

EVOLUTION OF TRADING STRATEGIES, TECHNOLOGY CHALLENGES, AND INVESTMENTS FOR 2021 AND BEYOND





“A must-attend event - bringing together senior buy-side and sell-side decision-makers and packed with various learning and networking opportunities.”

Gary Collier, CTO of Man Alpha Technology,
Man Group

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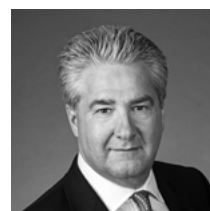
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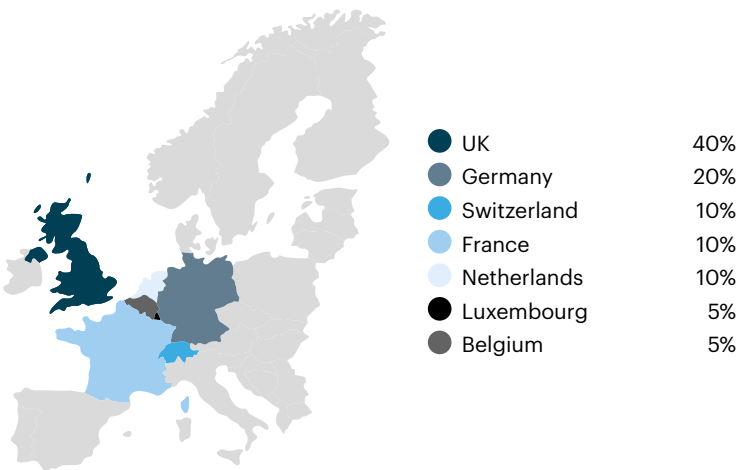
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METHODOLOGY

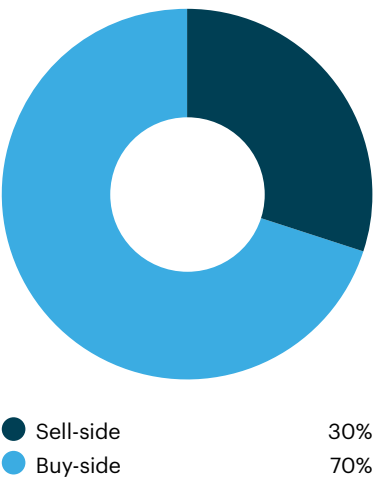
In Q4 of 2021, WBR Insights surveyed 100 Heads of Equities Trading and similar from buy-side and sell-side firms across Europe to find out about the challenges they have faced this year and the innovative solutions they are putting in place.

The survey was conducted by appointment over the telephone. The results were compiled and anonymised by WBR Insights and are presented here with analysis and commentary by Iress and the TradeTech Europe community.

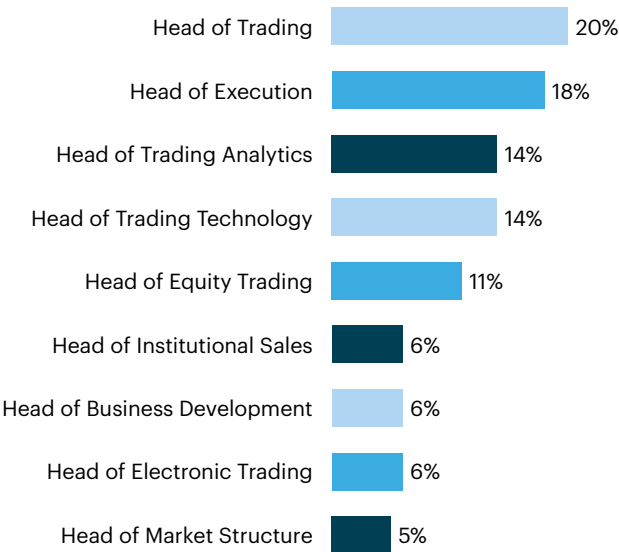
IN WHICH COUNTRY IS YOUR COMPANY HEADQUARTERS LOCATED?



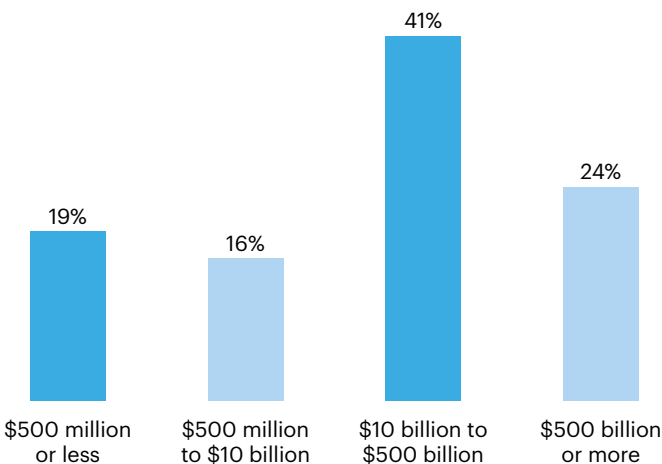
WHAT IS YOUR INDUSTRY?



WHAT IS YOUR ROLE?



WHAT ARE YOUR ORGANISATION'S GLOBAL ASSETS UNDER MANAGEMENT IN U.S. DOLLARS?



Turbocharging your O/EMS

By Eugene O'Herlihy, Executive General Manager - Trading and Market Data UK, Iress

It's no surprise that respondents in the latest TradeTech survey cite integrating data as the most important use for order and execution management system (O/EMS) tools. Today's trading firms are swamped with choice, from multiple lit and dark venues, through to complex order types, algorithmic trading and data.

