

New Research from NET2S demonstrates that two thirds of today's trading latency is generated by applications alone

Applications and firewalls identified as responsible for 85% of total system latency

London, Monday 21st July 2008: NET2S, the leading business and technology consultancy for the global capital markets, has completed the first and most comprehensive study of end-to-end trading latency across numerous asset classes. Using real-world tests in the trading environments of top-tier investment banks in London, NET2S has discovered that the majority of latency is generated within the banks' own applications.

Most financial institutions have tuned their networks or taken advantage of proximity hosting solutions. The network, on average, contributes to just 13% of a system's overall latency. This is now the second smallest contributor, below messaging (at just 2%). The new latency culprits are the applications at 65%, and firewalls at 20%; which together contribute to 85% of overall latency today.

"Latency is produced at numerous steps in the trade processing chain, however it can be simplified into three main layers; the network, the middleware and the applications. Our research sought to dispel some of the hype that circles around the industry, and reveal the true landscape of latency requirements across all lines of business," states Andrew Staniforth, Senior Consultant at NET2S and lead researcher of the study.

"Our research shows that the fight against latency in both the middleware and network layers is pretty much a won battle. In the last few years in London alone, the average tier-1 investment bank spent close to £10 million on direct connectivity, hardware upgrades, increased bandwidth and proximity hosting. The industry must now do battle with their applications if they are to finally win the latency war, and we predict that significant investment will be made in this space over the next few years," concludes Frédéric Ponzo, Managing Director of NET2S and co-author of the report.

For a full copy of the research report, 'Electronic Trading: The Latency Challenge' please contact Jennifer Cole on the details below.

About NET2S

NET2S is a leading international consultancy specialising in capital markets technology. Since its creation in 1996, NET2S has built an impressive track record in consulting & advisory services, delivering complex projects and providing managed services. NET2S works with major sell and buy side firms, technology vendors, data providers and exchanges, with clients including over 50 global financial institutions, in particular 19 out of the 20 top investment banks. NET2S offers solutions for business critical systems across all asset classes, with particular focus on risk, electronic trading and data management.

NET2S is publicly quoted on EURONEXT and has over 950 full-time employees globally, with a comprehensive presence in Western Europe and North America.

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