

TRADING UP

Sonny Baillargeon, Chief Technology Officer for Pico Quantitative Trading, appreciates the introductions to manufacturers that his collaborative relationship with CDW affords.

Multi-asset trading services provider chooses a technology partner that has the offerings and insight to help its business grow.

At a Glance

COMPANY: Pico Quantitative Trading (PQT)

HEADQUARTERS: New York

EMPLOYEES: 30

I.T. STAFF: 20

BUSINESS: Pico Quantitative Trading is an agency-only broker that specializes in providing services to multi-asset electronic trading clients.



“We wouldn’t be in business if we didn’t push the envelope and innovate.”

— Sonny Baillargeon,
Chief Technology Officer,
Pico Quantitative Trading

Time is money, and nowhere is that adage more true than in the financial services industry. As a provider of latency-sensitive electronic trading services, Pico Quantitative Trading must leverage advanced technology to meet its clients’ needs for speed and reliability.

But PQT is not only a technology-driven company, it is a technology company.

“We deal in micros and nanos, millionths and billionths of a second,” says Sonny Baillargeon, chief technology officer for the New York-based business. In low-latency trading, investors hold positions for just a brief period of time — from

a few seconds to a few hours — and trades are made around those positions, sometimes thousands of times a day.

To put it mildly, it takes a lot of raw computing power, employing complex algorithms, to analyze the incoming market data and implement proprietary trading strategies. “If you’re sitting next to Nasdaq, getting information every microsecond, it’s very expensive to have all the infrastructure in place to handle that,” says Baillargeon.

PQT provides this platform on behalf of its clients. “We provide the same technologies they would deploy, but we’re able to defray the equipment and management costs,” he says.

But even though PQT buys the latest hardware and software just as soon as it comes out, the small company has struggled at times to stay on the radar with manufacturers. Founded in 2009 with just a handful of employees, PQT often did not receive the attention it needed from technology vendors.

“We live on the cutting edge of technology, and we’re learning about new technology all the time,” Baillargeon says. Still, it was an uphill battle trying to get noticed by vendor account managers who could put the CTO in touch with technical engineers. Baillargeon’s calls to his largest technology suppliers occasionally went unreturned.

Making Connections

When it came to purchasing hardware and software, Baillargeon typically got quotes from a number of resellers and made decisions based on price. In 2012, an industry colleague recommended he add CDW to his shortlist of resellers.

At the time, Baillargeon sought a dialogue with HP, whose servers form the backbone of PQT's IT infrastructure. "We could never seem to get the right person on the phone," he says.

When called onto the account, CDW Financial Services Consultant Stefan Perreca learned PQT was an HP shop. "They were curious about HP's roadmap compared with some other vendors," Perreca says.

As luck would have it, CDW executives were hosting some HP staff in their Chicago office that day. Perreca didn't skip a beat. He immediately arranged a call between Baillargeon and Tim Golden, CTO of Industry Standard Servers, Americas, for HP.

"Perreca put us in contact with senior people at HP who tried to understand what we aim to do and how best to configure their hardware, specifically for low-latency applications," Baillargeon says. The conversation was fruitful for both sides.

Golden walked through HP's current server line and talked about future releases, asking Baillargeon for feedback about what technology PQT might need from HP moving forward. Baillargeon's wish list included such items as a denser server platform, more processors per unit of rack space and more focused BIOS and tuning abilities for the financial markets. HP is currently working on many of these developments as a direct result of that early conversation.

"CDW helped get the right people to talk to me," says Baillargeon. "Their vertical knowledge was the big value add."

The CDW Financial Services team works exclusively in the industry, meaning team members such as Perreca understand the issues from the ground up. In Baillargeon's experience, CDW's access into the higher echelon of vendors was key. "This other reseller I was talking to had to call EMC to schedule some time a couple of weeks out," he says. With CDW, needed contacts and connections were available immediately.

Mapping Out the Big Picture

With the baseline trust between PQT and CDW in place, the relationship got a boost when Baillargeon met with

Value Proposition

CDW's Financial Services team does three key things for its customers:

1. Keeps abreast of trends: "We are continually being briefed and trained by vendors," says CDW's Stefan Perreca, a consultant with the group.

As new products come out, the CDW Financial Services team is among the first to know. "We have the relationships to set up meetings for our customers with key vendors regarding emerging solutions. We are a single point of contact for those we serve," Perreca adds.