In reality, there is far too much information in multiple systems on multiple venues for traders to digest at any one time. While the O/EMS should be central to collating information and flow, many complex O/EMS tools find themselves bound up in their own flexibility resulting in hard to maintain, inefficient workflow.

Limited data sets are stifling innovation

Many O/EMS tools are relatively closed from a functional perspective. Their native data sets often have limited availability making it very awkward to navigate and control large amounts of electronic order flow or specialist liquidity seeking/routing tools within the system.

For example, a dark seeking tool with multiple layers of rule complexity that isn't capable of being influenced by external data sets doesn't promote individuality amongst clients. It ultimately stifles each client's ability to innovate as decisions based on standard data get bogged down in a complex hierarchy of rules no one understands or wants to change.

Is AI the answer?

According to the survey, artificial intelligence (AI) is highly utilised within trading firms. However, in isolation and without the right data it can't realise its true potential of augmenting the trader on the desk and improving trading efficiency.

"AI can produce fantastic insights, but these have to be presented at the correct time and place to make an impact."

For firms to make real gains in improving execution quality, all of the pieces of data have to work seamlessly together. This is where the modern O/EMS should come into play.

Integration is key

Reducing risk was the main driver cited by organisations when using analytics to make more informed trading decisions. There is a huge amount of analysis available on venues, execution, client and price providing unparalleled levels of information. Along with AI, they can provide the real insights the business needs.

These should be integrated into the O/EMS so that key values can be used where required in automated routing, trading and, of course, reducing risk. However, many O/EMS' continue to have restrictive application programming interfaces (APIs) which often limit the amount of integration possible.

Being open is essential

With many firms looking to develop the data management capabilities of their O/EMS into 2022, it's essential the O/EMS is open with suitable APIs.

"The O/EMS should be able to control and be controlled by third party systems."

Thanks to smart desktop interoperability, many of the analysis tools and CRM platforms can be integrated in their native visual form for the traders on the desk. This can help give the trader real additional insight, but only if the O/EMS is open.

Ultimately, the modern O/EMS should be the conductor of the trading process, ensuring all of the pieces work seamlessly together to make the right decisions. Making it open, flexible and able to integrate fully with any third-party applications or data sets on the desk, will allow the client to innovate whilst providing a solid backbone to the business.



Eugene O'Herlihy
Executive General Manager
- Trading and Market Data UK
Iress

PART ONE

Strategic Priorities in 2021

European equities traders are facing a mixed landscape of opportunities and constraints. Post-Brexit, many buy-side desks in Europe are no longer able to interact directly with their clients. With the emergence of work-from-home and the rapid developments in automated trading and communication technology in recent years, the day-to-day equities trading landscape has changed dramatically.

Buy-side equities traders are looking to automate and optimise their portfolios. They want to have access to the technology that is needed to take client orders and baskets through the most efficient execution cycle. According to our survey, 96% of our respondents' financial services firms use O/EMS tools or intend to in the next 12 months. Our survey revealed that the top three challenges faced by our respondents' organisations are integrating data (25%), conducting trade analysis (22%) and sourcing liquidity (17%) when using O/EMS tools.

However, O/EMS tools have been able to help equities traders to overcome challenges on their desks. Our survey revealed that the top three challenges that have been overcome using these tools are increasing security (48%), productivity (47%) and monitoring market data (46%).

With O/EMS technology specifically designed for high-volume trading, equities traders can access a wide range of global markets. Incorporating machine

learning (ML) and AI can provide comprehensive data monitoring and analytics by integrating with third-party algorithms.

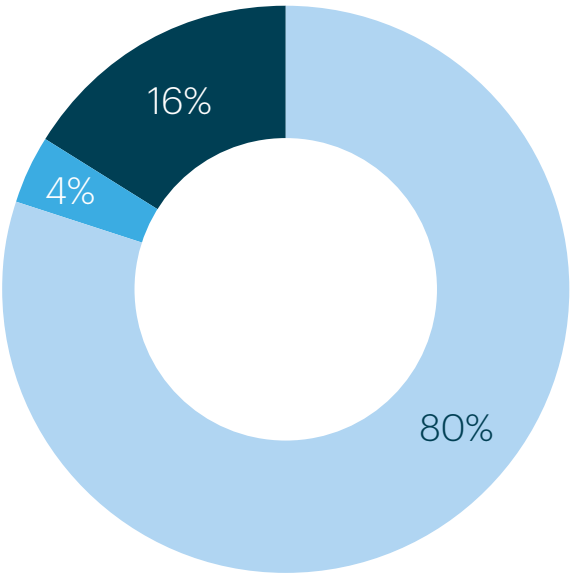
We asked our respondents what capabilities their financial services firms are looking to further develop with their O/EMS software in 2022. Among the areas identified were the need for dynamic management capabilities to enable their organisations to handle trade restrictions more effectively.

Many of our respondents also expressed an interest in algorithmic data segregation for the purpose of better processing, and interim and final data use. Other respondents cited the need for better load-bearing capabilities as the data rush is higher than ever.

Heads of equities trading consider the strengthening of the risk management features of a platform as integral to their software requirements. Regarding operational stability, many of our respondents said their organisations are still in the midst of digital transformation and would like the system to create a new digitised platform that provides more operational stability.

