

Use Case | Alternative Data



TickSmith's Internal Distribution Platform standardizes alternative data for ingestion and distribution as scale

The Need for Alternative Data

Alternative data in the financial industry refers to non-financial data that impacts financial markets. This data is essential, as it gives insight into the potential price movements and behavior of financial instruments. Some examples of alternative data are crop health indexes, factory shipment counts, newspaper announcements, industry maps, product definitions and more.

Alternative data helps investment firms generate alpha and improves trading strategies. Analysts, whether fundamental or quantitative, use alternative data to feed their models and to analyze stock trends, to conclude what to invest in and how much to invest in it. Institutions that sell alternative data need to centralize and standardize the data, and make it usable for consumers.

The challenge for both use cases is that there's a lot of alternative data providers with varied and overlapping data. The sheer amount of alternative data out there makes it extremely difficult to manage and organize. How is it possible to get the data from different sources into the system? How can the alternative data be standardized for consumption? These are challenges in which TickSmith has both the experience and technology to overcome.

TickSmith's software:

- Securely processes thousands of data sets
- From complex financial data to alternative content
- Productizes data flows from files and real-time feeds
- Automates management, enrichment & delivery
- Enables Petabytes of data

Supported methods of data ingestion and delivery:

- Push and Pull
- APIs
- SFTP
- S3 to S3

Data Complexity resolved by platform:

- Different data types
- Different data sources
- Different encryption



TickSmith - More than Ticks

While TickSmith predominantly works within the sphere of Big Data for Capital Markets, our platforms are engineered to ingest all types of data. Alternative data is different by nature in the way that it is structured, the type of information it has, and the way the user can engage it. While the incoming data ingested is different between the vendors, the final data sets distributed from the system must be in the same standard format for end-users.

It is estimated that 90% of the data available today was created during the last two years. Never before have we seen data amassed at such a phenomenal rate, as it is now. Companies that use alternative data to derive strategic insights will be ready to advance and compete in their industry. TickSmith's Big Data technology is crucial for any institution that requires standardization and distribution for their mountains of data.

For Analytics & Hedge Funds

When installed by clients, TickSmith's Internal Data Distribution Platform ingests alternative and traditional data used to feed analytics and models. Clients have the ability to mix this content with their own data. "We have the solution to centralize alternative data and make it A.I. available. We are an A.I. enabler," says Marc-André Hetu, CPO at TickSmith. "Our Internal Data Distribution Platform ingests data—any data— from alternative sources and other verticals, and makes it so that analytic processes can be accurately applied to it."

An example of using alternative data for analytics, is of an alternative data provider that provides camera footage on the Winnebago factory. This data provider simply counts the number of finished vehicles coming out of the factory. The data can be used to analyze the number of outputs in relation to the stock tickers of other competing companies. A correlation can then be formed to predict the relative price of Winnebago's stock, based on the company's actual output.

Standardizing Alternative Data

Our platform uses a powerful ETL to normalize alternative data. It reads the incoming input data format and is able to change the behavior. This flexible and configurable ETL transforms the format of the data and rearranges it to match the data products being sold on the web store. Once in the system, the data is then categorized and organized to be easily accessible. The end-user is able to hit the same API end-point with the same parameters, and get the data they're searching for, no matter which vendor it's coming from.

Using a module called Data Cataloging, the platform creates a catalogue entry per data set, which indicates the data provider, type of data, how it's ingested, and how it goes out of the system. The module allows for metadata to be attached to the data product, which separates the data conceptually for different users.

TickSmith's combined deployment of ETLs, APIs and modules on the platform enables alternative data suppliers to efficiently normalize their data for distribution. For example, Orbital Insight is an alternative data provider for CME Datamine that supplies analysis images of the shadow on the top of oil silos. This data can help determine the amount of oil inside each silo, whether it's empty, 30% full, or more. The approach is to use the position of the satellite and the position of the sun to measure the shadow on the silo's floating top. When the oil goes down, the floating top goes down. By the set shadow, it is possible to calculate how much oil is in the silo.

The objective in normalizing the data for end-users is to get the data information as close as possible to how it will be used. In the case of Orbital Insight, the end-user would simply get the percentages of silos filled on a specific set of dates. The data is available by cities, with estimated capacities versus the actual fill capacity. The goal is to allow data consumers to get the information that is necessary in the most simplest form.