2. Facilitates product demos and lines up test equipment and vendor engineering resources: "We send out a lot of demo units from our vendors and also from our inventory," says Perreca. "At CDW, we're committed to ensuring that our customers get the broadest benchmarks possible."

3. Enables quick purchasing: CDW ships to different collocation sites across the country, with a high percentage of orders shipping overnight. "We understand that if one of our customers needs a server to deploy a new application or strategy, they lose money every day they don't have the box," Perreca says.

CDW also takes great care to ensure that optics, cables and other needed parts are shipped. "If you're missing a cable, it's irrelevant that the server got there overnight," says Perreca. "The last thing we want is for our clients to spend \$50,000 and not be able to use it because a part is missing."

Perreca and his colleague Scott Hiemstra, founder of CDW's Financial Services team, at the High Performance Computing conference in New York. The trio hit it off immediately. When the Financial Services team helped to sketch out a technology plan designed to drive PQT's business, the rapport only deepened.

Perreca believes CDW's edge comes from understanding both the industry and how technology fits into the big picture. "It's one thing to repeat speeds and feeds over the phone, but to discuss how the product is really used and how it can help the customer make money, that says a lot," he says.

Over a six-month period, CDW helped PQT improve its internal infrastructure by enhancing its virtual machine cluster and backup system, and boosted its trading infrastructure by implementing the latest server and network technologies.

"We are a growing firm. We doubled our IT budget year over year, and it will probably double again," says Baillargeon.

Perreca explains PQT's growth as a function of the

firm's business model. "This is one of the only industries where there is a direct correlation between technology and revenue. Most other companies see technology as an expense that supplements their core business. These financial services firms *are* technology companies."

As such, PQT needs to stay ahead of the market. "We wouldn't be in business if we didn't push the envelope and innovate," says Baillargeon. "CDW sees technology across many different sectors. It's a huge company. They have a great insight as to what others are doing. I know that what I'm buying will scale."

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Number of data centers
PQT operates in North
America, Europe and Asia

A Two-Way Street

PQT aims to stay abreast of emerging technology, so Baillargeon appreciates having insider access on relevant new products. "I'm always looking at the next fastest thing, if it fits," he says. The relationship with CDW provides the firm with that advantage through the connections it offers to leading vendors in the industry.

Baillargeon is interested in the gamut of IT infrastructure, not just solutions for the trading side. The CDW team recently briefed him on everything from virtual desktops (which he plans to deploy) to the latest antivirus software. Once or twice, he has asked CDW to look into a vendor it did not carry. "I gave them an introduction to a storage and networking company. I said, 'Why don't you go take a look at them?'"

The CDW team has repaid the favor by introducing Baillargeon and his colleagues to a few potential clients.

"They're out in the industry, and companies ask for help," he says. "It's fantastic."

The exchange of ideas and contacts flows both ways. The CDW team often asks PQT to vet new technologies and concepts as only a cutting-edge user can do.

"We talk a couple of times a week, reviewing new products," says Perreca of PQT's CTO. "It's valuable to have a customer like Sonny who is so knowledgeable in the industry, to get his feedback on a new product. He provides great insight as to why they would or wouldn't use it."

Baillargeon is happy to help, noting that his company is always experimenting. Unlike a large corporation that might take six to eight months to get something approved for deployment, his team has the flexibility to try it and buy it.

"We are validating and proving things all the time," he says. On occasion, the CDW team can flag a new technology even before it enters beta testing. Baillargeon appreciates that kind of access.

In his years in the industry, Baillargeon has learned that relationships are important above all. He likes the fact that he can meet with Perreca and Hiemstra on a regular basis (generally at trade shows) for some face time. "The in-person time is important. People want to trust, to believe in someone, to vet their decision with someone else. The level of trust is there with CDW. I trust what they say," he says.

In a sector that operates at lightning speed, PQT is evolving rapidly. "We see opportunities on a daily basis. We have good relationships with the exchanges and many types of technically sophisticated customers. A disruptive technology can come out tomorrow. If it helps our clients, we will implement it," says Baillargeon, whose work motto is "Expect the unexpected."

Growth spurs more growth, and Baillargeon expects CDW will be along for the ride. "CDW understands what I am looking for."

For more information, visit: cdw.com/financial.



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