alveo

Delivering Data Management for Fixed Income Trading

Case Study

Previous State

Before selecting Alveo, one of the largest and most experienced investment management companies in the world faced significant issues managing data throughout the organization. Specifically, their fixed income division found it difficult to sync their trade reference data coming from one prime source system (i.e.: Bloomberg) with other systems that the rest of the organization were using. For instance, the system Aladdin, which is responsible for pre-trade to post-trade compliance, order management, as well as managing the internal book of records (IBOR), risk and performance attribution, was proving to be out-of-sync. Aladdin primarily sources it's data from Refinitiv, whereas the trading desks were primarily using Bloomberg.

Trades often got stuck -especially the more complex fixed income classes like MBS- and required frequent (expensive) manual interventions to be resolved. Trade throughput was therefore compromised.

So, the crux was to create a comprehensive centralized source of data that could support the entire data supply chain and facilitate all disciplines from front-to-back by synchronising reference data and prices between all the different data vendor sources. A data hub like this would consolidate all reference data and prices and allow for comprehensive views on each security in a timely fashion, thus guaranteeing a smooth and continuous flow of information between front, middle and back-office systems without interrupting critical deal processes.

A new data mastering approach needed to support the Group's appeal to clean and validate all their data into a single, 'golden source of truth', before it would further disseminate that enterprise-wide to the different teams and their downstream systems. It also needed to be able to let sophisticated business users explore the data in-depth and flexibly assist complicated workflows to automate their data requests and data retrieval feeding into their systems.

The Solution

The solution was to target a state of play where all electronic messages (e.g.: orders, confirmations, executions, corporate actions, settlement instructions, positions, exposures, etc.) between the processes from traders, risk, compliance and operations had to be enriched with data from the synchronised centralized data hub. In short, Alveo had to become the backbone of the data messaging system.

The rudimentary rule-based system that the investment management company previously had, could never have empowered their users to that degree, but Alveo's solution suite could, and did. Alveo's consultancy approach to implementation solved all the issues that the Group faced, and it allowed them to integrate seamlessly between the different market data providers and their fixed

income system of choice, Aladdin. The final setup now empowers the traders to explore, understand and vet the (bond) data, before they use it and will let it enrich and validate their portfolios.

Today, the integration works seamlessly: Changes made in Aladdin trigger events that are reflected real-time in the Alveo platform and vice versa. New issue requests for fixed income securities within Aladdin are automatically checked and verified by Alveo to see if they are already covered, and in case they are not, they are instantly requested from the data provider - typically Bloomberg. All data requests for managing portfolios, orders or trades are being fast tracked like this, and where necessary data can be supplemented from in-house or external resources. All the while, every data element is being tracked and traced when it is being extracted, collated, or changed before being passed on from the central data hub to the relevant users.

The Benefits

The Aladdin data integration means that the investment management company benefits from:

Maximized Market Data ROI by:
· Enhancing internal access to data and significantly reducing market data cost through effective sourcing and mastering of (vendor) data. Whilst simultaneously and consistently synchronising these sources in the data hub via the messaging system, after which it can be used many times throughout the rest of the organization.
· Increasing data quality by introducing consistency checks throughout all processes and automating validation of pre-trade and post-trade compliance rules, thereby reducing manual reconciliation and cleansing work.

Improved Business Enablement by:
· Enhancing asset class coverage and direct access to security master data so the users can now trade a wider range of fixed income instruments like MBS.
· Increasing coverage capacity of indices and security master data access to it, by widening the range of

instruments from 160k to 225k.
Converting the legacy systems to the new integrated setup was a combined effort of Alveo and the investment management company. It involved bulk message and specific message handling to make sure that all assets were being covered, because both the trade order management system and the compliance rule engines required it.

In conclusion, Alveo delivered the integration on schedule and within budget whilst meeting all performance SLA requirements, including those around order throughput levels where they needed to publish securities within a certain time window. Alveo was also able to tweak the platform, as and when needed, to meet changing client requirements over time. That is not just down to the flexibility of the platform itself but also the expertise and can-do attitude of the engineers implementing and the professional services teams supporting it. The future looks bright indeed.

About Alveo

Alveo is the leader in market data integration and analytics solutions for financial services. Focused on optimizing data flows for business user self-service, we provide cloud-native data aggregation and data quality management that enables clients to easily access trusted data while maximizing their data ROI.

Through our managed services, we ensure that clients can smoothly onboard, prepare and validate data for use in operations, trading, investment management, pricing, risk, reporting and machine learning.

We service a global client base and our award-winning technology provides easy integration into business user workflows and a proven platform for advanced analytics. Through combining deep domain expertise with latest open-source technologies, we help financial institutions ensure high quality data, optimize market data cost and maximize productivity.

RegTech Insight Awards 2020 — Best Data Management Solution for Regulatory Compliance — WINNER Alveo

Inside Market Data & Inside Reference Data Awards Winner 2019 — Best Reference Data Integration Vendor — Alveo

DataManagement Insight Awards 2020 from A-Team Group — Best Buy-Side Data Management Platform — WINNER Alveo

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