

Competition Looms in Bloomberg Real-Time Market Data Feed Use

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A vendor has announced a feed handler system for Bloomberg's B-Pipe feed, and Reuters has confirmed that it will deliver the B-Pipe feed over its own platform. Banks should enhance their applications to accommodate multiple feeds.

NEWS ANALYSIS

Event

On 13 March 2006, Wombat Financial Software announced the availability of its feed handler for Bloomberg's B-Pipe real-time market data feed to run on its Wombat Platform and other widely used market data systems. The same day, Reuters confirmed that it plans to distribute the B-Pipe feed over its own Reuters Market Data Systems (RMDS) platform.

Analysis

Reuters and Bloomberg have long dominated the market for real-time market data consolidation and distribution for sales and trading. Bloomberg's July 2005 introduction of its platform-independent B-Pipe data feed, which allows Bloomberg data to be integrated directly into non-Bloomberg applications, gave smaller market data technology vendors, such as Wombat, an opportunity to increase their share of the market data technology market.

Coincidental with the Wombat announcement, Reuters confirmed that it will offer a B-Pipe feed handler of its own, allowing firms to, for the first time, gain access to Bloomberg data via RMDS.

Gartner believes that these actions will likely:

- Legitimize and strengthen B-Pipe, leading to increased share of the real-time market data marketplace
- Confirm Reuters' commitment to an open RMDS platform (assuming Reuters follows through on its plans)
- Buy Reuters time as it competes against small alternative market data technology vendors such as Wombat, which aim to differentiate themselves via low latency and breadth of data availability
- Threaten the competitiveness of the smaller vendors, because continued use of RMDS and B-Pipe data is no longer an either/or situation
- Alter the competitive landscape for market data technologies with consolidated data feeds no longer tied to market data distribution platforms

Recommendations

Large investment services institutions:

- Push Reuters for a release date for its B-Pipe feed handler and incorporate that date into your service-level agreements.
- Improve the operability of applications to handle multiple feeds.
- Use these announcements as a price bargaining chip with both alternative market data platform vendors and Reuters.

Vendors serving investment services firms:

- Pursue market strategies that presume the unbundling of market data feeds from market data distribution platforms.

Analytical Sources: Mary Knox, Peter Redshaw and David Furlonger, Gartner Research

Recommended Reading and Related Research

- "Consolidation, Integration to Mold Stock Exchanges of the Future" — Market data vendors such as Reuters, Thomson and Bloomberg must reposition themselves to cope with change. **By David Furlonger, Ralph Silva and Peter Redshaw**
- "Findings From the Gartner 2006 Global Research Meeting: The Impact of Cross-Border Trading on Data Management Strategies for Investment Services Firms" — Investment firms must adapt their data management strategies to support a diverse set of information demands. **By Mary Knox, David Newman and Debra Logan**

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