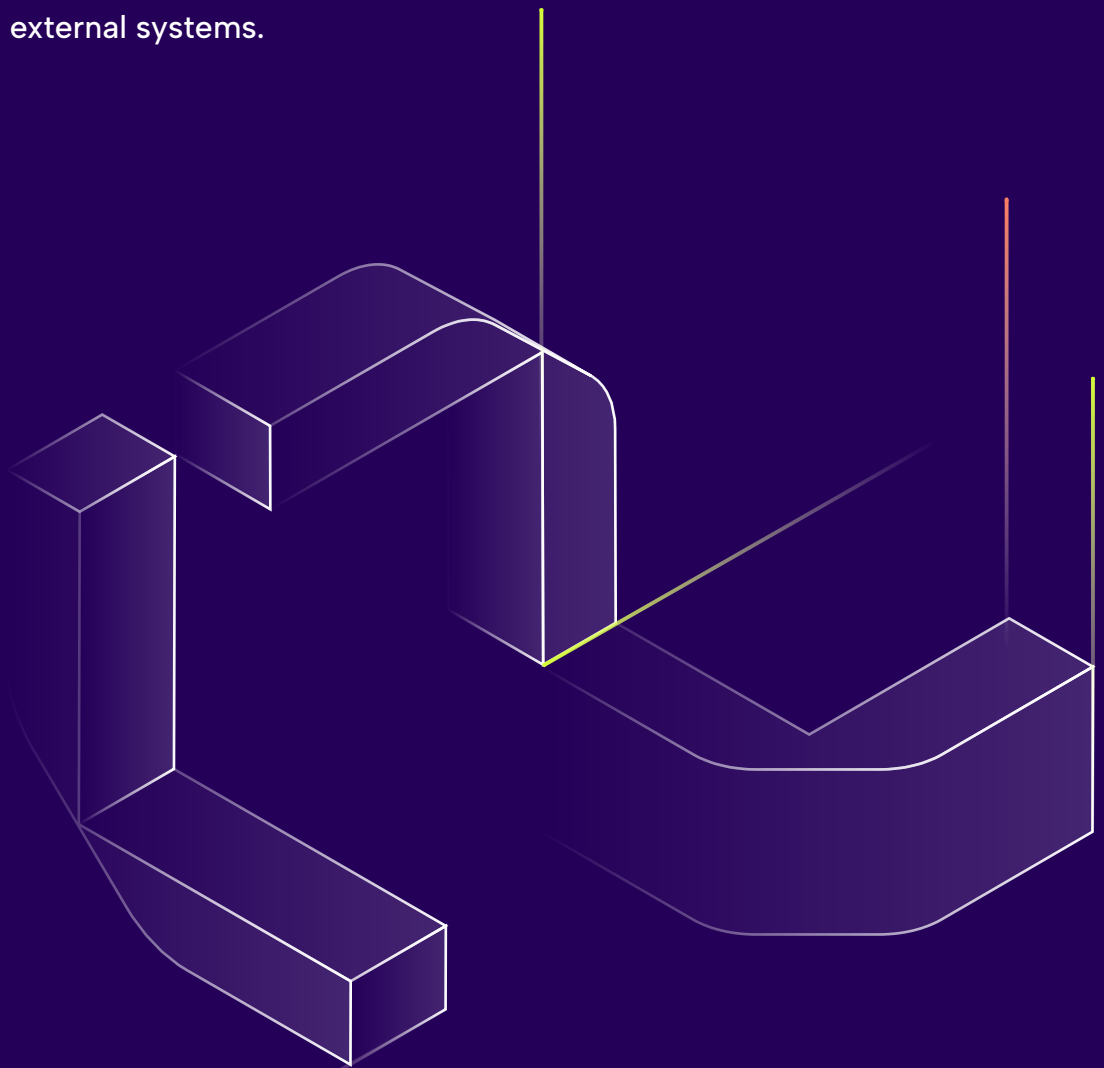


The top four considerations when upgrading your currency technology

Modern cloud technology is modular, extensible and API-based, revolutionizing the way technology is acquired and integrated with internal and external systems.



Visit us at: integral.com



Does your **technology stack** meet your growth objectives?

