

Taking a new approach to FX data delivery
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Panelists:

- David Lyons, COO, Euronext FX
- Philip Brittan, CEO, Crux Informatics

Moderator:

- Larry Levy, e-Forex

Transcript:

Larry Levy, e-Forex: Welcome to the e-Forex podcast. Today, e-Forex is privileged to be interviewing Philip Brittan, CEO of Crux Informatics, and David Lyons, COO of Euronext FX. Welcome, gentleman.

Let's kick off with both Philip and David with our first question.

Recently Crux and Euronext announced their partnership to broaden market delivery of Euronext FX Market Data. In partnership with Crux, Euronext intends to scale the distribution of FX market data to the broader consumer market. Please tell us a little about the partnership and how you're approaching data delivery together.

David Lyons, Euronext FX: Sure, yeah. So, just a little background of Euronext FX. Euronext FX formerly was known as FastMatch, we are a foreign exchange trading platform and Euronext acquired FastMatch late 2017. The core business for FastMatch, now Euronext FX, is facilitating the trading foreign exchange.

We have a big market data business at Euronext and so it was a natural evolution for us to extend our product suite and Euronext FX and look to scale our market data offerings.

We decided to partner with Crux because Crux is a very new firm, very innovative, and using some great technology to make the client experience more efficient.

And so, Phil and I have, you know, we have a good background together from when Phil was in his previous firm at Bloomberg, so we know one another and we decided it was a good partnership to go with because we like the idea of being innovative and offering new solutions to our clients, which is certainly very interesting - really excited to launch this partnership now.

Philip Brittan, Crux: And from our point of view, we're equally excited and think it's a fantastic match. We're really excited about what Euronext FX is doing in the FX space and really trying to shake up the whole value chain around FX data.

Crux is what we call a data delivery and operations firm. We are a facilitator for data providers like Euronext FX to get their data into the hands of many clients - quickly, seamlessly, easily, delightfully for the client.

So, removing what had been an arduous wire up situation, traditionally, we become part of the Euronext FX offering, effectively, and if somebody is interested in the Euronext FX data, we take responsibility to get that data seamlessly wired into their systems - quickly, easily, through a whole bunch of different delivery options; whatever suits the client need the best way.

We also provide data validations, so just at the last moment before the data hits the client, we check it one last time, to make sure nothing has gone wrong, so that between what Euronext is doing and what we're doing, it should be very high data integrity out to the client.

Larry Levy, e-Forex: Next question to Philip Brittan. Philip, until recently data suppliers have had to deal with the friction involved in delivering and operating data feeds for their clients. Tell us a little bit of how Crux changes that and how you're changing the old way of doing things and presenting a reliable alternative and thus saving your customers money.

Philip Brittan, Crux: Sure, thanks very much. We think we're filling in what has been a long and unmet need in the industry, in helping close a gap in the data value chain. Traditionally, it's been the responsibility of consuming firms to wire up to sources of data, to do the work and connect to an endpoint - download the data, check the data, potentially scrub the data, validate it, standardize data formats, etc., and then store the data - and only then, is it available for them to start using and getting some unique value out of researching, feeding an algo, being a model, pricing engine, etc.

And this can take months of calendar time between when they bought the data and when they can actually get it in production - which is bad for the data consumer, and bad for the data supplier, waiting around for the data consumer to free up resources to do all that work.

I did some research and found that firms spend generally 80% of their data time and energy on this up front work, and it's exactly the same work as everyone else is doing – it's being done over and over and over again and it's highly redundant.

So we started Crux almost three years ago in 2017 and quickly got backing of Goldman, Citi, hedge fund Two Sigma and more recently Morgan Stanley - to be an industry utility, a neutral utility that does not sell or resell any data ourselves and does not have any analytics ourselves. So, we're agnostic to the data, agnostic to the client use case. We simply wire up to the sources of data, like Euronext FX, and then we provide very fast connectivity of that data into lots and lots of clients. So, we bring efficiency, we ring just a lot of costs and redundant effort out of the whole process - get the data from the supplier to the consumer wired up, ready to go, fully validated in a consistent way - so it just takes a whole lot of headache, time, wasted effort, that's been around all the time, for no reason at all. We've just created this new category of firm, that we think was just simply missing, and we now fill that gap.

