

# FINANCE ON WINDOWS

SUMMER 2010

MICROSOFT TECHNOLOGY IN THE FINANCIAL SERVICES INDUSTRY

IN THIS ISSUE  
ADVISORY SERVICES  
FOR INSURANCE  
FINDING WEALTH  
IN THE WEB

## TRADING IN THE CLOUD

Arab Finance Corporation goes online for trading and order management with a solution from Microsoft Gold Certified Partner Netiks

Visit [onwindows.com](http://onwindows.com) for news and views on financial technology

Microsoft's Ryan Tan looks at the development of the financial services industry in Asia and its growing role in the global economy. **Page 42**

"Having an innovative culture, with good strategic technology deployments to provide the flexibility financial institutions need today, is the basis of the future banking landscape"

**Louis Hernandez Jr, Open Solutions**



# CONTENTS



14



18



28



08



44



48

## COVER STORY

**TRADING IN THE CLOUD** 14  
How Arab Finance Corporation is staying ahead of the game by using an online trading and order management solution from Netiks

## FEATURES

**PULLING IT ALL TOGETHER** 18  
Lindsay James discovers why improving access to information across different channels will help insurers deliver better customer service

**FINDING WEALTH IN THE WEB** 28  
The channel that is allowing financial organisations to reach new audiences and bring in extra revenue

## INTERVIEWS

**VIEW FROM THE TOP** 34  
Michele Witthaus talks trends with Microsoft's new vice president of Worldwide Industry and Global Accounts, Susan Hauser

**EMPOWERING THE USER** 40  
Aia Software's Christoffel Klimbie explains the benefits of good document composition

## MARKETWATCH

**NEWS** 8  
HSBC goes live on a leasing and asset solution from SunGard, plus an overview of the newly launched Microsoft SQL Server 2008 R2 head up our financial technology news

**BOOK REVIEW** 13  
Rebecca Lambert's take on *Too Small to Fail* by Open Solutions' CEO Louis Hernandez

## ROUNDTABLE

**BANKING INNOVATION** 38  
Technology providers and users talk about the issues that will shape the future of core banking

## SPOTLIGHT

**REGIONAL SPOTLIGHT: ASIA** 42  
The growing role of Asia in the global financial services industry

**COUNTRY SPOTLIGHT: THE NETHERLANDS** 44  
How Dutch banks are benefiting from proper financial planning

## SIGN OUT

**BETTER TOGETHER** 56  
Efma's Patrick Desmarès looks at the organisation's role in today's and tomorrow's financial market

## COMMENTARY

**BRINGING PERSONAL FINANCIAL PLANNING TO RUSSIA** 46  
Strategies to improve customer service in the emerging Russian financial market