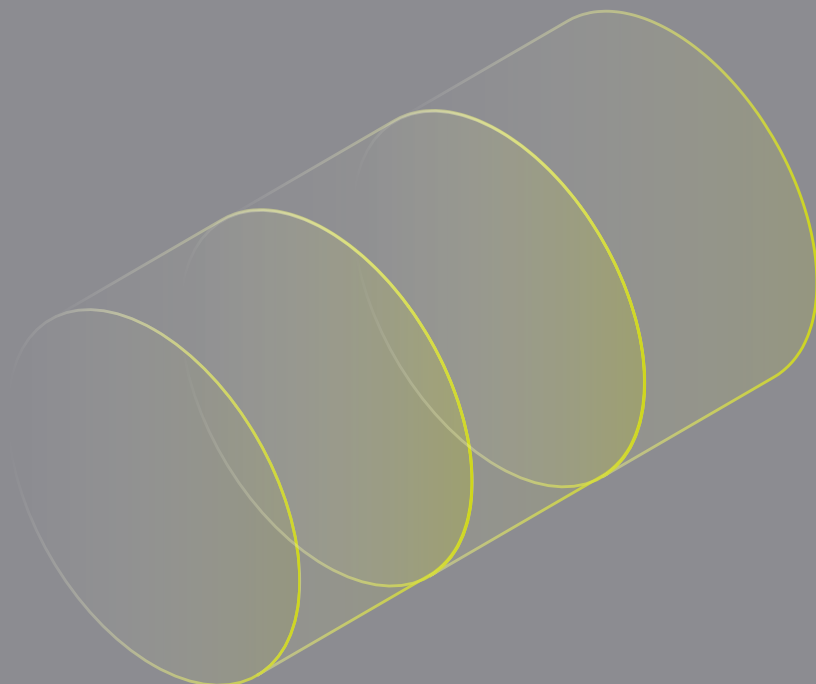
You may be wondering why you should be looking at upgrading your technology, especially if the current status quo is working fine for you. Of course, upgrades aren't undertakings to be taken lightly. However, it is worth asking yourself:

- Is your e-trading technology flexible and scalable to meet your growth objectives?
- Are you looking to internalize more flow to reduce external costs?
- Does your technology integrate with all of your internal and external systems for one end-to-end workflow?
- Are your on-going operational costs high and you would like to reduce spend?
- Is your legacy technology exposing you to potential technology and security risks?
- Are you able to deliver data-driven sales and trading processes?



The top four considerations when upgrading your FX technology

- 1 Enhance what makes you unique
- 2 Seek technology that gives you flexibility and agility
- 3 Demand a return on your technology investment
- 4 Increase your capacity without draining resources



1. Enhance what makes you unique

With banking amongst corporate and SME clients becoming ever more competitive, your ability to differentiate offerings are simultaneously becoming increasingly important and difficult.

That point of differentiation to your customers could be anything from its credit access to its relationship management or client trading interface. However, technology can enhance the special something that makes you unique in the market.

Deciding on a technology stack that affords you the ability to retain and enhance workflow differentiation where necessary should remain at the forefront of the selection process.

Buy or build?

The build option is expensive and brings a host of maintenance and personnel costs that usually push all but the biggest global banks to buy. However, the flipside is that buying means constraints and relinquishing control that may potentially hamper the point of differentiation. Bespoke configurations are possible, but that pushes the price up again, makes upgrades difficult and introduces risk.

Best of both worlds?

The alternative is partnering with third-party vendors that offer fully configurable technology stacks without the need for bespoke code. This approach can provision bespoke workflow at significantly lower cost and technology risk than building in-house. Dependent on your strategy, and how you want to differentiate your business, while outsourcing certain aspects of the workflow, there may be components of the workflow that you deem important to keep in-house. This hybrid approach allows you to retain key intellectual property and focus on what makes it unique without constraint from its technology stack.

The Takeaway

Look for highly configurable workflow automation tools that can adapt to your business flows and provide you with the tools to retain differentiation at a lower cost than proprietary builds.

It's important to know where and when you should partner with a third-party and when your needs are better suited to keeping in-house.

Work with a partner that can meet those needs without it being either an 'all or nothing' approach or imposing constraints on existing business processes is paramount.



2. Seek technology that gives you flexibility and agility

Capital markets are in a continuous cycle of evolution and are highly complex. A financial institution must constantly adjust its strategy in the face of a changing environment and client needs.

The only constant is change

When geopolitical or macroeconomics events occur or new regulations appear, the technology stack needs to be easily reconfigured or adjusted. However, an on-prem technology stack needs to be rebuilt, reengineered and restacked to accommodate change.

