Lavastorm

Optimizing Trading Operations
Agile Analytics for Reducing Trade Execution Costs

Gain Visibility

Review all transactions in aggregate or drill down to see a single transaction across its lifecycle, from Trade Capture to Global Ledger

Reduce Cost

Transparency allows you to evaluate, control, and improve operations. You can reduce operational costs and maximize efficiency by identifying and eliminating the source of trade errors, improving resource allocations, and more.

Control Operations

Go beyond root-cause analytics to monitor operations and correct problems before they impact the bottom line.

Efficiency – The New Trading Imperative

When the global financial crisis occurred in 2008, a tidal wave of new regulation hit large financial institutions and weakened the traditional levers that were available to improve Return on Equity (RoE). As a result, a new imperative emerged: **cost reduction through improved operational efficiency**. In this environment, the demand for greater visibility into operations has never been greater and data and process analytics have become critical for identifying operational inefficiencies and eliminating the financial risks they create.

Dissimilar Systems Are the Biggest Challenge to Operational Improvement

Despite the imperative to find and eliminate operational inefficiencies, IT teams and line-of-business executives often lack the end-to-end visibility into the trading process and the ability to analyze the life-cycle of a specific trade, which are necessary for forensic and root-cause analysis. The barrier to getting a comprehensive view of trading operations has been the disparate systems involved – a series front, middle, and back office systems that commonly start with a Trade Capture system and end with an entry in the General Ledger system. Each system often records and tracks a trade in an isolated manner specific to that system's function. These dissimilar systems can also be spread across multiple organizations and geographic regions, leading to additional inconsistencies, such as conflicting data formats and time zone differences.
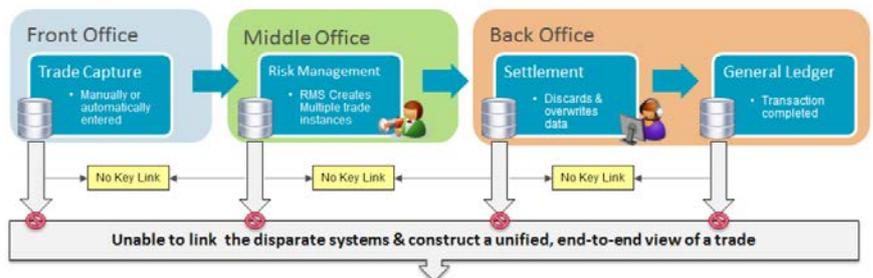
Legacy analytic tools usually lack the flexibility to handle the inherent data variety and are, therefore, unable to reconstruct a "Unified View" of the trade across systems. Without the ability to track and analyze a trade across its complete execution lifecycle, process owners have little opportunity to trace errors back to their root cause, optimize their use of resources and otherwise reduce the cost of a trade.

Lavastorm's Agile Analytic Environment Provides a "Unified View" of Each Trade

Lavastorm is an *agile* analytic environment that empowers business analysts to rapidly acquire, transform, analyze and visualize disparate data, and to discover new insights that they can use to drive business improvement. It allows you to quickly construct a "Unified View" of your trading operation so you can view trade transactions in aggregate or view the life cycle of any specific trade transaction. Its *visual* "work bench" environment, with its extensive library of analytic building blocks, *empowers* Operational and Business Analysts with self-service analytic capabilities so they can pinpoint the cause of errors, answer questions for regulators, and investigate possible opportunities to wring out operational costs – without having to rely on IT for analytic development.

Powerful Analytics Help Reduce Costs and Improve Trading Operations

A unified view of trade transactions provides greater visibility into the data sources and systems across the entire trading lifecycle, allowing you to correlate settlement errors with the trade type. This provides you with the following benefits:

1. **Greater Exploration and Discovery Capabilities** – A visual analytic application showing the entire trading operation allows you to pinpoint weaknesses and identify the root cause of settlement errors and operational issues.

2. **Normalized Data for Pattern & Process Analysis** – You can join data from different systems to see how they related and you can twist and turn the data in any way necessary to identify common patterns and to investigate root causes. Normalizing transaction timestamps, converting types, and aggregating transactions are just a few examples of common steps taken to normalize the data. A detailed classification of errors and various metrics across the trading process provides visibility into fundamental process faults / gaps that drive operational costs higher.

3. **Error & Cost Reduction** – A detailed understanding of the root cause of errors allows you to resolve errors faster and to make process improvements that can lower ongoing error rates and the associated operational costs. An analysis of trade errors, for example, including an analysis by type frequency and throughput delay, is usually conducted first to help highlight key areas of risk and facilitates important forensic activities, such as root cause analysis.

4. **Optimal Resource Allocations** –Custom reports and alerts can provide visibility into the manual activities undertaken to resolve errors and the personnel involved in the resolution process. This visibility allows you to optimize resource allocations – one of the most significant opportunities to reduce the cost of trading operations.

5. **Increased Throughput** – Decreased error rates and improved resource utilization help increase transaction throughput and decrease overall transaction costs.

6. **Faster Response Time** – Custom reports can give you the most common errors and the ability to drill down to see more detail. You can get prioritized plan for correction and remediation.

The Lavastorm Advantage

Reduce Development Time

The visual configuration environment reduces analytic development time by 90% and enables an iterative and collaborative approach to analytic design that promotes ease of use and rapid problem discovery.

Acquire Data From Any Source

Enables data from any source, in any format, to be collected, federated and easily incorporated into the analytic process with a minimum of IT resource demands.

Discover New Insights

Agile analytic development allows you to quickly answer unexpected questions and investigate new hypotheses.

Empower Business Analysts

Technical and non-technical users can create analytics and share and re-use analytic components for cross-functional collaboration that reduces cost, lowers risk and ensures consistent application of analytical rules.

Build Trust with End-to End Data Traceability

Visual models provide transparency into the process/operation, the analytics and the underlying data.