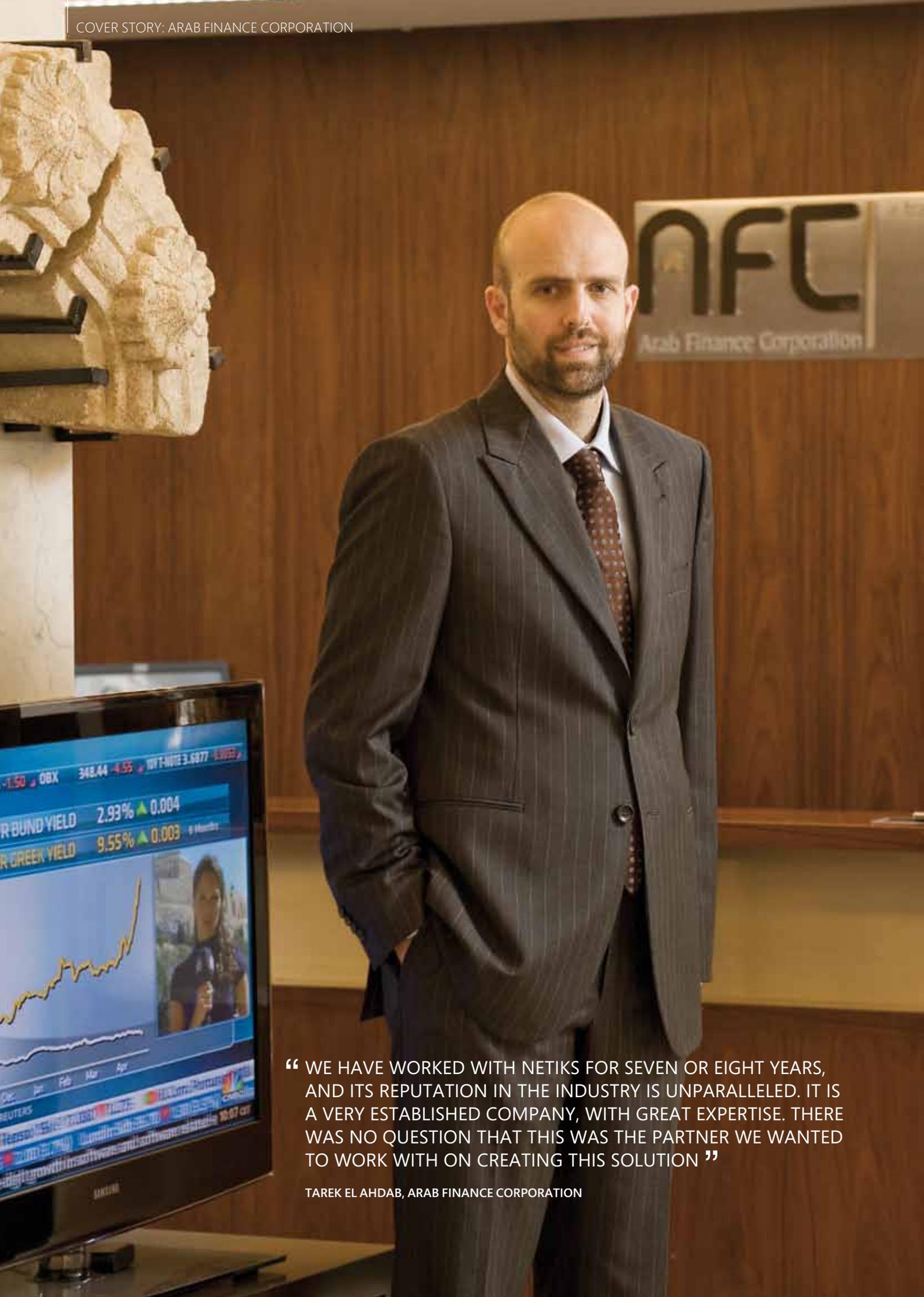
**GROWING MOBILE BANKING** 47  
Taking advantage of the new channel to reach customers

**REAL BENEFITS FOR YOUR VIRTUALISED WORLD** 48  
The key ingredients for a successful virtualisation strategy

**TECHNOLOGY FOR ALL** 49  
Technologies that are helping insurance companies compete in emerging markets

## PROFILED

**TECHNOLOGY IMPLEMENTATIONS** 50  
Successful technology rollouts at SEB, Finansinvest, Dubai Bank, Simply Stockbroking and a leading US bank



“ WE HAVE WORKED WITH NETIKS FOR SEVEN OR EIGHT YEARS, AND ITS REPUTATION IN THE INDUSTRY IS UNPARALLELED. IT IS A VERY ESTABLISHED COMPANY, WITH GREAT EXPERTISE. THERE WAS NO QUESTION THAT THIS WAS THE PARTNER WE WANTED TO WORK WITH ON CREATING THIS SOLUTION ”

TAREK EL AHDAB, ARAB FINANCE CORPORATION

# TRADING IN THE CLOUD

LINDSAY JAMES TAKES A LOOK AT HOW THE ARAB FINANCE CORPORATION IS STAYING AHEAD OF THE GAME BY USING AN ONLINE TRADING AND ORDER MANAGEMENT SOLUTION FROM MICROSOFT GOLD PARTNER NETIKS

**E**stablished in 1974, Arab Finance Corporation (AFC) was the first financial company to be created in Lebanon. Since its inception, AFC's mission has been to promote and develop capital markets activities in the Middle East. This has traditionally involved acting as a bridge between the Arab and international financial markets, allowing local investors, both individuals and institutions, access to international capital markets, and channelling international funds into the Middle East.