Functionality and feature enhancements for O/EMS tools were of key importance for some of our survey respondents. They said that in its current state, the software is not able to generate a dynamic and holistic view of the overall performance. Other respondents said that they would like to see more real-time graphing in the software.

96% of our respondents' organisations either use O/EMS tools, or intend to use them in the next 12 months



- Yes
- No
- We intend to in the next 12 months

"In an era where demands on fund platforms are complex and highly differing, it is no surprise that organisations are using O/EMS to better manage this complex investment environment. The previous concerns around ownership of data and investing in an O/EMS, versus building databases internally, are increasingly redundant as the platforms now available are API first, and the sheer volumes of data needed to manage make these tools an essential part of the future trading desk infrastructure."

 **Susie Benaim,**
Conference Director,
TradeTech Europe 2021

Does your organisation use O/EMS tools?

"These results are as expected. There has been a move towards automation over the last 20 years. I can't really see how you can operate these days without an order management or execution management system."

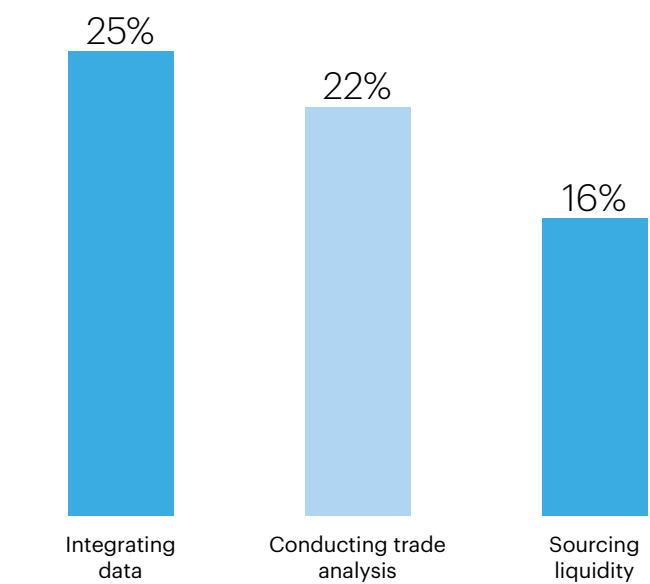
 **David Miller,**
Head of EMEA Trading,
Invesco

"I am not surprised that 80% of the survey respondents said their organisation is already using order and execution management tools. To be honest, I find it surprising that there are still 20% of firms who are not. I think that managing your order flow manually would be challenging in the complex, fast moving market we work in, especially with all of the regulatory requirements around data capture."

 **Alison Hollingshead,**
Chief of Staff, Trading Platform & Core Technology,
Man Group



Our respondents said integrating data, conducting trade analysis, and sourcing liquidity are the three most important areas for their organisations when using O/EMS tools



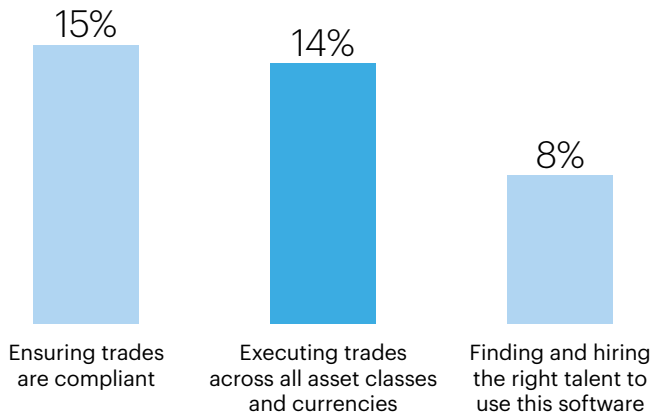
“Ensuring trades are compliant is paramount, both for UCITS rules and specific client obligations. Once these are respected, I would move to trade analysis and data integration as application interoperability is improving daily.”

 **Joe Collery,**
Head of Trading,
Comgest

“I think the one thing that stands out here is the executing trades across all asset classes and currencies: I would have expected this to be slightly higher. I think there has been a move towards multi-asset trading within some houses. I am slightly surprised to see the response to ensuring trades are compliant is so low.”

 **David Miller,**
Head of EMEA Trading,
Invesco


What is the most important for your organisation when using O/EMS tools?



“It may come as a surprise to some that execution is 5th on the list for importance in an O/EMS, but electronic execution hasn’t fundamentally changed for some time. The challenges now are to ensure there is complete understanding of the execution process and that it’s compliant. To that end an open O/EMS is vital, data in and data out will ensure that everything can be benchmarked and traced as per the firm’s (and its clients) requirements.”

 **Eugene O’Herlihy,**
Executive General Manager -
Trading and Market Data UK,
Iress

“This is not unexpected; the top answer is probably the most important to me. There is a huge amount of data that you need to process throughout the trade lifecycle, which all needs to be brought together for portfolio managers and traders. This is a key benefit of using O/EMS tools. For example, we have been able to bring interesting information such as ESG data into our order management tools.”

 **Alison Hollingshead,**
Chief of Staff, Trading Platform & Core Technology,
Man Group

According to our respondents, increasing security, productivity, and monitoring market data are the top three challenges overcome by using O/EMS tools

What are the main challenges your organisation overcame using O/EMS tools on your trading desk? Please select three



“Previously, O/EMS tools were simply used to better streamline data from the middle/back to the front office. Applications have since advanced, and as well as a tool that allows traders to prioritise more complex trades and monitor market data, its ability to keep orders secure is essential. Given the growing amount of data and orders these platforms now have to manage, it’s no surprise that the importance of security upgrades for active orders in real time is paramount.”

