

TRADEFAIR CHIEF EXECUTIVE ROBIN OSMOND EXPLAINS HOW EXISTING BETTING EXCHANGE TECHNOLOGY HAS BEEN TWEAKED FOR THE FINANCE MARKETS

MAKING FINANCE A SAFE BET

The best way to beat the downturn is to innovate in potential growth areas, says Robin Osmond, chief executive officer of financial exchange Tradefair.

Launched as a subsidiary of Betfair in late 2007, Tradefair adapts the betting exchange's existing technology platform for the retail financial markets. The Betfair exchange already supports more than 20 million transactions a day, more than all the European stock markets combined. Osmond expects Tradefair to be similarly successful through 2009, especially as the online exchange launches a range of new trading options for its customers.

"The market is growing because it's being driven by the ever-increasing penetration of fast broadband connections and there is a rising trend of consumers wanting to control their own financial destiny," says Osmond.

"In the short-term, the volatility of the markets is a good thing. Financial news is all over the media and a high awareness keeps people interested. But in the medium-to-long-term, Tradefair and Betfair need to be cognisant of the fact that a prolonged recession will impact discretionary customer spend."

Osmond recognises the long-term play is more significant, but he is confident the future is bright. Despite the downturn, he estimates that there is the potential for 30% year-on-year growth in the financial trading market. "We want to be the number one platform for the trading of financial instruments," he says. "And we want to achieve that aim through innovative technology."

Tradefair is already trialling potential spread betting products for customers and Osmond is keen that the firm should be applying its online technology across a broad range of products, such as potentially providing a platform for trading on foreign exchange markets.

"If I really look at other areas, China and India can support massive retail participation in their local markets," he says. "A successful Tradefair will be a big hit in Europe; a really successful Tradefair will quickly establish a global presence."

Product trials currently consume about a quarter of the organisation's resources; the remaining three quarters is dedicated to the delivery of a second generation exchange that will support Tradefair's full product roll-out during 2009. Head of systems Andrew Phillips says Tradefair is keen to take the lessons learnt from Betfair and apply the experiences in a new technological environment.

"Before a deal is accepted, online traders currently have to pass over several intermediary hurdles, such as brokers," he says. "Because Betfair has provided us with a strong retail heritage of knowing how to produce fast deals, Tradefair is able to remove the middlemen and that's our unique selling point."

While Tradefair is a standalone business, Phillips says Betfair can expect to receive reciprocal benefits from the financial exchange's experiences with innovative IT. "There's a lot of back and forth communication between ourselves and our sister company," he says. "Betfair is keen to see what we are doing with the new platform and how the technology could provide benefits."

The second generation Tradefair technology model adapts Betfair's existing exchange platform; it will also support Tradefair's release of an increasingly complex range of financial products during the next nine months. The proprietary second generation development is known internally as Flywheel and will help to cut latency times on deals to one millisecond, a factor that can be crucial when customers are trading on the fast-moving finance markets.

Flywheel uses an agile approach to IT development, where software and hardware are created in unison and adapted iteratively to meet changing business demands. Chief technology officer Martin Thompson says the agile approach also makes it easier for Tradefair to make best-use of storage virtualisation and high-speed iSCSI networking.

"Our software has been designed to understand the underlying hardware. And the approach means we can easily integrate new chip technology and software architectures. Our approach to software is basically influenced by lean manufacturing and applications are designed like they are part of a production line. Components are designed for specific purposes in an agile fashion."

Hosting and data centre services are handled by specialist provider ControlCircle. The firm housed purpose-built data centre facilities in just four months and the speed of implementation has played a major role in helping Tradefair to build a competitive market offering.



BOOK SHELF

SHARM MANWANI'S NEW BOOK SAYS CIOs MUST FOCUS ON DELIVERING BENEFITS, RATHER THAN IMPLEMENTING TECHNOLOGY

A lack of stringent change management processes can be one of the most crucial inhibitors to IT project success, says Sharm Manwani, associate professor of information management at Henley Management College.

"Strategy is often so poor," he says, before explaining that many businesses fail to recognise a specific team member's technology expertise. "You can appoint your business hybrids, but that's just a start – you need to spread the knowledge."

Raising awareness can be a complicated task. But Manwani says leading CIOs have started to hook into change management and want to hear more about the subject area. The underlying

message for CIOs is clear: team members can be technical specialists, but they must understand how they contribute to broader transformation.

"IT managers are now increasingly professional within their specialist area of technology, such as service management and project management. But such specialists sometimes don't see the bigger picture," says Manwani. "IT-enabled business change is not just for the select few, it's for the whole organisation. Everyone needs to know what they contribute to wider business objectives."

Knowing your place is also vital for CIOs and Manwani says you must take a grip of organisational interests and develop a strong sense of self-awareness. "Being a

top quality CIO is not just about answering to the boardroom," he says. "You must recognise that you have a responsibility to the broader business."

CIO Connect spoke to Manwani at the launch of *IT-Enabled Business Change: Successful Management*, his recently released examination of the reasons an organisation might change the way it works. The book presents a new model for the technology lifecycle that aims to help CIOs focus on delivering benefits, rather than simply implementing a technical solution.

As well as researching the various facets of IT-enabled change, Manwani spends a significant portion of his time working alongside some of Europe's top

firms. It is a process that aims to develop the next generation of technology leaders – a generation that should be schooled in creating workable IT strategies. For such students, diagnosis of the problem is crucial to project success.

"A lot of organisations do not know how to create a useful framework," he says. "There are many types of strategy, such as greenfield, legacy and consolidation. Future CIOs must understand what strategy is needed."

■ Sharm Manwani is associate professor of information management at Henley Management College and *IT-Enabled Business Change: Successful Management* is available from: www.bcs.org/server.php?show=nav.10074