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The TECH 50

The leaders in financial technology rely on innovation and agility to anticipate market needs and stay ahead of rivals.

Masters of a Volatile Universe

Challenged by complexity and turbulence, the executives in the forefront of financial technology innovation — the *Institutional Investor* Tech 50 — show an uncanny ability to come up with the right solution at the right time.



Gaurav Suri, Head of Information Technology and Software Development D.E. Shaw Group

D.E. Shaw Group still bears the name of its founder, computer scientist David Shaw, who launched what began as a \$28 million hedge fund in 1988 and left day-to-day management in 2002 to pursue computational biochemical research. Now a \$30 billion global investment firm, D.E. Shaw has always depended on homegrown, state-of-the-art technology to fuel its highly sophisticated quantitative strategies and analytics. But this aspect of continuity in the firm is anything but static. “Innovation has been the hallmark of our success,” explains Gaurav Suri, head of IT and software development since 2011. “It comes from the grass roots and is not a top-down phenomenon.” To help keep it going, Suri has instituted hackathons — not to break into systems but to encourage his 400 technologists, more than one third of the firm’s 1,100 employees, to hatch new ideas that keep D.E. Shaw ahead of what competitors are doing and vendors are selling. One weekend last summer 45 teams of three or four people spent 32 straight hours brainstorming and coding, stoked by pizza and snacks. “We think this approach to innovation allows us to attract talented people and keep them engaged,” says Suri, 42, who joined the company in 1996 from Bell Laboratories.

On April 2 the U.S. Securities and Exchange Commission declared that corporations could use social media like Facebook and Twitter to publish required financial disclosures, in the same way they use websites. Two days later Bloomberg claimed an industry first when it added live Twitter feeds to the proverbial fire hose of information gushing into its vaunted terminal network.

Hardly alone among the leaders in financial technology spotlighted in this year’s *Institutional Investor* Tech 50, Bloomberg’s Thomas Secunda seeks out opportunities presented by marketplace changes and prizes agility in responding with innovative products. No development has stirred the competitive juices of financial technology strategists over the past couple of years more than social media, and Bloomberg’s Twitter integration was a home run, a masterstroke of timeliness. It’s one reason Secunda, Bloomberg’s global head of financial products and services, repeats this year as No. 1 on the Tech 50 ranking.

But there is more to the story than the SEC’s announcing something on a Tuesday and Bloomberg’s working some programming magic by Thursday. Secunda, who oversees the Bloomberg Professional service as well as the company’s 3,000 technologists, says the Twitter system was in the works for a year. “We’re constantly building our products,” he notes. “In this

case the timing worked out especially well.”

Lucky? Perhaps. But this win also came about by design. Without its army of programmers and one of the financial world’s most extensive and aggressive commitments to research and development, Bloomberg wouldn’t have been prepared for the Twitter opening, nor would it be the pacesetter that it has shown itself to be since its start in 1982, when “you had to invent technology to survive,” as Secunda, a Bloomberg co-founder, puts it. The company “still writes and builds some of its own technology,” he adds. This year it looked downright Google-like when it launched a \$75 million venture capital fund to get in closer touch with high-tech start-ups. In that regard, however, Bloomberg might be seen as a latecomer: Citigroup, in the person of chief innovation officer Deborah Hopkins (No. 14), has been on the ground in Silicon Valley making strategic venture investments for five years. ICAP (see Michael Spencer, No. 16) introduced its Euclid Opportunities incubation fund in 2011, resulting in an investment in and business relationship with OpenGamma (KirkWylie, No. 50).

Indeed, in a hotly competitive industry that is buffeted by economic, regulatory and financial market uncertainty and depends on information technology to maintain its dynamism and resilience, no organization has

a corner on intelligence, inventiveness and the ability to be both lucky and good — and even to stumble.

In May, Bloomberg had to issue apologies when its news reporters were found to be monitoring the comings and goings of terminal users. Bloomberg’s bad press gave a publicity boost to Markit Group, led by CEO Lance Uggla (No. 3), which is developing an alternative to Bloomberg’s popular chat feature. The Markit project is not new; it fits within a desktop strategy that has been on Uggla’s drawing board for years. And it was not explicitly designed as an attack on Bloomberg, which would have the option of linking to Markit’s chat network. But the script went in unplanned directions, and the timing was fortuitous. Meanwhile, Markit has become a target of a European Union antitrust probe into the derivatives business.

IntercontinentalExchange CEO Jeffrey Sprecher (No. 2) has engineered more than a few acquisitions since the turn of the century, but two of his bolder bids fell short: for the Chicago Board of Trade in 2007 and for NYSE Euronext (jointly with Nasdaq OMX Group) in 2011. Last December, Sprecher got the big prize, landing NYSE Euronext in a deal now hurtling toward completion. “Postclose,” says Sprecher, “serving evolving customer needs through technology will be core to our success.”

Years of effort in cloud computing are yielding tangible cost benefits for the likes of Goldman Sachs Group (Steven Scopellitto, No. 6) and State Street Corp. (Christopher Perretta, No. 30). With new regulations and risk controls putting a premium on collateral and the ability to move it around, platforms built for that purpose by Euroclear (Lieve Mostrey, No. 34) and Omgeo (Marianne Brown, No. 28) are now coming into their own.

Capital One Financial Corp. (Robert Alexander, No. 37) runs R&D labs in three off-site locations, and Fidelity Investments relies on its Center for Applied Technology to prepare for advances that will reach the market in two to three years. “The more you engage with the things that are changing,” notes Fidelity enterprise chief technology officer Stephen Neff (No. 5), “the more you realize what you don’t know.”

The Tech 50 ranking was compiled by *Institutional Investor* editors and staff, with nominations and input from industry participants and experts. Four primary sets of attributes were evaluated: achievements and contributions over the course of a career; scope and complexity of responsibilities; influence and leadership inside and outside the organization; and pure technological innovation. Of the 50 entries, 38 return from last year. The 2012 ranks are noted, and the rest are designated “PNR” (previously not ranked).

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