Larry Levy, e-Forex: Brilliant. David, do you have any ancillary comment to that.

David Lyons, Euronext FX: I think the utility model is certainly growing in terms of significance - it brings massive efficiencies to the market. It is something that you can scale, it is economically attractive to clients, it's economically attractive to us because we can use the technology that Crux is deploying to really deliver something quite unique to clients, which is the ability just to almost plug and play.

And what we found in traditional vendors, the speed to market is not what clients are looking for - clients are looking for - it's almost like online shopping – you want to go online shopping, you want to buy something, you want to have it delivered overnight by Amazon. In the same way when you buy a market data, you want to be able to have access to that data very readily.

And one of the one of the most attractive features with Crux is that it's very fast turnaround time. Whenever we've been dealing with the team there, tsuper responsive, they get things moving very quickly and I think they're actually quite disruptive in the industry because they're setting a new standard. So, from our point of view, we like that, we think it's good for us and it's good for our clients and, ultimately, that's the most important aspect.

Larry Levy, e-Forex: You're very keen at Euronext to bring FX Market Data to the broader consumer market, enabling academic, commercial and financial institutions that are not part of your ECN to benefit from your datasets. Why is that?

David Lyons, Euronext FX: So a big part of our mission statement is transparency in the market and we feel that there's a need for greater transparency across the market and for many aspects, and market data is one of these. The entry level for accessing FX market data is extremely expensive if you're looking for the primary sources. We think there's a much broader use case. We know that our volumes certainly support the market data in terms of quality, and in March our ADB was almost 40 billion.

We know that there's enough information - it's very, very valid data - so we want to make that data available to people at a much more commercially attractive price point. It may not be the primary trading firms who need access to that data because they already have access to the data, it's a much broader use case, and that's the area that we're interested to explore - to make the data available to a much wider client base - that's the goal for us.

Larry Levy, e-Forex: So would you say your price point goes down to that of retail or is it still very much an institutional proposition?

David Lyons, Euronext FX: So the retail aspects of it maybe not quite the retail aspect, but certainly we are very interested to have dialogue with clients. And we can have conversations at multiple levels and different entry points depending on the use case of the data itself and how much data they're actually looking for - how fast they need the updates of that data, etc. There's a lot of different ways that we can package this up and we can deliver bespoke solutions. So, yeah, we see this as being a much broader potential client base than just the big trading firms that actually will be interested to explore.

Larry Levy, e-Forex: Brilliant. Next question for you as well. David, in what ways is the use of cloud computing helping leading FX providers like Euronext to better meet the current challenges of increased volatility and disruption to the markets?

David Lyons, Euronext FX: I mean, the recent circumstances that we all face now are very, very different – where entire firms are working remotely. We were able to transition from working in the offices in London, Manhattan and Singapore to working from home because we use, cloud access, so we can have the same information in front of us from our home office as we had in the real office. So, that's a huge advantage; it gives us a lot more flexibility than perhaps many other firms have.

We were able to react very quickly to circumstances, and of course, the paramount importance was placed on the health and safety of our staff, we wanted to make sure that people were safe and also for our clients who extremely concerned that we didn't want to put anything at risk that could be avoided. So, by using cloud technology, we were able to react very quickly. Of course, it's a new learning, so in terms of some of the things that you have to use more frequently than you maybe used before - like video calls as well or Zoom calls or teams calls, etc. However, very quickly, the community - and not just our own internal community, Euronext FX - the wider communities adopted this, and the new communication channels are very fluid and it's almost like business as usual now. So, without the cloud, that would have been tough to do.

Larry Levy, e-Forex: Phillip, do you have any follow on from that, about cloud computing and so forth?

