



International Financial Leader Gains Trading Edge with Savvis

Business Challenge

Algorithmic trading division of major financial institution needed a new low latency solution and speed to market for their first colocation service.

Overview

One of the world's most prominent global financial services companies, with more than 150 years of tradition, faced a key IT business decision for one of its most successful trading divisions. The parent company's investment banking division is comprised of more than 20,000 employees operating in 50+ locations across 25 countries. They have a presence in all major financial centers as well as emerging markets throughout the world. Industry competition is high and a seamless connection from trading desk to market application and exchange is essential. So in late 2007, when the division decided for the first time to outsource part of their IT business, the selection of the right provider would be one that could shape their long term business success and supporting operating model.

Opportunity

The financial giant's U.S.-based algorithmic trading division offers award-winning and market-leading advanced algorithmic market trading applications to high frequency traders looking for a competitive edge. Traders are continuously searching for ways to stay electronically ahead of other buyers and sellers. It's a business where success is built on speed and confidentiality. Being even a millisecond ahead of a competitor on a deal can be the difference between significant profit or loss. Any lag or latency could be a deal-breaker.

The decision to entrust Savvis to handle their first off-site colocation was primarily the result of a strong business relationship cultivated by active involvement over several years. What began as an initial order for Savvis network services, evolved over time into an opportunity to educate the customer about the advantages of Savvis hosting and financial services solutions. Savvis earned the opportunity to grow the business by getting close to the customer, understanding their needs, being responsive and developing the right business solution.

Company:

Leading international financial services firm with business units in private banking, investment banking and asset management

Industry:

Financial Services

Savvis Solution:

Colocation/Hosting, Savvis Markets Infrastructure Connectivity, Managed Storage and Professional Services

Line of Business:

Private banking, investment banking and asset management

Target Market:

Corporate, institutional, retail and high-net worth private clients doing business in more than 50 countries

Location:

Headquartered in Europe with U.S.-based investment banking division and offices in 25 countries

Solution

Speed is the key to this solution; speed to market and to the liquidity venue. Savvis was given an extremely tight window to bring the solution to market. The bar was raised to new levels in migrating the customer's IT infrastructure, including a dozen blade chassis, to Savvis' New Jersey data center. Aggressive installation deadlines were met or exceeded by Savvis technicians in getting equipment and services installed and operational.

While time to market was a key selling point, reducing transaction latency was perhaps more important. Latency, the lag between transmission and receipt of a market order, can be disastrous when dealing with sub-millisecond financial transactions. With Savvis Markets Infrastructure Connectivity service, customers can save valuable milliseconds per trade. Placing the customer's trading applications close to financial exchanges — in this instance NYSE Arca and BATS Exchange (BZX), whose own trading infrastructure resides in a Savvis data center — had the desired effect, reducing latency and providing a much needed edge in trading.

The client also chose Savvis to manage a mission critical piece of their footprint, data storage. This marked a significant first for the client, entrusting their data to an offsite provider. Savvis had the available space and expertise to manage the client's 3Par storage box and SAN fabric, providing improved response time with a scalable solution.

Benefits

Leveraging Savvis Markets Infrastructure enabled the firm to achieve its ultimate goal, attaining low latency trading ability. The solution offered additional benefits in the form of lower latency for the firm's clients that reside in the same data center.

Ultimately, the Savvis solution provided cost efficiencies, technical enhancements, operational efficiencies and speed to market. By utilizing resources not available to the customer in-house, Savvis was able exceed the customer's high expectations.

The Future

Buoyed by the success of its initial colocation venture with Savvis, the financial firm has procured additional data center space from Savvis, tripling their current colocation footprint, to accommodate amongst other business needs their proprietary trading division. It is also exploring other proximity hosting opportunities with Savvis in the U.S. and Asia and evaluating the potential of purchasing proximity services for their customers who would like to be closer to their trading applications. The need for speed has never been greater in today's volatile financial markets and this key player is entrusting Savvis to help them get to the market first.

**For more information
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