Always with an eye on the future, the company has remained ahead of the game in terms of technology and, back in 2001, it launched an online trading platform – something that was innovatory at the time. The trading platform, built by Microsoft Gold Partner Netiks, was a Web-based solution which enabled customers to log into a Web site to complete basic forms and place an order. The order was then routed to AFC and Bank of Beirut trading rooms, where a trader typed the order details into another proprietary platform, such as Reuters or Bloomberg, to complete the transaction.

“This early system was semi-manual, but it did acknowledge the growing importance of Web-based solutions,” recalls Joe Abi-Aad, general manager at Netiks. “It was our first step in facilitating online trading for our customers.”

Now, almost ten years later, the finance industry has evolved beyond belief, and the ability to trade online is fundamental to being a successful player in such a

competitive market. With this in mind, it became clear that AFC needed to expand on its Web-based solution to allow it to maintain its competitive edge.

A key requirement of this solution was that it needed to provide a single, consolidated interface to trading activities in multiple security markets, such as foreign exchange, equities, and derivatives instruments. Sami Akhras, chairman and general manager at AFC explains: “Despite the globalisation of financial markets, we still had to log into different platforms when we got orders to trade for different types of assets on behalf of our private clients,” he says. “The same problem exists for many brokerage firms, including some of our institutional clients. Instead of logging into different applications, trading through a single platform would generate efficiencies for traders in an increasingly globalised market for securities.”

AFC chose to work with Netiks to design and build this unified trading platform, as Tarek El Ahdab, the company's vice chairman, explains: “We have worked with Netiks for seven or eight years, and its reputation in the industry is unparalleled,” he says. “It is a very established company, with great expertise. There was no question that this was the partner we wanted to work with on creating this solution.”

“We would bring our expertise in creating advanced e-business solutions to the table, and AFC would guide us with its in-depth knowledge of trading in the securities market,” says Abi-Aad.

“ BEFORE THE LAUNCH OF AFC BEIRUT TRADER, WE COULDN'T REALLY CALL OURSELVES A MAJOR PLAYER IN THE LOCAL EQUITY MARKET, BUT THE SOLUTION HAS ENABLED US TO SUBSTANTIALLY GROW OUR MARKET SHARE; IT HAS REALLY RAISED OUR PROFILE AND ALLOWED US TO SUCCEED IN A WAY WE NEVER THOUGHT POSSIBLE ”

While the idea of a single, online trading platform offered efficiency for brokers, Netiks could see that the Internet presented additional opportunities to integrate other Web-based services that would increase the value of the solution. Netiks envisioned a single platform that offered a unified trading tool and such services as news and quote providers.

The solution also had to be enjoyable to use for employees at AFC. “AFC impressed upon us the importance of a user interface with cutting-edge graphics and exciting interactive graphs to differentiate the work experience we could offer traders,” says Abi-Aad. “So we had three challenges: build a single trading window into global markets, add additional services from third-party financial news and quote providers, and offer a user experience unlike any other in this market.”

After a review of the platforms available to help Netiks meet these challenges, it turned to Microsoft for help. “We'd heard about Microsoft's software-

plus-services strategy, and we believed it was totally right for this project,” explains Abi-Aad. “At first we thought we would have to perform a sort of technical upgrade, but after meeting with our Microsoft account manager and attending seminars, we saw the value in moving from our regular server architecture to the software-plus-services strategy. By working with Microsoft we have been able to create a solution that is quite apart from that of anyone else in the Middle East.”

Software-plus-services is an industry shift driven by the fast-growing recognition that combining Internet services with client and server software can deliver exciting new opportunities. “Microsoft is dedicated to helping individuals and businesses take advantage of these opportunities,” explains Hoda Younan, Microsoft's financial industry sales manager for the Middle East and Africa. “By bringing together the best of both software and services, we maximise capabilities, choice, and



flexibility for our customers. The broad software-plus-services approach unites multiple industry phenomena including software-as-a-service, service oriented development, and the Web 2.0 user experience under a common umbrella.”