 **Susie Benaim,**
Conference Director,
TradeTech Europe 2021

“I would expect the response to reducing risk on the trading desk to be higher. Risk can be defined in different ways, nevertheless, risk management is a fundamental part of integrated systems.”

 **David Miller,**
Head of EMEA Trading,
Invesco

We asked our respondents what capabilities their organisation is looking to further develop with their O/EMS software in 2022. Here is what they told us.

“We want it to manage trade restrictions in a dynamic manner.”

“The software is not currently able to generate a dynamic and holistic view of the overall performance. We need these solutions.”

“I would like to see more real-time graphing in the software.”

“We need it to have better load bearing capabilities as the data rush is higher than ever before.”

“We want to create a new digitised platform that provides more operational stability.”

“We want to pool more dynamic areas into the software so that we increase our level of connectivity and networking for data benefits.”

“Strengthening the risk management features is integral to our software requirements.”

“Algorithmic data segregation for better finesses in this process and the interim and final use of data.”

“All very valid responses, although I was surprised to see no mention of portfolio manager (PM)/dealing desk interaction improvements through their shared O/EMS platform. This gives a firm real competitive edge when the two teams are aligned on strategy for a better overall result.”



Joe Collery,
Head of Trading,
Comgest

“It sounds like we are all solving a lot of the same problems. At Man Group, we are currently putting a lot of resource into centralising order management, including creating a centralised platform for improved operational stability and more consistent management of orders while reducing the burden of legacy technology.”



Alison Hollingshead,
Chief of Staff, Trading Platform & Core Technology,
Man Group

“I am slightly surprised by the comment about the need to have better load bearing capabilities. These things are pretty robust anyway; I would have thought they came future-proofed for increased data. This implies that some of the systems are not up to current workflows.”

I think it just reflects the variety of approaches and that not everybody is in the same place. Some are buying off-the-shelf and some are building in-house. I am sure there is a difference between the two.”



David Miller,
Head of EMEA Trading,
Invesco

PART TWO

Evolution of Trading Strategies

The equities trading environment continues to shift in response to changes in the political, economic and social landscapes. Uncertainty over the impact of the COVID-19 pandemic and post-Brexit uncertainty continues to affect the equities markets, as do concerns over the negative impact of stronger regulatory measures by the Chinese government.

In the light of such developments, both buy- and sell-side firms must develop strategies for trading that are flexible and adaptable. We asked our respondents how their organisations' trading strategies evolved in response to challenges such as COVID-19, Brexit, etc, in 2021.

According to our respondents, their organisations have added flexibility to their trading strategies to help them withstand any sudden financial market shocks now and in the future. Some of our respondents have even created a new list of bespoke strategies that are non-traditional compared to earlier approaches and make more efforts to highly customise their strategies.

The focus on crisis alpha sourcing strategies has increased significantly among some of our respondents, while others have been working closely on enhancing their remote trading capabilities throughout 2021.

Some of our respondents said their organisations are very active in gaining insights and information from the market and creating short-term trading strategies.

However, others are taking a wider view, with the emphasis on long-term sustainability strategies, since the current phase of planning has already passed.

Universally, the use of data and intelligence tools has risen to counter the inconsistencies that currently exist on the trading desk. In a still volatile and uncertain environment, 34% of our respondents said the main driver for their organisations to use analytics to make trading decisions is helping to reduce risk.

Equities traders can better assess and predict risks with the help of hard data and advanced analytics. Due to increased trading and data volumes, AI and ML are becoming a necessity.

O/EMS platforms that combine AI and ML provide traders with recommendations and continuous trend monitoring in real-time. 56% of our respondents said their financial services organisations are investing in more app-driven and AI-driven data analytics tools on their equities trading desks. In doing so, they will gain access to cutting-edge analytics technology, as well as the convenience and reach of cloud-based infrastructure.

In the new environment of remote, home-based, and hybrid work, app-driven technologies provide traders with on-demand access to the tools and platforms they need, from any device with an internet connection. This approach, combined with micro-services and APIs, provides organisations with more flexible and cost-efficient technology infrastructures.

We asked our respondents how their organisations' trading strategies evolved in response to challenges (COVID-19, Brexit, etc.) in 2021. Here is what they told us.

"The focus on crisis alpha strategies has increased significantly."

"COVID has changed our lives forever and so have our trading strategies. We have added flexibility to our strategies to help us sustain any major waves now and in the future."

"Long-term sustainability strategies are the next big thing for us as the current phase planning has already passed."

"We take more efforts to highly customise our strategies."

"We have been closely working on enhancing our remote trading capabilities all this year."

"We have created a new list of bespoke strategies that are non-traditional compared to earlier."

"We are very active in terms of gaining insights and information from the market and creating shorter strategies."

"The use of data and intelligence tools has risen to counter the inconsistencies that currently exist."

"Again, I am slightly surprised by the lack of cohesion with the PMs. As spreads widened and volatility rocketed, we found it more important than ever to foster the relationship and develop key entry/exit points with the PMs on a pre-trade basis in order to adopt the correct trading strategy for a unified result."



Joe Collery,
Head of Trading,
Comgest

"It is clear that for most, trading methods have evolved in response to the changing marketplace. As the manner of accessing liquidity has changed, the way in which traders operate has had to change. We have seen unprecedented levels of change in market structure over the past few years with the introduction of Mifid and of course Brexit, and the adaptability of traders has been noticeable."



