for our brokers, clients and data sales customers

Looking ahead, the expectation was that data rates and throughput requirements would become more demanding as the business grows with the introduction of new services as CST adds value in its role as a trading data intermediary.

This growing set of requirements offered CST the ideal opportunity to review their entire data management and distribution infrastructure, with a view to building a new resilient and scalable architecture, ensuring that it was cost-effectively poised to respond to future demands.

CST carried out a complete review of existing systems and factored in future plans that would impact on data management requirements. The result of this extensive evaluation process was the choice of partners – Reuters and Sun – to jointly provide a new real-time market data solution that built upon CST's existing infrastructure.

Effective, efficient data updates

Reuters provided the core data management system through Reuters Market Data System (RMDS). RMDS combines the best features of the existing Reuters Triarch system with

an improved wide area networking capability, providing additional features for data filtering and update frequency management. These new features ensure the effective management of data latency – providing updates based on the frequency demanded by each group of users. In this way, those applications that need to see every tick receive the most frequent updates, in contrast, other user groups who do not require multiple updates per second, receive a different, less performance-based profile of updates.

By profiling the frequency and type of data updates, CST has been able to reduce overall data latency. The benefit of this built-in flexibility has been realised through a reduction in the number of servers required in both the central data hubs and the regional branch network. This has greatly simplified the support requirements in the branches, which no longer have to run their own local data support infrastructure. Costs are saved from administration overhead and they now require only two Sun V210 servers (for resilience) compared to the old configuration of at least six servers with associated local source management and communication charges.

The new branch configuration is managed centrally with each regional hub monitoring the server performance of its branches. Data permissioning is managed centrally with each local administrator being able to permission their own users.

Resilient, scalable architecture

The system has been designed with regional data hubs located in London, New York and Singapore, each configured to be fully resilient and capable of providing back up in the event of a local data outage. Commenting on the Sun infrastructure of Solaris V210 servers, Chris Billing, Market Data Manager, CST, London said "We closely evaluated the Linux and Intel combination but found that there was no cost or performance benefit over the option of continuing to use our established Solaris Unix and Sparc configuration from Sun. We went with Sun for the scalability, the stability and enhanced security of the Solaris operating system".

The implementation of RMDS running on the Sun Solaris platform allows CST to easily scale up the support of their broking business, supporting up to 800 users with a greatly simplified and more resilient infrastructure.

"This is a strategic technology investment for us – we expect the cost savings to repay our investment in less than two years. We weighed up all the options and our view of where the market is going. From the combined Reuters/Sun system we'll see savings in server management and communications and increased resilience through centralising the acquisition and distribution of market data and services," said Geoff Chapman.

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