Philip Brittan, Crux: Sure, well I fully agree with everything that David just said.

You know, we've been in a trend for the last, you know, 5-10 years towards cloud computing - and we've seen, the adoption rise over time.

I do think, for lots of reasons, that the cost efficiencies, the elasticity, the fact that you don't have to spend a lot of capital building a data center and then hiring a lot of people managing it and all that, it's all part of utility model – being able to get rid of things that are not really your core business. And so, we've seen that move towards cloud computing.

The recent crisis, I think, has accelerated a whole bunch of trends that were already underway and one of those trends is a move towards cloud computing.

For all of us, you know, including Crux, who are cloud native, it's very easy to move to work from home, distributed workforce and there's really nothing in our office, except for desks. It's great to be with each other, but we can easily work from home. Everything we do is cloud based. Our product is cloud based and all our internal systems – CRM, finance, all systems, etc are all cloud based as well. So, super easy, and I just think we're going to see an acceleration of that. From our point of view, the fact that we run everything in the cloud gives us those elasticity benefits, gives us security benefits, a whole lot of capabilities.

What we see among the client base is a journey of folks moving from their old owned and operated data centers to the cloud - and different folks are at different points of the journey.

So and, you know, we're set up to be able to meet customers wherever they are. So, even though we're cloud based, a customer might still be using their own data center, and they can use our API or use FTP or use our python client to pull data directly into their data center from the Crux cloud.

Or if they are moving to the cloud, or have moved to the cloud, or partially moved to the cloud, we have deep integrations already built with Amazon AWS, with Google Cloud Platform, with Microsoft Azure and with Snowflake. So, if a client is using one of those as a data warehouse, we can simply connect to their instance and automatically deliver the data that we have adjusted, processed, validated into their data warehouse - so it's zero work for the client for us to be able to do that. And we think over time, that's going to become much more of the norm. It's going to take a little while, it's a journey and a lot of folks are kind of in a hybrid state right at the moment - particularly larger financial institutions - but it's clear that that is the force of history and the direction of the future.

Larry Levy, e-Forex: Okay, and following on from that. The next question for yourself as well, Philip. Flexibility and delivery is important for many FX firms. What options for managing data other than a wholesale adoption of Cloud computing are available to them?

Philip Brittan, Crux: Sure. So, Crux offers a variety of different delivery methods; different ways that clients can access data. You know, what we've seen in recent years, it used to be that every data provider basically had FTP, or maybe a loader program, to get data into the hands of clients.

And now, very few people want to use FTP anymore, and very few want to run a loader program for security reasons, maintenance reasons, a whole bunch of reasons.

However, it's not one new thing they want. Now, clients have 25 different things that they want, based on their own internal setup and their usage of their platform.

So we've built out a whole bunch of different methods to cater to all those needs. We have a beautiful modern RESTful API, we have a Python client, we can push or pull FTP, and we have direct push connections into all the major cloud providers and we do wire ups to other analytical platforms, EDMs, and wherever clients need the data - we wire up and we deliver it into them. Again, the whole idea is to take the toil, and the work, and the time, and expense, off the hands of the client, so that they can just get the data in the form they need it, where they needed, as quickly as possible.

Larry Levy, e-Forex: Brilliant. And just a further question before I go back to David. And this is to both of you as part of this, with this whole use of the major cloud providers, does that change the reliance on the main Equinix - NY4, TY3, LD4, sort of data center triangular set up for actual transactions? Perhaps the question is more open to David, but either, please go on.

David Lyons, Euronext FX: I don't think we do away with the primary data matching centers. I think, what we do is the data that's derived from these matching engines is what's placed on the cloud, because the sheer volume of data that's going through is incredible, so, it's more a case of where things are stored rather than where the real time matching takes place. Real time matching - the trading community are all connected to the data centers that you mentioned, it would be crazy to try and change that - it's very efficient the way things operate just now. I don't think the input changes, I think the output destination for much of the data that's derived from these matching engines is where you see the cloud really taken.