David Miller,
Head of EMEA Trading,
Invesco

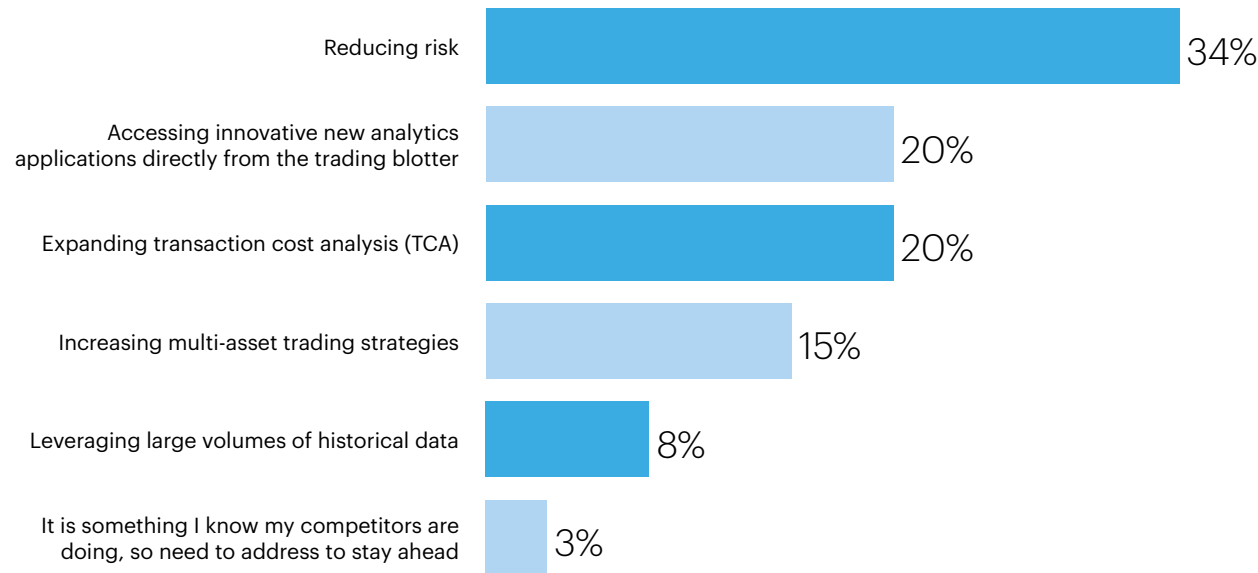
"It is clear that even though markets recovered well post-COVID, the industry is reconsidering how it can better prepare and manage risk in case of similar situations in the future, from both a short- and long-term perspective. There is a growing focus on gaining more market data and intelligence and using this more granular data to fine-tune trading strategies."




Susie Benaim,
Conference Director,
TradeTech Europe 2021

The majority of our respondents said the main driver for their organisation to use analytics to make trading decisions is reducing risk

What is the main driver for your organisation to use analytics to make trading decisions?



“A modern O/EMS must provide hooks for analytics to be inserted into risk calculations so they can be specific to the desk/firm’s needs. Many O/EMS platforms allow information extraction, but robust specific data input into the trading process is vital to reduce its unique trading risk.”

 **Eugene O’Herlihy,**
Executive General Manager -
Trading and Market Data UK,
Iress

“With market fragmentation and increased complexity of orders as electronic trading continues on its upward trend, reducing risk is paramount to any trading desk.”

 **Joe Collery,**
Head of Trading,
Comgest

“The various geopolitical and major market events of the last few years have driven desks to look more carefully at their liquidity and analyse where it is coming from and whether it is sustainable. In times of uncertainty, reducing risk is necessary to better manage potential losses and having a successful risk management plan is essential to stay ahead of the game.”

 **Susie Benaim,**
Conference Director,
TradeTech Europe 2021

“As expected, reducing risk is the main driver for so many. It is the most important element of the trading desk. Reducing, eliminating and controlling risk is something everybody understands, and should be the primary concern for every trader. However you define risk, it is always uppermost in the traders’ mind, and by detailed post-trade data analysis, a better, more controlled outcome should be achieved.”

 **David Miller,**
Head of EMEA Trading,
Invesco

56% of our respondents said their organisation is investing in more app-driven and AI-driven data analytics tools on their trading desk

How is your organisation leveraging big data analytics on your trading desk?
Please select all that apply



“AI model insights need to be surfaced within the user’s workflow and used to enable automated decisions where confidence is high, but also to help traders where it’s lower. It’s crucial the OMS on the desk is open and flexible enough to cater for this shift in technology and the improved skillset of a new generation of front office teams.”

 **Eugene O’Herlihy,**
Executive General Manager -
Trading and Market Data UK,
Iress

“I am quite surprised by these results, to be honest. I did not realise such a large percentage of firms had AI capabilities. The choice of the system here is crucial to leverage this big data in a meaningful way as each desk is unique in its style of trading.”

 **Joe Collery,**
Head of Trading,
Comgest

“The important thing is how you use the data or analysis and ask the right questions.

The trader needs to look at the analysis and ask themselves what could I have done better. However, there are many facets to using AI in trading, and whether it extends past the trading desk through to the fund managers stock selection process.”

