

MARKET DATA

Faster, Damn it, Faster!

PC Quote makes headway with HyperFeed.

BY CRAIG MCGUIRE

With ever-expanding trade volumes showing no sign of receding, the pressure is on for market data vendors to not only provide greater capacity over faster, reliable market data feeds, but do it as cheaply as possible. While it may not have the name recognition or market share of a

Reuters or a Bloomberg, Chicago-based PC Quote, armed with a suped-up version of its HyperFeed market data service, is making its mark.

Realistically, no one's going to confuse PC Quote with one of the leading market data vendors which have carved up the lion's share of the industry—Reuters leads touting 485,000 desktops worldwide, Bridges places itself at approximately 300,000 worldwide, and Bloomberg claims 117,000 globally. There's still plenty of business to go around. Looking to grow its already sizable user base, PC Quote spent two years developing the next generation market data feed—HyperFeed 2000 (H2000) it debuted earlier this year.

In development since 1997, H2000 entered beta testing in October and was fully functional by the end of last year. "In 1996 we saw a need to prepare for future market growth and came up with plans for HyperFeed 2000 in late 1997," says a spokesperson for PC Quote. "The first priority this year was to switch existing clients on our 112 feed, and we have also brought on 80 new end users."

PC Quote had been delivering HyperFeed via 112KB and 1024KB prior to the introduction of H2000. While 1024KB had capacity and speed equivalent to the new H2000, it was not always economically feasible for some clients as it required a T1 line from PC Quote's Chicago-based ticker plant.

"To alleviate this burden, we set up

SONET rings to get T1 distribution to more customers, more economically," says a spokesperson for PC Quote. "Clients from far away from Chicago usually went with our satellite delivery which was 112KB." Many of PC Quote's 112KB clients were actually older clients still using OS/2. When PC Quote introduced 112KB, OS/2 was the first multi-tasking platform for distributing data.

The improvements H2000 provided over PC Quote's previous offerings became apparent immediately to some users. "The difference is like night and day, from the 112KB HyperFeed to HyperFeed 2000," says Douglas Hurst, president of Atlanta-based Capital Gains. His firm went live with H2000 in February.

"Once we switched, we were seeing the market in true real time," says Hurst. "We haven't seen any gaps or had any technical problems with the new feed. Speed is vital to our business. We trade strictly on momentum and if a stock has changed direction in the last few seconds, our traders may make the wrong trade at the wrong time if they don't have accurate fresh data. Our traders turn around a trade in minutes or seconds and if data is 2-3 minutes old, they may make decisions based on bad information."

While he was satisfied with the 1024KB PC Quote offering, A.G. Huston, executive vice president, strategic planning at NY-based broker/dealer A.B. Watley Inc.,

he also was concerned that it required a full T1 for delivery. "Our new compression routine compacts data so that it takes up 1/9th the space of raw data, and 1/3rd the space of our previous delivery," says Huston. "A.B. Watley and other clients like the peace of mind knowing that we have the capability to instantly expand our bandwidth at any time."

So far, H2000 seems to be holding its own against the competition. Shortly after launching four years ago, Chicago-based software developer Risk Information Systems & Consulting tapped PC Quote to provide a live data feed to its proprietary trading software, Remote Trader Workstations (RTW). Traders on the vendor's network have PC Quote installed in their workstations, including live market quotes, news technical analysis, fundamental data and historical data. "We have had the opportunity, when on the trading floor, to compare speed of data delivery on our network relative to other trading applications," says Shelly Brown, managing director at Risk Information Systems. "During the circumstances we have observed, PC Quote data was at least equal to, but in most cases faster than the other quote data."

Meanwhile, the H2000 has in some cases strengthened PC Quote's relationship with existing clients. Chicago, Ill.-based The Arbitrage Group has used PC Quote's services for over six years. The firm currently uses H2000 to feed its inhouse proprietary trading applications on some 20 terminals. The in-house applications were developed to monitor and arbitrage options. Asked if PC Quote cost-justifies itself, Arbitrage Group President Bernie Rice says, "PC Quote's HyperFeed is so valuable for options exchange data, at four times the price it would be worth it."

The PC Quote spokesperson says the vendor is currently working on additional enhancements including channelization. No release date has been scheduled yet for the upgrade yet. ■