Interest rate spikes or expansion to serve new markets can all drive similar needs for adjustment in institutional markets.

Reliable and flexible technology

This is only possible with a nimble technology stack that has been future-proofed and operates in an environment that can be easily, scaled and adjusted at low technological risk and cost.

Adoption of cloud technology has accelerated in capital markets as institutions are looking to upgrade their technology stacks and the easiest way to achieve this is to use cloud-based solutions that can be configured to each market participant's unique requirements.

The Takeaway

Look for functionality and an environment that allows you to be lean and agile while improving operational efficiencies.

- Can it connect and integrate with all services?
- How long does deployment take?
- Is there a strong service and support?
- Does it bring front, middle & back-office functions closer together?
- Can you on-board and manage all your legal entities on the same instance of technology?
- Can it scale to meet your business needs?
- Does it provide an opportunity to reduce your total cost of ownership (TCO) and decrease technological debt?



3. Demand a return on your technology investment

Whether upgrading e-trading technology or keeping with the current stack, there's no way around the fact technology and software require investment.

TCO

The need for financial institutions to identify ways to manage costs, forecast more effectively and achieve improved returns from investments is not new.

These cost considerations apply to the technology used, not just in terms of installation, but also ongoing maintenance and upgrades. The crucial consideration is the total cost of ownership (TCO).

So, taking the 'build' route, how much would it cost to develop? How much in terms of keeping around knowledgeable people to maintain the systems and upgrade them to deal with the next trend or regulation? How much datacenter capacity is needed to cover both normal operation and spikes in activity and how much would that cost?

The initial development cost quickly becomes just a part of a much greater TCO. Vendor bought systems or software/platform as a service (S/PaaS) models may well work out to be more cost effective overall.

As a guide, you can evaluate a currency technology upgrade on one or multiple metrics.

1. Revenue enhancements – allowing you to offer a new or better service which increases revenues
2. Cost reductions – from outsourcing the hosting of technology or lowering ongoing maintenance costs
3. Cost avoidance – eliminating a cost completely by reducing errors or customer support issues
4. Capital reduction – reducing the cost of hosting and server capacity
5. Capital avoidance – removing capital expenditure such as a reduction in proprietary builds in-house

The Takeaway

Spend wisely. An important way of ensuring a return on your technology is by only investing in the technology you need.

Some vendors insist that the whole stack comes as a package, which can quickly swell the TCO without a matching increase in return on investment.

More modular or service-based models offer the choice of only selecting the workflow components required to match the complexity of your workflow. These can be extended or decreased as workflow complexity or business requirements change, allowing for improved forecasting and a high-level of operational service determined by actual business need.



4. Increase your capacity without draining resources

Market volatility is a fact of life for traders. While this can be rewarding to the trading desk, the velocity of trades combined with the enormous number of rates and calculations needed to be processed can put tremendous strain on internal resources.

Reliable and scalable infrastructure

Compounding a bank's capacity concerns is big data and increasingly sophisticated data science tools used in e-trading. These advancements are improving the interactions with counterparties and how to make profitable trading decisions with reduced market impact. However, the technology required to effectively manage and harness the power of big data can be a significant burden on capacity.

The underlying IT and software to manage this level of operations is complex and costly – spanning routers, APIs, risk management software, execution, and order management systems to name a few. In short, managing trading infrastructure is not a simple task.

Internal and external customers often demand stringent and consistent service quality, which in theory should be easy to deliver with the right infrastructure in place. However, any unforeseen capacity issues may result in latency or reliability and in turn, could be felt by the bank and its clients.

It would be easy to pour considerable resources into scaling to keep up with these needs, to find itself in a situation where asking the total cost is like asking the length of a piece of string.

However, keeping a tight rein on technology spending and development means more resources to deploy in increasing your competitive advantage.

The Takeaway

Look for a third-party to take on responsibility for highly complex, high capacity workflow requirements on your behalf – either in part or across the workflow.

Compare the latency of workflow environments amongst vendors and look for high-system uptime in all market conditions. Look at the creation and back-testing of trading algorithms that could benefit from the computational power and scalability of a partnering vendor's architecture.



Establish an edge, with leading-edge technology

A final thought

Having leading-edge technology will help optimize workflow and improve output. When assessing technology, it is worth remembering the following considerations.

Understand the problem you are trying to solve first, then look for the best provider in that space.

Ensure the provider you decide to work with has a detailed understanding of your needs.