In June 2008, AFC and Netiks launched the AFC Beirut Trader, the first and, until today, sole direct market access trading solution for the Beirut Stock Exchange. “Customers access core functionality within the trading engine and connect to the Beirut Stock Exchange using only a Web browser,” says El Ahdab. The benefits of the implementation have been significant, with traders at AFC experiencing marked improvements in efficiency, and the company as a whole seeing significant improvements in operating effectiveness. “Before the launch of AFC Beirut Trader, we couldn’t really call ourselves a major player in the local equity market, but the solution has enabled us to substantially grow our market share; it has really raised our profile and allowed us to succeed in a way we never thought possible.” says El Ahdab.

But this is just the start. AFC Beirut Trader represents the first step in a more ambitious project. Building on the same technologies, Netiks has been developing a solution called AFC Global Markets. The solution leverages Microsoft software-plus-services to create a back-office order management and trading engine hosted by AFC that provides a single interface to route orders to different securities markets. The solution uses the Microsoft .NET Framework version 3.0 and Windows Communication Foundation, a unified programming model within the .NET Framework for building service-oriented applications, to integrate Web services based connectivity and platform-agnostic trading capabilities into the AFC Global Markets. The solution also boasts a sophisticated order management system that uses business logic to set price margin definitions, trading limits, and routing rules for the different markets in which each customer trades.

“The Netiks solution is a great example of what partners can do with Microsoft technology,” says Younan. “I’ve worked with Netiks on many projects, but this has been really interesting throughout. By leveraging Microsoft technology, and adding real value to our solutions, the company has created an industry-leading cloud-based solution that has allowed AFC to excel. I’m really proud of what Netiks has achieved.”

In the coming months AFC is hoping to go live with the first version of the global solution. In this respect, AFC will benefit from integration services which will link the trading engine with its on-premise enterprise resource planning system so that trading activities and financial systems are updated daily. AFC will have the option of downloading a Windows-based application with leading-edge graphics, charting, and interactive capabilities. This desktop application will offer additional order management services and live news and quote management services from third-party providers, as well as a multimarket trading service to global markets.

AFC also expects clients to be excited about

the cutting-edge user interface that Netiks has developed under its guidance. “Traders are either extremely stressed or bored; it’s the nature of the business,” says Akhras. “The AFC Global Markets’ interface will make a real difference to their work environment, with compelling interactive features that make accounts, balances, real-time profit and loss, order tracking, and charting easy to follow.”

El Ahdab concludes that the launch of the first phase of AFC Global Markets will have a huge impact on his business. “Since we launched AFC Beirut Trader, we have considerably increased our revenues in the local market,” he says. “And when the AFC Global Markets is launched and hosted at AFC, the potential target market will be enormous. It’s a very exciting time for us.” **F**

## EXPANDING MARKET SHARE

Because AFC Global Markets was designed for software and services to be delivered over the Internet, Netiks can benefit from economies of scale. Put simply, more customers can be reached with less investment in software development and delivery.

With AFC Global Markets, Netiks and AFC are targeting Middle Eastern institutions and private clients. “Thanks to the software-plus-services strategy, we can reach global customers that we would not have been able to touch before,” says Abi-Aad. He explains that by gaining seamless connectivity to a number of networks such as Reuters, all customers connected to that network become potential Netiks customers.

“Originally, we thought of developing the solution just for AFC. However, AFC customers who buy subleases to AFC Global Markets become our customers because we collect a fee per transaction on the system. The extensibility of this strategy opened up new possibilities, and now we are offering it to other customers on a white label basis. Looking even further afield, we can use the same delivery strategy for markets in other industries, including logistics, distribution, or pure e-commerce.”

Netiks executives believe that the new opportunities resulting from expanded reach and flexibility of choice will increase revenue. “The software-plus-services strategy generates transactional revenue for us,” says Abi-Aad. “Revenues will also come from custodian fees on securities, commercial banners and sponsorship of e-learning videos, integration services, and e-learning subscriptions. For Netiks, the software-plus-services strategy is the way of the future.”