 **David Miller,**
Head of EMEA Trading,
Invesco



PART THREE

Technology Challenges and Investments

According to our respondents, the top two challenges their organisations are facing regarding trading technology, are managing employees concerns and responsibilities, and the impact of AI and big data.

Challenges aside, AI remains high on the technology agenda. 73% of our respondents said their organisation is currently using AI or intends to in the next 12 months. Respondents' organisations are currently using AI for various parts of the trading process, including:

- Technical analysis that supports trading within the organisation.
- Risk management, scenarios analysis and simulation.
- Market monitoring.
- Data-management.
- Analytics and insight generation.
- Forecasting and risk analysis.
- Trade speed acceleration.
- Certain advisory processes.

Our respondents whose financial services firms are currently not using AI as part of their trading process cited several reasons for their reluctance to do so.

Heads of equities trading and similar have cited insufficient infrastructure preparedness as a major concern. Some of our respondents feel that their core platforms need a couple of upgrades to become

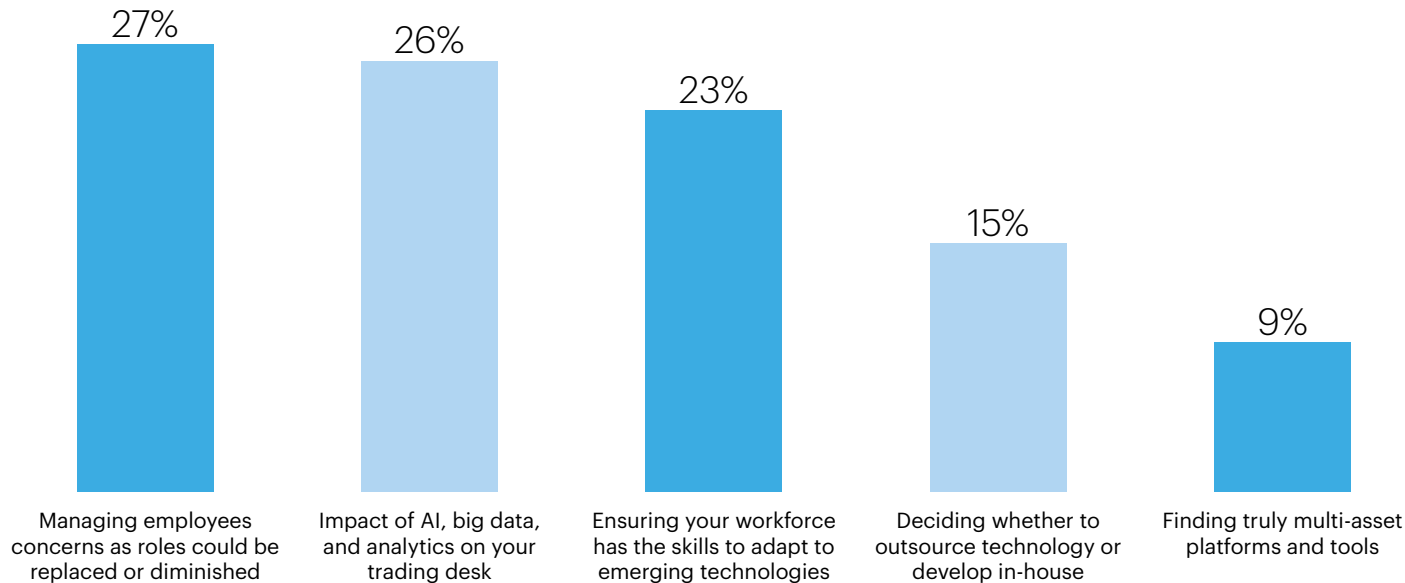
AI-ready. The uncertainty of the equities market has forced some firms to put AI adoption on their next priority list, while enhancements to their current infrastructure are likely to take several months. Our respondents also highlighted the need to partner with good solutions providers.

The results of our survey indicate that some of our respondents' financial services firms are concerned about the financial cost of upgrading existing and implementing new trading technology. In particular, our respondents said that AI integration costs are coming in higher than were originally forecast. As a result, these firms are choosing to gradually upgrade their legacy IT infrastructure and develop an adaptive approach to introduce this technology onto their trading desk.

Advances in automated trading technology, coupled with changes in market structure, client demand, and the regulatory environment, have brought to light the importance of TCA across multiple asset classes. 25% of our respondents said that multi-asset TCA has been the tool whose integration on their trading desk has had the most impact over the last year.

As new technology solution providers enter the market, AI-powered offerings for multi-asset TCA are also emerging. Based on historical data, market volatility, liquidity, and other factors, these systems can analyse and make decisions about pre-trade perspectives and optimal approaches to execution.

Our respondents said the top two challenges their organisations are facing regarding trading technology are managing employees concerns and responsibilities, and impact of AI and big data



“AI and ML are not going to take over the desk. It’s a set of tools that can hopefully provide traders and managers with more insight into their business, clients and markets. By embedding these models into the workflow process they have the potential to add value. AI will enhance, not replace the trader.”

 **Eugene O’Herlihy,**
Executive General Manager -
Trading and Market Data UK,
Iress

“I am quite surprised that the majority of firms believe roles could be replaced. I feel they would be optimised and enhanced working in conjunction with the technology available.

Technology companies should adopt a transparent approach to their systems and actively promote a full understanding of their technical set-up with clients.”

 **Joe Collery,**
Head of Trading,
Comgest

What are the main challenges your organisation is currently facing regarding trading technology?