Work with a provider that has in-depth knowledge of the technology stack you are looking to install and importantly within the context of the marketplace and workflow stage it is being used.

Verify the technology works for your needs by having the vendor offer an environment for 'what if' scenario testing and comprehensive demonstrations of the service in line with your requirements.

Look for software that requires minimal maintenance or reconfiguration on your side. Ensure that the technology easily integrates with other infrastructure in your workflow and does not cause latency or disruption.



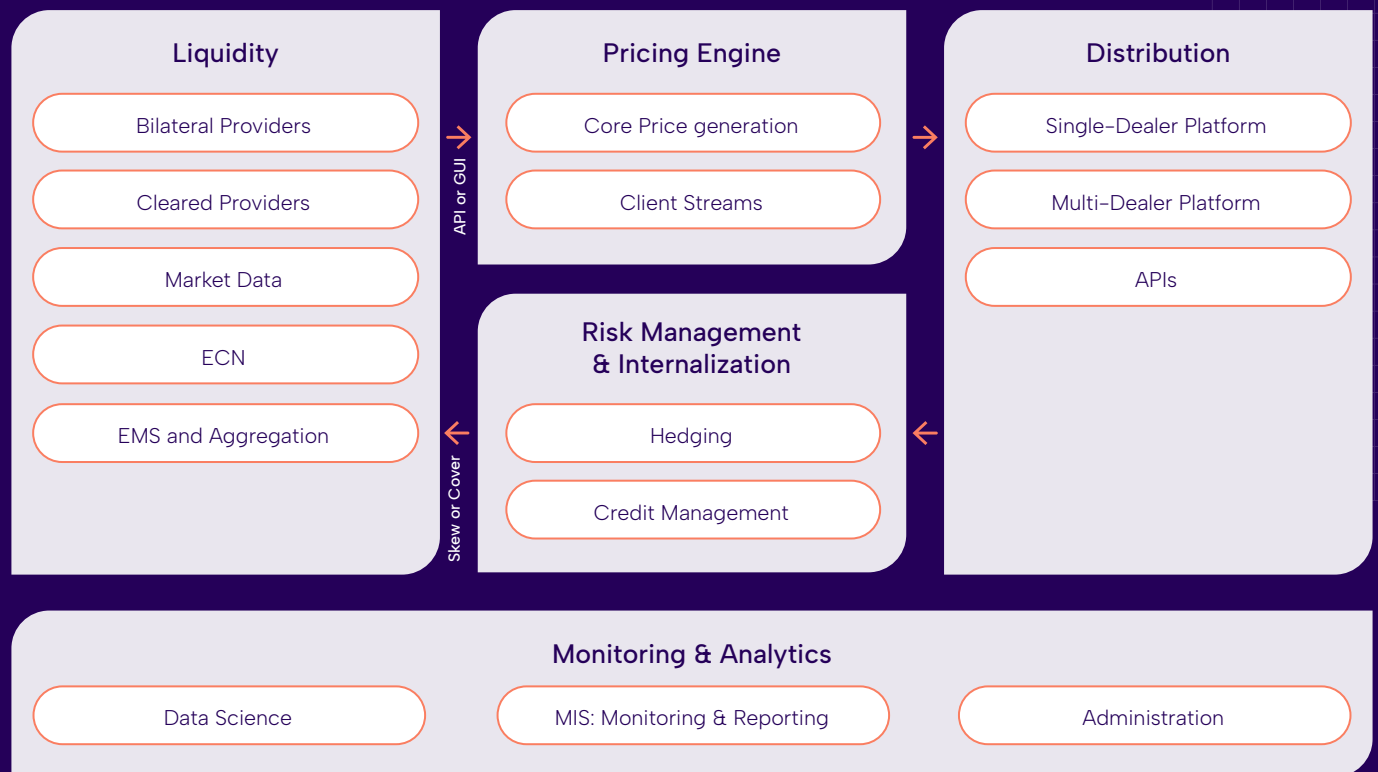
About Integral

Integral is leading the SaaS revolution. We built our cloud technology before the world knew what cloud was.

We are the currency technology partner to hundreds of financial institutions with close to \$60bn traded, transacted or exchanged daily on our network.

Adopted first by the financial markets and now invaluable to every global business across all industries – our corporate-meets-consumer cloud, technology stack is already powering the change and solving the currency challenges every global organization is facing.

Integral solutions for banks modules



For more information on Integral, visit: integral.com

