Bloomberg blames 'internal network issue' for global outage

April 17 2015, byPan Pylas

Bloomberg LP's trading terminals, which are used by most of the world's biggest financial firms, went down for a few hours Friday due to apparent technical problems, a crash that prompted the British government to postpone a planned 3 billion-pound ($4.4 billion) debt issue.

Users said the outage started as trading was about to get in full swing around 8 a.m. in London, which along with New York is one of the world's largest financial centers, particularly in foreign exchange and bond markets. When trading began in the U.S. a few hours later, most customers were up and running. But for most, at least two and a half hours were lost.

By day's end in London, Bloomberg said its service had been "fully restored." In a statement, it said hardware and software failures in its network caused excessive volumes that led to customer disconnections as a result of the machines being overwhelmed.

"We discovered the root cause quickly, isolated the faulty hardware, and restarted the software," it added. "We are reviewing our multiple redundant systems, which failed to prevent this disruption."

Though the outage is an extremely rare phenomenon for the firm started by former New York mayor, Michael Bloomberg, in the early 1980s, it's likely to cause concern at the company, as it raises questions over backup systems and the quality of its technologies.

"It signals that the disaster-recovery protocol in place for the market leader in trading terminals is insufficient," said Will Jan, a vice president and lead analyst at Outsell, an independent research advisory firm based in Burlingame, California.

Jan said it's likely going to take time for Bloomberg to make the necessary fixes, and that as a result he wouldn't be surprised to see firms looking at alternatives, such as Thomson Reuters Eikon and S&P Capital IQ.

Over the past couple of years, the company has been in the headlines for reasons it would rather not. In 2013, it said it was "inexcusable" to allow its reporters to monitor the activities of clients on its terminals following a complaint by Goldman Sachs.

Bloomberg has become the world's biggest financial information provider, overtaking rival Reuters. The company is privately held and is not obliged to divulge financial information, but said in September that its revenue grew to more than $9 billion in 2014, with 320,000 subscribers globally.

Alastair McCaig, market analyst at IG in London, says he can't remember anything similar ever occurring with Bloomberg. He says the impact on markets and businesses was likely tempered by the fact that most trading firms have both Reuters and Bloomberg terminals "just for this eventuality."

The biggest impact would have likely been felt in the bond markets, where Bloomberg has a big edge over Reuters.

The outage prompted the U.K.'s Debt Management Office, which organizes bond issues on behalf of the government, to postpone its planned 3 billion-pound tender of short-term bills Friday "due to ongoing technical issues with the third party platform supplier." All bids submitted were "deemed null and void." Later, it said the postponed offer would take place Friday afternoon.

Still, some Bloomberg customers took the outage in good spirits, joking about it on social media. Some quipped that Greece should have defaulted during the blackout and no one would have known better, others that it was time for an early trip to the pub—having drinks on Friday is popular in London's trading community.

At the very least, the outage is likely to have prompted traders to speak to one other more—one of Bloomberg's most used function, a messaging system that allows users to chat with each other around the world, was also down.