“With the role of the trader shifting evermore to one that uses technology on a regular basis and which needs to stay on top of the latest technology innovations, it isn’t surprising that teams are concerned about how this balance will evolve. The role of technology in front office trading has been a huge enabler to drive enhanced performance and to free up traders to focus on more high touch tasks. The need for human interaction will always be there, however the job have evolved and it is clear that there is still work to be done on striking the balance and carving out what the role of the trader will look like in the coming years.”

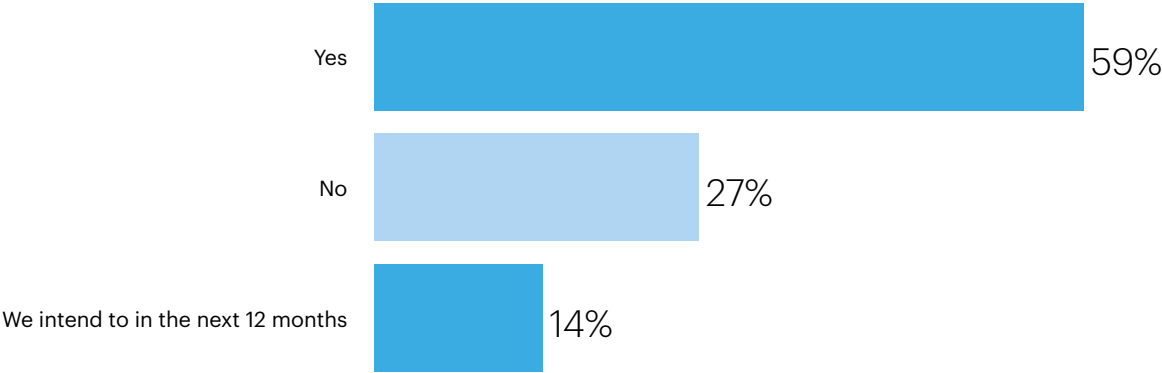
 **Susie Benaim,**
Conference Director,
TradeTech Europe 2021

“I think it is important to be investing in our teams to make sure they have the right digital skills. People should feel that organisations want to work with them to keep up with emerging technology. This is big focus for Man Group. We have started an internal program focused on practical Python and data science education that caters to employees across all of Man Group.”

 **Alison Hollingshead,**
Chief of Staff, Trading Platform & Core Technology,
Man Group

73% of our respondents said their organisation are currently using AI or intend to in the next 12 months

Is your organisation currently using AI in their trading process?



“The results seem staggering to be honest, considering very few sell-side firms are using AI in their electronic offerings and one would expect their budgets are considerably larger in this space.”

 **Joe Collery,**
Head of Trading,
Comgest

“This response is unsurprising. This has been a hot topic of presentations and debate over a number of conferences and in trading forums. Other industries have used algorithmic learning strategies for a while. AI strategies in their various guises play a major part in our lives now. Obviously, it has to be used in a sensible manner.”

 **David Miller,**
Head of EMEA Trading,
Invesco



We asked our respondents in what part of the trading process their organisation is currently using AI. Here is what they told us.

"We currently use AI for technical analysis that supports trading within the organisation."

"Data-management is one key area that we currently have AI assisting us in."

"Risk management, scenarios analysis and simulation is fully managed with AI."

"All of the analytics and insight generation is carried out by AI."

"Certain advisory processes are being executed by AI."

"Forecasting and risk analysis have been supported by AI."

"Market monitoring is where AI plays a huge role for us."

"It's the trading speed that is supported by AI because of its higher intelligence and accuracy in trading."

"AI can be interpreted in a number of different ways. When I think of AI, phrases like 'machine learning' and 'deep blue' come to mind: essentially technology making decisions on behalf of humans. I do not feel we are quite there yet."



Joe Collery,
Head of Trading,
Comgest

"Fully automated trading strategies pushed by AI driven coding is a risky strategy, but clearly there are a number of buy-side firms that are far more technologically advanced than others and are likely to be best placed to benefit from AI and ML processes."



David Miller,
Head of EMEA Trading,
Invesco

"Current applications of AI are still primarily in the analytics, data management and automation arena. The demands moving forward look towards AI applications in more market monitoring and market prediction. This has been an area of interest for a long time; however, the results have been questionable. With mounting volumes of data and increasingly sophisticated technology, the accuracy is increasing. Without doubt, more accurate tools will be developed and applied."



Susie Benaim,
Conference Director,
TradeTech Europe 2021

We asked those respondents whose organisations are currently not using AI as part of their trading process, to explain why. Here is what they told us.

"The uncertainty of the market has pushed our efforts onto the next priority list and not the current one."

"We need a good solutions provider that can truly uplift the process."

"Our core platforms need a couple of upgrades to be AI ready."

"We need to develop an adaptative process to introduce AI in the trading process."

"The budgetary demands of AI integration are a bit high."

"We need to partner with good solutions providers."

"The infrastructure will take a few more months of development."

"We need more time to upgrade the IT ecosystem."

"AI is only as good as the models being built, which rely, in part, on ML. This in turn is reliant on the underlying data consumed. The old adage of 'junk in, junk out' still applies. Many firms have a huge task ahead cleaning and understanding their data before AI can be let loose."



Eugene O'Herlihy,
Executive General Manager -
Trading and Market Data UK,
Iress

"I would agree with many of these responses. AI indeed has a role to play in trading but currently, in its infancy, it must be controlled and limited to a small subset of orders."



