

Front-to-back: the technology shapers

Laura Allen has more than 25 years of experience in the securities finance industry. This year she made the move from front office trading to software sales at Trading Apps. She discusses the move, and more

MARK DUGDALE REPORTS

Why did you decide to make the move from trading to software sales?

I thought long and hard before making the transition, as system sales was not on my radar.

Before committing, I spent time with key clients of Trading Apps and was sold. The company really transforms front-end processes and creates efficient workflows. I couldn't sell something that I didn't believe in.

Why Trading Apps?

Trading Apps has the best technology to find solutions to our market's challenges. The team has an open, collaborative and constructive approach, and is focused on transparency and teamwork, all of which are required for success. The other element that drives a highly productive team is its size. Trading Apps has a small team of highly experienced developers and analysts with a clear focus and enough autonomy to make decisions in a timely manner, which is key.

What role does technology play in securities finance?

Getting the right technology solutions in place for today's securities financing participant is paramount. Tighter margins and the growing costs associated with increasing regulation means that the market needs cost-efficient solutions.

Many firms have made expensive mistakes in the past, deciding to go for the 'big bang' approach. In these situations, they look to replace existing infrastructure with an internally built system, or one bought from a vendor, only to discover that upon delivery it's already outdated or doesn't fulfill the original brief, meaning it doesn't bring a tangible benefit.

In a constantly evolving market existing infrastructures aren't dynamic enough to adapt

quickly so traders rely on Microsoft Excel to meet their demands, which is neither robust nor scalable. Consequently, there is now more focus on external vendors, which are seen as valued partners in driving the overall strategy.

What is expected from a software provider?

Software providers should immediately add value, offerings should be customisable and flexible in their design, and most importantly, deployment should be rapid.

Trading Apps manages, designs and delivers technology solutions to help improve performance. Our apps sit on top of existing infrastructure and are relevant, contextual, and most importantly, clients can pick and choose which solutions they want to add to their infrastructure as they evolve.

Is securities lending getting closer to a trading platform?

Personally, given the multi-faceted nature of a securities borrowing and lending trade, I don't believe in its current form it will ever be a screen-based trading product. However, the market is under pressure: peer-to-peer trading is threatening the status quo, beneficial owners are dealing directly with hedge funds, and the credit risk inherent in stock lending has been resolved with the introduction of central clearing.

It's the higher spread business that will grow and it's where participants should concentrate their technology build. The ability to show full availability, accurately price and trade quickly will all be key. To maintain current revenues, participants need to be able to increase volumes, which means more efficient trading in the general collateral, warm and hot spaces.

Automation is inevitable. EquiLend's Next Generation Trading platform is a solid step in

the right direction, but it has to be fully integrated into participating firms to really add value and truly change the trading landscape. Also, it's only one source of locates. The majority of hot stocks are still traded via Bloomberg or over the phone. Aggregating locates will afford traders full transparency, enabling them to quickly identify trends in their market or sector and react accordingly.

A trader shouldn't be looking at multiple screens to determine demand, current availability, supply sources, collateral eligibility, corporate events, news or indicative bid/offer rates. Technology should eliminate the inefficiencies of our market.

I strongly believe that the ability to offer a real-time automated solution will be the differentiator in terms of securing market share.

What's going to be important in the next 12 months?

The most important function in any securities finance business, be it asset manager, pension fund, prime broker or hedge fund, is the ability to gather, analyse and interpret data. I expect to see more emphasis on data analysis competencies in high-functioning organisations going forward. Trading Apps allows users to look at different cuts of data that are relevant to their unique workflows rather than providing a box solution that forces users to change the way they work.

Could you describe Trading App's philosophy in a few words?

Innovative and invaluable. We have a unique blend of business knowledge, strong technologists and first-rate developers. We don't look to re-invent the wheel but choose to examine how our client works then develop individualised apps that provide a quickly discernable return on their investment. Simply put, Trading Apps is your business, only better. **SLT**