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Powering top hedge funds

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Real-time analytics for hedge funds

Make millions by making faster and more profitable decisions while slashing time, money, and resources needed for order processing, reporting, compliance, and more.

Hedge funds are always seeking alpha. But these days, potential profits may be driven more by data and analytics than by financial fundamentals.

That's why the need for both data and high-speed analytics for hedge funds has exploded in the past few years. This is especially true with hedge funds' use of big data, alternative data, and data-powered investing. Analyses of increasingly large sets of alternative data, from social media posts to news reports—and just about anything else—can have a big impact on investment decisions. They can also highlight important economic trends that provide new opportunities.

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Key facts

More than **$3 trillion** total value of assets managed by hedge funds worldwide in 2019

More than **50 percent** of market-leading hedge fund managers use seven or more alternative data sets

$1.7 billion estimated spending on alternative data by fund managers in 2020, up from $400 million four years ago

Faster analytics and processing capabilities and more-flexible data strategies are required to capitalize on the massive amounts of alternative data. They need to enable fund managers and analysts to easily work with billions of rows of data in near real time. Hedge funds need to be able to rapidly onboard information from both local and cloud-based sources in a scalable and consistent way. And analysts need to be able to use that data to quickly explore new ideas, create new models, and make faster decisions.

Even hedge funds that don't rely on alternative data are falling behind the competition when it comes to real-time analytics. Market volume has exploded. For everything from daily order processing to reporting and Order Audit Trail Systems (OATS) and Consolidated Audit Trail (CATS) compliance, getting reports or critical analysis completed in ever-tighter timeframes is becoming increasingly difficult with most existing hedge fund systems. At the same time, controlling and managing risk has never been more important, or more difficult.

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Modern analytics with Yellowbrick Data Warehouse

Hedge funds have highly specialized analytics needs--needs that legacy platforms and conventional cloud data warehouse can't meet.

Yellowbrick Data Warehouse is uniquely different, providing lightning-fast performance, enterprise-grade security, and predictable pricing that hedge funds count on. Yellowbrick is an advanced MPP SQL analytic database for demanding batch, real-time, ad hoc, and mixed workloads. Built from scratch for best price/performance, its adaptive "cut-through" architecture takes best advantage of any physical (e.g., optimized instances) or virtualized (e.g., Kubernetes) infrastructure—delivering 100x performance for thousands of users at a fraction of the cost of alternative data warehouses. On top of that, we add a modern, industry-standard database interface (PostgreSQL) that's familiar to users for ecosystem compatibility. The result is a modern, quickly provisioned, and easy-to-use solution that blows the doors off rivals in price/performance economics and that can be deployed anywhere across distributed clouds (private, public, and edge networks).

Challenges		Opportunities
Compliance	→	Get faster access to more-granular data for automated and ad hoc regulatory disclosures
Siloed data sources single	→	Seamlessly integrate multiple data sources and legacy systems data into a instance for better investment decisions
Real-time data processes	→	Integrate real-time data—of any amount—seamlessly into decision-making and models
Overwhelming flows of real-time data	→	Discover new opportunities for profit and competitive advantage via more-accurate models based on the latest data sets
Onboarding new data	→	Rapidly onboard new data from any source, using standard tools, to support analytical needs
Rapidly testing new ideas and models	→	Get freedom to choose data centers, public clouds, and both (hybrid) for deployment
Rapidly scaling systems to meet new opportunities	→	Address new opportunities by scaling data and analytics horizontally or vertically without limits
Data incompability sources, into	→	Seamlessly integrate as much alternative data as wanted, from cloud or local analyses and models
Integrating cloud data with data from local systems while increasing flexibility and agility	→	De-risk cloud journeys via freedom to choose data centers, public clouds, and both (hybrid) for development
Security when data	→	Ensure security by encrypting data at rest by default, with rapid de-encryption access is required by authorized users

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CUSTOMER SPOTLIGHT

Top Hedge Fund and Market Maker

A top hedge fund and market maker found its existing database and analytics infrastructure unable to keep pace with current requirements in a variety of ways. The company knew it needed to modernize its SAP Sybase IQ legacy technology to keep up with modern-day market volumes. The legacy system was overly complex and provided poor performance. In addition, the company was struggling with timely OATS and CATS compliance reporting.

After evaluating a range of options, the hedge fund selected Yellowbrick for its solution and achieved significant results:

- Yellowbrick performance was 10x the nearest competitor.
- Daily order processing dropped from five hours to four minutes.
- Yellowbrick enabled near real-time ad hoc reporting for reports that previously took hours.
- Yellowbrick's hybrid architecture enabled the company to deploy on premises.
- Yellowbrick provided the ability to run compliance reports even when the internet was down.

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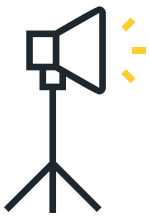

CUSTOMER SPOTLIGHT

Top 10 Hedge Fund

A major top-10 hedge fund faced multiple challenges with its existing analytics platform. The company needed more speed and flexibility from the platform, which wasn't keeping up with current business needs. The legacy Microsoft SQL Server and KDB proprietary database for time-series Trades and Quotes (TAQ) data was unable to meet critical performance requirements. In addition, the new solution needed to leverage standard SQL and standard tools for seamless analytics by existing users. And the solution needed to support a hybrid environment, with the ability to deploy both on premises and in the cloud.

After evaluating both KDB and SQL Server upgrades, the hedge fund selected Yellowbrick for its new analytical platform for the following reasons:

- Yellowbrick's performance was exceptional. The system loaded 1 billion records in less than three minutes.
- Yellowbrick was the only solution to meet the company's research performance requirements.
- Yellowbrick met or exceeded performance requirements for future predictions of extreme workloads and disaster recovery situations.
- Yellowbrick's hybrid architecture provided ultimate flexibility with its ability to deploy both on premises and in the cloud.

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Fast & easy migrations

Yellowbrick is compliant with industry standards for plugging seamlessly into existing environments that include common data integration, BI, and identity management tools. Migrations are fast and easy from any legacy platform, and we'll work with you to validate your use cases and success metrics along the way.

Try a free test drive:
Try Yellowbrick Data Warehouse, including new Yellowbrick Manager features for developers and analysts, at no charge for 7 days. Currently available on AWS EKS; Azure and Google Cloud availability coming soon.

It's that simple.

yellowbrick.com

"More and more alternative investment funds are adopting a 'quantamental' approach, a blend of fundamental investing combined with a more quantitative approach. Central to this new way of thinking is the emergence of alternative data."

Casting the Net: How Hedge Funds Are Using Alternative Data, published by the Alternative Investment Management Association and SS&C Technologies, 2020