



# THE FINTECH CAPITAL ISSUE TWO

LONDON'S FINTECH LEADERS TALK REGULATION,  
DATA, NEW TECHNOLOGY, MARKET EVOLUTION,  
START-UPS, ENGAGEMENT & DIVERSITY

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**GLOBAL LEADERS IN FINANCIAL SERVICES AND COMMODITIES TECHNOLOGY RECRUITMENT**

# LEADING MICROWAVE MARKET DATA TO THE MAINSTREAM

Stéphane Tyč\_  
*Co-Founder, Quincy Data*

**M**ARKET DATA DELIVERED OVER microwave is moving very rapidly beyond early adopters. The key driver is a latency advantage in the milliseconds. This advantage is defined by physics and dominates the internal decision cycle time of more and more automated strategies. As with many technologies on the cusp of widespread use, perception represents the most critical hurdle remaining.

The most apparent driver for adoption of microwave market data is the material speed advantage of microwave over fiber. The former can approach the speed of light through air while the latter is capped at around two-thirds the speed of light. This edge is a physical constant, varying only by the length of the

route. In the primary US trading corridor between Chicago and New Jersey, for example, the best fiber networks require 13.5 milliseconds (ms) round trip; the best microwave network from McKay Brothers is rapidly nearing 8 ms on that route.

The latency advantage over fiber, however, is not alone in driving microwave data's adoption. A market data service is most useful if its latency is better or equal to the latency of the best private networks. Market data services may wither if a private microwave network dominates a particular route with the lowest latency. Affordable microwave market data services are increasingly adopted when their latency is equal to or better than the private networks on those routes. The growing availability of these competitive services allows more firms to utilize wireless networks for market data.

A less direct driver of microwave market data adoption is faster decision cycles employed by contemporary risk managers and traders. Most firms' decision cycles are under 10 ms today versus 1000 ms a decade ago while the absolute fastest are of the order of 1  $\mu$ s (microsecond). This reduction has been accomplished not only by more powerful computing tools but because data consumers have become very adroit at compressing the number of signals needed for decision-making. The result is that when the decision cycle is less than the difference between microwave and fiber latency, you have to adopt microwave data; otherwise



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your decisions are based on stale data. It is very simple, practical and powerful arithmetic.

Microwave transmitted market data has several powerful catalysts driving it to mainstream use. It is still in the early phase of acceptance in terms of broad industry perception. Conversion is limited by the view that microwave technology is available only to those firms wealthy enough to engage in an expensive low latency "arms race." Many data providers remain opaque in terms of the pricing and contract terms, creating additional hurdles for potential clients. Due to the fragmented nature of early stage technology deployment, some potential users may have been concerned about an early period shakeout and waited for the thriving vendors to emerge before committing.

Quincy Data has faced each of those issues in turn and hopes to provide the leadership to shape these issues of perception. Our tailored data distribution business model has done much to shift the perception from competing in an arms race on speed to partnering on

speed. We developed a service based on our customers' needs: providing them only the desired data sets, only where they want to receive it and at an affordable price. We are also the lowest latency service on many routes. The result is a more level the playing field and, we hope, a healthier and fairer market for all market participants.

Transparency and flexibility will improve the perception of the industry and open the door for increased adoption. We implemented a number of measures to promote transparency which we hope become industry practice: we publish both our latency for every route and our prices on our website. We even indicate where we think we have the fastest link. Our contract terms are for three months, which preserves client flexibility if our data service doesn't meet their needs. We offer a discount for small and emerging firms to help promote industry growth. Fast, fair, and flexible are a solid foundation for a mainstream service.

Finally, broad-based adoption is encouraged when data users are confident that their vendors are not selling flavor-of-the-month extensions to some distantly-related "core" service. The credible microwave data service vendors will grow and add breadth and depth to their offering over time. They will develop a track record of consistently delivering for their clients, supporting their service and improving the technology.

A dominant technology becomes obvious only in hindsight. But the market's early leaders will have fostered adoption by focusing not only on the technology but on the needs of the clients. We hope to meet clients at the confluence of powerful market forces promoting microwave market data and the rising tide of credibility.

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