

Trusting the source



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Over the past 2 years the business of capital markets trading has become even more closely entwined with technology than ever before. During record-breaking market volatility and volumes, firms faced the novel challenge of having most of their global staff working from home and that dramatically accelerated digital transformation in a very short time frame. With this backdrop we have seen exponential growth in demand for increasingly sophisticated monitoring and analysis of the trading plant as more and more firms look to exploit the intrinsic link between technology efficiency and execution performance.

For the sell side, having the correct insights into the performance of their trading systems and client experience, allows them to make optimizations to their stack that can make a critical difference to financial performance. As the buy side has become more data driven and systematic in their approach to how and where they execute their flow, the use of advanced data sets and algo

customization has continued to increase. This means that fractions of basis points in overall execution performance can mean the difference for a sell side firm being ranked as a top broker or being cut off entirely.

We have seen organizations responsible for electronic trading execution, not only seeking more high quality execution metrics, but they also want more context into exactly why specific outcomes have occurred. Understanding the relationship between trading plant performance and execution outcomes is evolving into another arms race around execution alpha. The insights born from that understanding can drive the changes needed to both deliver against clients expectations and optimise P&L and the firms with superior execution analytics, intelligence and understanding will be the winners.

While firms focus on more accurate data and sophisticated insights to improve trading outcomes, they are also faced with the ever increasing challenges of data lineage and the need to be able to augment, manipulate and transform data

that can be captured from the wire. Fundamental to being able to achieve this is the ability to manage the multiple protocol changes that naturally occur as orders traverse a typical trading infrastructure. This is where the ability for a trade plant monitoring and analytics platform to be easily integrated with other systems and effectively act as middleware is critical. Clients are demanding true multi-hop performance analysis that allows them to really understand tick-to-order and tick-to-trade timeframes not possible with legacy solutions. To deliver against this it must be possible to compute complex and integrated calculations in real-time as the norm.

Increasingly demand for trade plant analytics is not just coming from infrastructure and network teams as has historically been the case. As the race for a competitive edge has accelerated, easy integration with other systems ensures that the data and analysis produced can be leveraged by multiple user groups and stakeholders across an organisation, whilst ensuring that the output they interact with either via a user interface or API is tailored to their specific needs.

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For example, the network team will want to receive both different metrics and also differently formatted insights to that demanded by the trading technology team or by the trading desk themselves. Due to our unique framework any external data source can be rapidly integrated with xMetrics to create both user defined fields and functions not inherent in the raw data and additionally to be analysed alongside the massive amounts of data that xMetrics produces to display a truly holistic view of an entire global trading plant.

We have also seen expectations around alerting frameworks evolve rapidly, with SLA based alerting being superseded by adaptive multi factor alerting that relates real-time changes in behaviour vs historic and multiple inter-related performance metrics. These alerting frameworks also need to be integrated with clients messaging platforms of choice. Another question that capital markets firms have been

increasingly wrestling with is the best way to manage resourcing constraints and this accelerated the adoption of as a service models for complex platform delivery. All firms have extremely knowledgeable experts within their execution and technology businesses, but across the board these key team members are time poor. Deploying and maintaining a real-time trade plant monitoring and analytics platform can be complex and time consuming and in order for clients to make the most of the goldmine of data and insights available and maximise ROI, we are now almost exclusively providing our platform as a managed service. This is something that we would not have expected when deploying in large global organisations only a few years ago, but has now become the norm.

The last two years have been challenging for the whole market, but a very busy one for Instrumentix and this has continued as we have gone in to 2022. The world has definitely

shrunk, and technology firms have had to rapidly digitise their marketing and sales processes which has meant that in many b2b environments it is now much easier for buyers to get information and also run evaluations of new products remotely. Even without the ability to interact with clients in person we have seen strong growth in our core markets and formed exciting partnerships in new geographies and for hosted service provision. That said, we are really enjoying getting out and seeing customers in person again.

We see data at speed and scale being the continued key to success for trading businesses, but it is only useful if traders can trust the source and that is why data taken from the wire is so critically valued. Finally, the advanced contextual analytics needed to interpret existing, new and unstructured data sources to optimally manage trading businesses has rapidly become as critical as finding the data itself.

