

Eze Castle Sees Four Tech Trends for '07

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BOSTON (HedgeWorld.com)—Traditionally, hedge funds have not been among the first adopters of new technology, and 2007 is not expected to be an exception to that rule, except in one possible case: mobile trading and portfolio management platforms.

More hedge fund managers are exploring this technology, which allows them to monitor their portfolios and make trades via handheld wireless communication devices, said Bob Guilbert, managing director of marketing for Eze Castle Integration, in an interview about trends for 2007.

The drawbacks, including reduced processing speed and less convenient functionality, appear to be outweighed by the benefits of not having to be tied to the trading desk or office, at least as far as Eze Castle Integration has found. Eze Castle, in fact, is planning to announce a partnership with wireless software provider Pyxis Mobile Inc. and broadband provider eAccess Solutions Inc. that will bring real-time portfolio management and trading capabilities to the hand-held communication devices of Eze Castle Integration clients.

Eze Smart Mobility Solutions includes a range of wireless applications from Pyxis Mobile and hand-held devices from eAccess that will enable users to access reports and market data, manage portfolios and orders and track compliance violations from anywhere using Pyxis Mobile's mPortfolio.

Pyxis Mobile in July announced a partnership of its own with International Information Systems to bring this technology to smaller hedge funds.

More clients are demanding such mobile platforms, Mr. Guilbert said, because "they want to monitor things using wireless devices." This frees the managers from being tied to their desktops, and they can even get out of the office completely. Of course there is a price to be paid for functionality, and in this case that price is speed, Mr. Guilbert said. Using wireless communications can mean a four- to six-second delay in the time it takes to receive information and execute a trade, even with the best software on the market. "There is always a delay of some type coming through wireless devices," Mr. Guilbert said.

Another trend Mr. Guilbert said he sees continuing into 2007 is hedge funds implementing disaster recovery plans, and buying the information technology equipment to carry out those plans. Investors want to know that a hedge fund manager has a plan for continuing to do business if, say, a nor'easter knocks out power to downtown Boston. More than that, investors want to have the plan explained to them, so they understand the work flows, who the key employees are and how the hedge fund plans to keep its systems running. It's part of the due diligence process. "Our clients are saying that before they put money in a hedge fund, they want to see the plan," Mr. Guilbert said.

Related to this, Mr. Guilbert said he expects hedge funds to accelerate their adoption of so-called storage area networks in 2007. The Wikipedia entry on "storage area networks" goes on at length and in some technical detail about what they are and how they work, but to boil it down, a storage area

network is a framework for network servers to communicate with data storage devices like tape drives. They allow for easier sharing of stored information, and are especially useful in disaster recovery, since they allow for reliable long-distance connections to remote data storage devices. "They can replicate data in real time from one location to another," Mr. Guilbert said.

Mr. Guilbert said the use of such networks by hedge funds will likely grow next year. "It's easier to manage a SAN environment than it is to add storage to a server," he said. And SANs are scalable, meaning they can more easily accommodate growth of stored information and networks.

Another technical trend that likely will catch on among hedge funds in 2007 is voice-over-Internet protocol, or VoIP technology. Instead of traditional phone lines, VoIP uses Internet connections such as T-1 or T-3 lines to transmit phone calls. Mr. Guilbert said it can cost less than traditional phone service, and it's also more easily scalable, which means it's easier to add more phones with individual numbers using a VoIP system than using phone lines.

Mr. Guilbert said he's forecasting these four trends based on feedback from clients. "It's kind of an interesting intersection across trends—protection of data, IT infrastructure and also mobility," Mr. Guilbert said.

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