Joe Collery,
Head of Trading,
Comgest

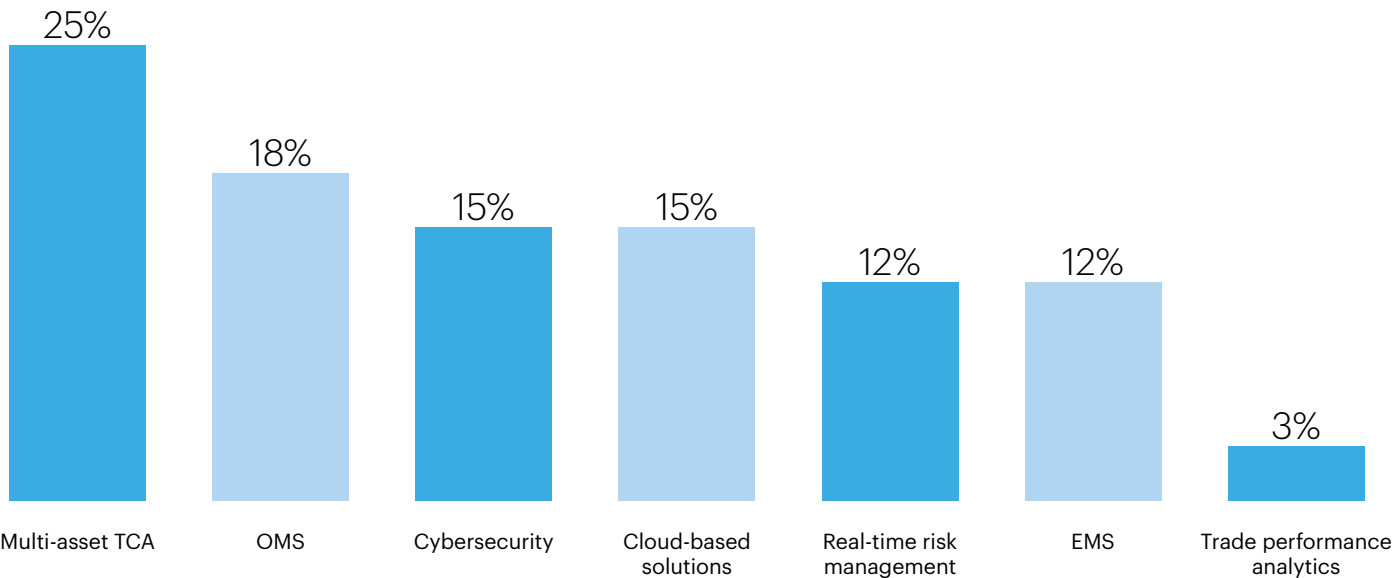
"These comments reflect the cost of development of trading systems in general. Many want to have the top of the range management systems, AI built-in and the ability to analyse data, however these are expensive. Most agree it is nice to have rather than important now, but this technology is definitely here to stay."



David Miller,
Head of EMEA Trading,
Invesco

The majority of our respondents said multi-asset TCA has been the most impactful tool to integrate on their trading desk over the last year

What has been the most impactful tool to integrate on the trading desk over the last year?



"I would agree with these results. TCA, and indeed its capacity to meaningfully analyse fix fill level data has had an important impact on trade performance and broker selection for the desk."

 **Joe Collery,**
Head of Trading,
Comgest

"I am not surprised at the high response to multi-asset TCA and OMS; however, I would have expected a higher response to cybersecurity. Cybersecurity has become particularly important as the number of people working from home has increased in arguably less secure environments. It is a lot easier to make an office secure than someone's kitchen table for example. So, I would have expected there to be more of a focus on cybersecurity."

 **David Miller,**
Head of EMEA Trading,
Invesco



CONCLUSION

Equities traders in Europe are currently navigating a mixed landscape of opportunities and constraints. COVID-19 has accelerated the digital transformation of financial organisations and market infrastructures and trade automation technology is playing a pivotal role in this. Heads of equities trading are looking to automate and optimise their portfolios, and the vast majority of our respondents' organisations use O/EMS tools or intend to in the next 12 months.

Integrating data, conducting trade analysis, and sourcing liquidity are the three most important areas for our respondents organisations' when using O/EMS tools. While increasing security, productivity, and monitoring market data are the top three challenges that our respondents organisations' were able to overcome using O/EMS tools, respondents still hope for improvements in the functionality of the software. Key areas for enhancement include data handling, risk management, and operational stability.

The current volatile business environment requires both buy-side and sell-side players to devise flexible and adaptable trading strategies. The focus on crisis alpha strategies has grown significantly for some of our respondents' firms, while some take a broader view, with an emphasis on long-term sustainability strategies.

Reducing risk is the primary reason for using analytics to inform trading decisions according to our survey. Increased trading and data volumes are making analytics platforms that incorporate artificial intelligence (AI) and machine learning (ML) more of a necessity than a luxury.

The top two challenges facing heads of equities trading regarding trading technology are managing employees concerns and responsibilities, and the impact of AI and big data. AI nonetheless remains high on the technology agenda, with almost three-quarters of our respondents currently using AI or intending to in the next 12 months.

A lack of infrastructure preparedness was a major factor for many organisations that have yet to implement AI. Budgetary constraints and the need to partner with good solutions providers were also cited by our respondents.

The majority of our respondents said that multi-asset TCA has had the most impact on their trading desk over the past year. AI-powered offerings for multi-asset TCA will likely magnify this effect.



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