



# The Myth of DIY

Data is crucial to financial market trading. The management of related hardware, telco, data centers and market access is front and center of strategic decision making, but the pace of technological change is accelerating. This affects everything from the assets in the business to the relationships that must be built and maintained in an expanding global network. Performance, cost and control are under scrutiny like never before. When something matters this much, it's vital to base strategic direction on fact, not fiction.

**What are the myths and the truths around a DIY approach to the management of these vital assets and services?**

## The Illusion of Control



Where once businesses managed servers, communications infrastructure, data and market access in-house, rapid change has increased the risks and exposed inefficiencies around DIY. Direct links to an exchange or a telco vendor can give false comfort and a misplaced sense of control. When there are problems to solve, great relationships might get you to the front of the queue for troubleshooting, but can you maintain this long term through changes in key personnel?

As you expand to new exchanges in unfamiliar territories, can you guarantee that you have the resources on the ground to handle onboarding, address cultural and linguistic complexities, and keep the service on track?

This is where an established, global MSP can offer huge value to its clients. Years of partnering with exchanges, telco vendors and traders from small hedge funds to tier-one banks provides unparalleled expertise and sustainable collaboration. A managed services provider (MSP) can shoulder the burden of relationship management, freeing up resources for the trader to focus on their core expertise, and deliver benefits to the exchanges by smoothing complex onboarding, testing and certification processes. The attention that an MSP can give to the day-to-day running of infrastructure, data and market access removes the need for those troubleshooting calls. In many cases, problems are identified and solved before the client is even aware of them.

## The Challenges of Flexibility



Reducing risk and allowing traders to concentrate on their essential activities are persuasive arguments against a DIY approach, but it's vital to understand that this is not a case of all-or-nothing. Managed services democratize trading access. It's up to each individual organization to pick the services they need to compete effectively.

Many traders take the strategic decision to maintain control of some aspects of their services and delegate others. It's common for larger organisations or those with very specific requirements to source specialist hardware direct from vendors and to hand off management to the MSP. Others may choose the MSP route for rapid time-to-market speeds and the seamless management of dynamic shifts between primary exchanges as the market fragments or consolidates.

The elastic resource and specialist knowledge of an MSP complements a company's expertise. But can they beat a DIY approach for performance?



## The Perception of Performance

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When you want to get from A to B, do you get there faster by breaking your own path or by taking the highway? There's a perception that going your own way is the best course for high performance and fast results. This couldn't be further from the truth.

Maintaining a high-quality service for every user is the business of an MSP. There is a depth of expertise and skill that comes with being a specialist in your sector, as great traders know. This focus on delivering exactly what the client needs provides a service as good, if not better, than could be achieved in-house.

The clearest advantages are in physical infrastructure, market data feeds and latency. An MSP can invest in the best technology and renew it regularly, making Layer 1 switching and the latest generation "Wall Street-grade" hardware available to clients where this might otherwise be impossible for them to access.

It's important to maintain a flat network design for reliably consistent ultra-low latency, minimizing the distance in switch hops from server to exchange and dynamically routing to the fastest feed available. Between data centers, MSPs have the market power to negotiate the best possible latency on the majority of routes. When nanoseconds count, there are options to build out dedicated switching and to tailor the service to individual needs.

## The Reality vs the Myths

The myths surrounding a DIY approach have been barriers to optimal strategy for too long. Understanding the reality behind control, flexibility, performance and costs is essential when tailoring a forward-looking strategy for business success.

Dedicated in-house management of hardware, telco, data centers and market access is not always the best course of action. When decision makers separate the myths from reality, they can choose the most appropriate strategy to meet the needs of the business. This will include managed services for the many commercial and operational advantages they can bring to the table.

Discard the myths; find the perfect hybrid of DIY and MSP elements to help you optimize your operations, cement your competitive advantage, and achieve your goals.

## Public or Private

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What are the costs of a DIY approach, and how do they compare with a hybrid or fully outsourced solution? At the most basic level, smaller traders can find that the DIY investment needed to keep up with the competition is prohibitive. With an MSP, they have the chance to access the best technology and mutualize costs, paying for one server rather than a whole cabinet, a shared rather than a dedicated pipe, and a proportion of the circuit costs that would otherwise have to be borne in full.

Infrastructure-as-a-Service (IaaS) removes capital assets from the balance sheet and ensures that the bottom line reflects the actual operating costs of doing business rather than fixed depreciation values. This is an important consideration for reporting and communication with stakeholders.

There are also soft costs associated with the shift from DIY towards MSP that may not be immediately quantifiable, but are still significant, such as the time and human resources required to maintain relationships and stay abreast of rapidly changing technologies.



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