



Trading Systems as-a-Service (TSaaS) bring new benefits to Capital Markets

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Increasingly, the service-oriented business model is helping banks become more agile and efficient.

They rely on three key approaches: Infrastructure-as-a-Service (IaaS), Platform-as-a-Service (PaaS) and Software-as-a-Service (SaaS).

IaaS provides compute and storage resources on demand. PaaS comprises the hardware and development tools needed to build and deploy cloud applications, while SaaS solutions deliver on-demand business applications.



Take a more ambitious approach

When it comes to Capital Markets IT, banks face the cost, complexity and increasing time-to-market that comes with owning trading and risk systems. The reality is that none of the three service approaches is capable of resolving these challenges on its own. However, a combined approach can achieve the more ambitious goal of consuming the bank's entire IT stack as a service and unlocking additional benefits. Here's what you get:

Lesser complexity: By transferring ownership of their systems to a reliable third party and consuming it as a service, banks can rid themselves of the maintenance and management issues that monopolize their attention, and focus on expanding their business while minimizing capital expenditure.

Quicker time-to-market: The initial investment required to establish a DevOps framework or an automation framework around complex front-to-risk-to-back-office platforms, is usually quite significant. But today, it can be delivered as a native feature of an as-a-Service solution.

Greater security: All the major cloud providers have built strong best practices around data access and security layers. By leveraging these built-in features, the as-a-Service solutions provide banks with high-level security standards at no additional cost.

Better data access and insight: Bank data is typically spread across several systems, so it's difficult to generate end-to-end reports or develop a holistic view of the business. By consolidating platforms with an

as-a-Service solution, banks concentrate their data into a unified cloud architecture, allowing better and more secure access.

Lower cost, increased transparency: Many of these benefits help banks lower the total cost of running systems and operations. More importantly, they provide cost transparency so firms know exactly what they're paying for and can scale up or down to meet business needs.

Faster cost-to-revenue conversion: Instinctively, people might think that bespoke developments are an essential part of meeting the specific requirements of each bank. But the reality is that once the trade is confirmed and booked, the post-trade lifecycle is pretty similar regardless of the underlying business, whether it's an investment bank, buy-side, sell-side, treasury or commodities business.

The increasing level of standardization enables banks to open their platforms to other banks and financial services organizations, sharing costs and creating new revenue channels. galaxy-rise a billion trillion, billions upon billions?

Strategic goals determine how as-a-Service is delivered

The execution path of as-a-Service differs from bank to bank, depending on their strategy. That said, there are three key patterns:



1. Legacy versus innovation:

Instead of managing the technology stack and its complexity, banks might prefer to focus on innovation and new solutions, while ensuring that business can continue to operate as-a-Service through a third-party provider.

Focus areas:

Define scope, SLAs and dependencies on upstream and downstream systems. Make sure the bank continues to provide the timely support and decision-making needed to run the service.



2. Cost play:

Banks have invested heavily in building their trading and risk platforms with full coverage and operations, and want to reduce costs by allowing other banks and financial services firms to use the platforms and pay a service charge.

Focus areas:

Define the run and change operating model to make sure the platform continues to address all participants' requirements while remaining consistent and easy to maintain.



3. Time-to-market play:

Banks want to start trading new products and can't wait the typical 6 to 9 months implementation period required on a legacy system. So, they decide to leverage a tactical as-a-Service platform that offers a faster time-to-market.

Focus areas:

Define how the legacy and as-a-Service platforms work in parallel, and determine the platforms' future state.

Discover as-a-Service advantages in Capital Markets

To find out more about Trading Systems as-a-Service, please get in touch to continue the discussion.

Get in touch with financialservices@luxoft.com and find out how we can help you add business value through improved knowledge management.

About **the author**



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Ihyeeddine has 20 years' international experience delivering technology and business solutions to Capital Markets and Financial Services, with proven success and a track record of delivering optimal results in high-growth environments through initiatives that exceed operational performance targets and yield measurable outcomes.

In 2016, he joined the London office of Luxoft to lead the Trading and Risk Solutions practice, first in EMEA and then globally. Ihyeeddine has led several deals with banks, asset managers, treasury and commodity businesses and played a key role in steering their transformation journeys.

Luxoft has forged global partnerships with leading open source and software vendors that, coupled with our cloud and as-a-Service capabilities, provide a valuable ecosystem for our clients to scale their businesses and increase profitability.

About Luxoft

Luxoft is the design, data and development arm of DXC Technology, providing bespoke, end-to-end technology solutions for mission-critical systems, products and services. We help create data-fueled organizations, solving complex operational, technological and strategic challenges. Our passion is building resilient businesses, while generating new business channels and revenue streams, exceptional user experiences and modernized operations at scale.

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