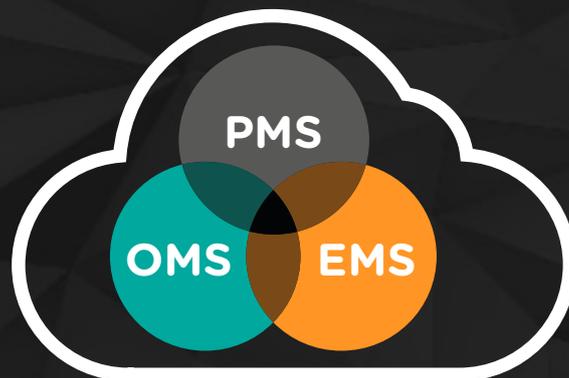


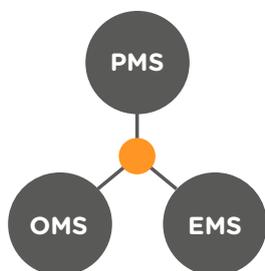
## BEST OF BREED OR ALL IN ONE? WHY NOT BOTH?



Buy side firms looking for unified solutions to manage their activities seem to face a binary choice. Do they seek out **“best of breed”** systems, either for specific asset classes or for specific functional areas such as the PMS, OMS & EMS components, and attempt to integrate them as seamlessly as possible? Or do they go for an **“all in one”** solution from a single vendor?

**Why not both?** When looking for best of breed, do firms have to implement multiple systems? Can an all in one solution really satisfy all their cross asset and cross functional needs?

### THE MULTIPLE SYSTEMS APPROACH



The multiple systems approach has been deployed with some success at larger institutions, but it does present significant challenges.

Integrating separate systems can be complex. The more components there are, the harder it is to maintain the underlying infrastructure. If a new piece of functionality, a new asset type, or a new workflow is needed, not only do changes need to be made to multiple systems, but the interfaces between those systems must also be adapted and tested, which can seriously impact speed to market.

Disparate systems also tend to have different data symbologies and nomenclature, which place an unnecessary burden on staff when identifying corresponding fields for accounts, instruments, strategies or any number of other data points.

Nowadays, particularly with startups and smaller firms, the PM and trader roles are increasingly merging. Individuals responsible for managing the portfolio are often also generating orders

and sending them to the market, which means they need to access order routing and execution capabilities. Having disparate systems dealing with different portions of the workflow certainly doesn't make their job any easier. Furthermore, having to jump backwards and forwards between different screens for each application can be cumbersome and inefficient.

Consolidated analytics and reporting through one single unified view is also problematic with the multiple systems approach. And the more layers that are added to the architecture, the harder this becomes to achieve.

Despite the challenges, best of breed solutions by their very nature should offer the best functionality and the best, most modern technology. But where best of breed requires the implementation of multiple solutions from multiple vendors, in practice it can cause more problems than it solves. Not all technology vendors make it easy to integrate their systems with other platforms, which can lead to difficulties from a support perspective when issues do arise. Clients certainly don't want to be chasing multiple vendors, all pointing fingers at each other. So when adopting multiple solutions, ease of integration is a must.

## THE ALL IN ONE APPROACH

In response to these challenges, there is an increasing trend of vendors offering "all in one" solutions. But how many of these have come about as a result of mergers and acquisitions, where vendors have attempted to stitch products together? And how many others are the result of legacy PMS functionality being expanded to include some OEMS capabilities?

To be considered best of breed, all in one solutions need to satisfy a range of criteria.

First of all, having the right underlying architecture is essential. An EMS is generally a more complex design undertaking than a PMS, it should be fundamentally architected around speed of updates and execution capabilities. If an all in one platform is built upon such an EMS architecture, other modules such as the PMS components can be constantly updated in real time, which is unlikely to be the case if the platform was originally architected as a PMS.

Execution can be alpha generating in its own right, particularly when using pre-trade TCA and analytics around where and how to execute and automated order routing functionality, which can make desks more efficient, creating more value for the underlying funds.

Swap modelling is a good example of where a well-architected all in one platform adds value. With more and more markets trading on swap, being able to calculate the financing of those swaps on a real time basis, automatically within the PMS module, can be a huge time saver.

Short selling functionality is another area where an all in one solution should cover the whole lifecycle of the workflow, from the borrow eLocate, through execution, to all of the associated post trade processes.

All in one platforms should also include important functions such as real-time general ledger with shadow NAV, trial balances, balance sheet & income statements; time series data giving historical P&L snapshots over any time period; and all the other front-to-back functionality that a buy side firm needs to manage its multi asset, multi country activity.

Technology solutions should also be able to grow with their clients. Startups can very quickly grow in assets under management, in complexity, in the number of funds they manage, in the



assets they trade and in the regions in which they operate. An all in one platform should therefore be cloud-native, built around a microservices architecture, allowing each service to be scaled individually to meet the needs of the client, to support that growth.

An open technology approach providing accessibility for interacting with other systems is also essential. Front end APIs should enable clients to trade systematically, creating their own bots to automate the trading process. At the back end, clients should be able to access any of their transaction, position, portfolio, or time series data, along with any other data they need to integrate with their existing systems or to build reports for investors, customers, regulators and counterparties. And they should be able to slice and dice that data as they wish.

Ideally, the all in one system should also follow a modular structure, so that standalone modules can integrate individually with other systems. Technology vendors, particularly those that profess to offer all in one solutions, should recognise that there still needs to be space for the multi-system best of breed approach, as clients may only wish to use specific modules to fill existing gaps within their workflow.

## **BENEFITS OF A TRUE ALL IN ONE, BEST OF BREED APPROACH**

If all of the above criteria can be met, there are many benefits of adopting an all in one cross-asset PMS/OMS/EMS platform. As well as providing single sign on, a unified interface, unified nomenclature, and standardised data all in one place for analytics and reporting, such a system allows communication to flow easily between portfolio managers and traders, not only improving efficiency, but also transparency.

Compliance and operations managers will also benefit, as they can log into the same system as the PMs and see a detailed and holistic real time view from all data captured. An added benefit is that compliance rules only need to be set once.

From a vendor management and customer support perspective, if and when an issue does arise, having one vendor to deal with makes it much easier to pinpoint where the problem is and to get it fixed, which can save a great deal of time.

In summary, with the growing demand for “one stop shop” solutions, we believe that firms shouldn’t have to make do with sub-standard functionality in any part of their business, they deserve to have a top end product that is truly best of breed in each area.

It shouldn’t have to be a choice. In an all in one system, each component should all individually stand up as best of breed on its own merits.

**That’s a key guiding principle at TORA.**

## **ABOUT TORA**

TORA is the leading global provider of advanced investment management technologies supporting the full trading lifecycle. TORA has a full suite of cloud-based SaaS delivered execution, analytics and compliance tools, as well as order, portfolio and risk management capabilities and a global FIX network.

TORA’s products are utilised by hundreds of the industry’s leading hedge funds, asset managers, proprietary trading firms and sell-side trading desks globally. TORA has over 250 employees globally. With its headquarters in San Francisco TORA has offices across the globe including New York, Hong Kong, Tokyo, Jersey, Romania, Singapore and Sydney.