Larry Levy, e-Forex: So as more and more transactions have taken place and much more is recorded, there has to be this, almost, separate backbone in the cloud to cope with the sheer volume of data and access requests. Right?

David Lyons, Euronext FX: That's right. And what we experienced ourselves at Euronext FX in March when volumes and volatility really spiked and volumes went through the roof - some clients couldn't handle, never mind storing the data, they couldn't handle the amount of real time data that we were sending out to them, so, they had to scale back in certain currency pairs or in some cases they had to cut off some currency pairs just because they couldn't handle the amount of data that was coming at them. So yeah, it's definitely, it's a big issue for some firms - we are fortunate that we are scaled up. We're ready, we can cope with that type of thing - our technologies are super efficient. We don't experience any issues, but we are aware that some of our clients did experience issues and it was, you know, as a direct result of the volatile period that will just be improved.

Larry Levy, e-Forex: Okay. Any comments, Philip?

Philip Brittan, Crux: No, I think David stated it very well. Fully agree.

Larry Levy, e-Forex: Okay, final question here to David followed by Philip on the same question. David, the FX market has a wide range of participants, such as banks, brokers, asset managers and hedge funds. What factors are influencing your own choice of suitable Cloud providers to partner with?

David Lyons, Euronext FX: So, I think the key word there, Larry, is choice and we want to offer our clients choice. One of the super impressive things about the Crux offering is that they offer choice. So, if somebody wants to have access to our data, they choose where they access the data. They have a selection - it's not just you have to code to one place and you can only access the data in one place, you've got a choice and that's key. We're seeing, not just in market data, but in many other aspects of our business, clients looking for choice.

We very much like to partner with innovative firms, people who are looking to make things more efficient, better, higher quality of service, and just deliver a better end experience for clients. So the key for us really and this we apply to any partnerships that we're working on just now, new partnerships we've put in place: we want to provide our clients with choice, we want to be innovative, and we want to be efficient. And that's the key message from our perspective.

Larry Levy, e-Forex: Right, so, Phillip any closing final comments and with respect to that question as well.

Philip Brittan, Crux: Yeah, so I fully agree with David - it's all about providing customers choice. You know, we live in an instant gratification world, customer choice has become paramount - both from a point of view of delighting and satisfying customers, and also for being able to move quickly. When a customer has to do something different in order to accommodate you, that just puts friction on the whole thing.

So, because of that, we have built out all these capabilities as David mentions, to access data that has been processed and validated by Crux through a bunch of different channels.

We've been very fortunate to build really meaningful partnerships with all the major cloud providers and they've all been terrific to work with and we feel, because we respond to customer needs and customer needs are very diffused right at the moment - different clients are using different cloud providers, are using different sets of tools, have different setups - we need to be able to meet the clients where they're at. And so that has required us to partner and work, across the whole cloud landscape and frankly, it's been a delightful journey for us and the partnerships we have are really terrific.

Larry Levy, e-Forex: Brilliant. Well thanks very much, both of you, David, are there any final comments that you have here.

David Lyons, Euronext FX: I just want to, you know, say thank you to you guys for giving us the opportunity to have this dialogue. We are certainly very excited about the future with partnering with Crux - we wish them well in growing their business, they are certainly having a big impact in the short term that they've been established. So, we wish them well. And of course, we are very conscious of the pandemic and the concerns around that, you know, we hope everybody stays safe and hopefully before too long, they can find a vaccine for this thing and we can get some sort of normality back in our lives.

Philip Brittan, Crux: I'll just echo the same sentiments that David just expressed. Thanks very much - to you for hosting us. And thanks, David for participating. Thanks to the partnership with Euronext, we're very positive and very excited about it.

And yes, absolutely - everyone please stay safe and we're all wishing and hoping for some positive news on that front in the days ahead.

Larry Levy, e-Forex: David Lyons, Philip Brittan, thank you very much today.

David Lyons, Euronext FX: Bye bye. Bye now.

Philip Brittan, Crux: Thank you, bye