The 2017 Execution Management Systems Survey

COMPLIANCE – THE NEW BATTLEGROUND?

With MiFID II looming larger, EMS vendors set out their stalls.

Unlikely as it might seem, the new battleground in the competition to develop the most effective execution management system (EMS) is Compliance. MiFID II has long been touted as the final solution by which regulators would control the way that investment managers interact with brokers. A combination of breaking the informal relationship between research and commissions, coupled with the need to demonstrate best execution on all transactions, quite simply changes the basis of trading. Whether this will result in better outcomes for investors is a debate that can never be resolved. What matters now is that rules will very soon be in place and everyone will need to follow them.

EMS providers have always prided themselves on being nimble and responsive in matching the ever evolving needs of their buy-side trader customers. It is therefore not surprising that they have almost all embarked on delivering a set of solutions to the compliance issues now confronting trading desks.

FlexTrade, ITG and TradingScreen have all put their MiFID II capabilities front and centre on their websites in the build up to implementation. Other firms may be less overt in establishing their credentials in the compliance arena, but no one can ignore the changing environment. Liquidity discovery, broker and exchange connections, asset class coverage and latency can all now be viewed through the prism of compliance impact.

At heart however, most traders want to be seen as being about more than simple compliance with the rulebook, important as that may be. They regard themselves as an integral part of the investment process, with a direct and positive impact on overall investment performance. On this view, making the best decisions about where and how to work a particular order has subjective as well as algorithmic components. The future will determine how these various factors change the role of trading and traders, both buy-side and sell-side. However, even in the results of the 2017 Survey the compliance context cannot be avoided when assessing results.

Figure 1 shows the scores seen in the Survey in each of the last three years. In general scores remain good and imply that clients are generally satisfied with the services they receive. With the exception of a single category all thirteen aspects of service being evaluated scored above the 5.0 (Good) default level. The one exception was Product Development. Here scores were down by 0.23 points compared to 2016 reverting back to levels seen a couple of years earlier. Not everyone has concerns in this area. Of the responses received almost 15% indicated that there was nothing they could think that they needed. A significant number also indicated by omission, a lack of interest about enhancements.

FIGURE 1: OVERALL SCORES

Aspect of Service	Weighted Average Score				
	2014	2015	2016	2017	Diff 2017 vs 2016
Reliability and Availability	5.86	5.95	5.93	5.92	-0.01
Latency	5.33	5.57	5.69	5.62	-0.07
Client Service Personnel	5.52	5.49	5.58	5.53	-0.05
Ease-of-Use	5.58	5.54	5.60	5.54	-0.06
Handling of New Versions/Releases	5.01	5.18	5.26	5.19	-0.07
Breadth of Broker Algorithms	5.45	5.70	5.59	5.62	0.04
Timeliness of Updates for Broker Changes	5.12	5.29	5.48	5.42	-0.06
FIX Capabilities	5.32	5.75	5.72	5.78	0.06
Breadth of Asset Class Coverage	5.11	5.15	5.35	5.45	0.10
Breadth of Direct Connections to Venues	5.14	5.30	5.41	5.54	0.13
Product Development	4.80	4.92	5.21	4.98	-0.23
Ease of Integration to Internal Systems	4.78	5.45	5.36	5.35	-0.01
Overall Cost of Operation	5.13	5.35	5.33	5.24	-0.09

However, more than half of the respondents wanted something; and in almost every case that something was not compliance tools. There was no shortage of requests, for everything from better live data and enhanced graphing to integration with WhatsApp on mobile devices. While some requests for pre-trade TCA and venue analysis could be construed as compliance oriented, they also might reflect traders' desire to do a better job in improving execution performance. So a question is raised as to whether, in their rush to build new compliance capabilities, EMS providers are in fact diverting development resources from those things traders really want to see.

Some of the apparent mismatch may be down to the location of respondents. MiFID II is after all a European construct, albeit one that may be replicated elsewhere. European and UK based respondents only accounted for a little over one-quarter of respondents (27.8%). Those in Asia grew strongly, accounting for 33.1% of the total. North America, principally the US remained the largest group, representing 37.8% of total responses received.

While traders may not drive the choice of EMS as strongly as they once did, they are the principal users of the systems that get installed. When a trader is moved to lament that the EMS they are using is "simply terrible" an assumption must be made that they are not happy with the decision or its execution. As Figure 2 highlights, the majority of responses come from traders or head traders. Portfolio managers account for an additional one in seven of responses. Compliance and Risk officers do provide around 11% of responses, a number largely unchanged or declining in recent years. Those whose performance is directly affected by the quality of execu-

FIGURE 2: RESPONDENT PROFILE

Job Title	% of Total Responses			
	2014	2015	2016	2017
Head of Trading	23.6	22.9	18.6	18.1
Trader	35.0	35.6	37.7	40.7
CRO, CTO	16.6	13.6	10.2	11.7
Portfolio Manager	8.9	9.3	9.8	13.5
Other (Technology, Operations, Support)	15.9	18.6	23.7	15.9

FIGURE 3: MOST IMPORTANT FEATURES

(*) Each Respondent Named up to four Important Features

Feature	% of Respondents (*)			
	2014	2015	2016	2017
No. of Connections to Different Brokers	45.2	51.7	34.9	40.1
No. of Asset Classes Covered	28.0	21.2	24.7	29.9
No. of Direct Connections to Venues	24.8	22.0	19.1	19.1
No. of Types of Algorithms Available	33.8	22.9	26.0	25.3
Timeliness of Implementing Updates	28.0	23.7	24.7	26.2
Connectivity with Internal Systems	56.7	49.2	45.6	47.2
FIX Capabilities	14.6	21.2	14.9	15.7
Low Latency	19.1	24.6	20.9	24.1
Global Client Coverage	24.2	28.8	27.4	24.1
Post implementation Client Service	37.6	41.5	41.9	41.4

FIGURE 4: NUMBER OF PROVIDERS USED

# Providers	% of Respondents			
	2014	2015	2016	2017
1	65.1	59.3	56.3	34.0
2	18.9	26.3	30.7	36.0
3	11.8	6.8	8.4	15.1
4	3.0	5.1	2.8	8.8
5+	1.2	2.5	1.9	6.1

FIGURE 5: AVERAGE NUMBER OF PROVIDERS BY SIZE

Size	Av. # Providers			
	2014	2015	2016	2017
< $0.5 Bn	1.43	1.23	1.55	1.67
$0.5 to $1.0 Bn	1.50	1.51	1.50	2.01
$1.0 to $10 Bn	1.66	1.73	1.67	1.82
$10 to $50 Bn	1.37	1.92	1.67	2.21
> $50 Bn	1.81	1.74	2.06	2.38

tion outcomes, as opposed to process, therefore represent nearly three-quarters of responses. Keeping this group happy should continue to be a priority for all providers.

Moving to the area of what clients' value from services being delivered, the main conclusion to be drawn is that little changes from one year to the next. The results are shown in Figure 3. Again the growth in relevance of the number of broker connections could reflect concerns about compliance, whether research or execution related. It may also just be a reversion back to the levels of 2014/15. However, the importance of connectivity with internal systems and on-going client support continues to show through in the returns. Core elements of a satisfactory long term client relationship are clear and, based on scores achieved, most providers are performing well in meeting them.

The data for the number of different EMS providers being used is illustrated in Figure 4. The trend away from having a single provider is pronounced and has accelerated in 2017. Even so, among respondents only 15% indicated a definite plan to add a new EMS in the year ahead. A far larger proportion (75%), have no intention of adding to what they already have and the balance are undecided. In terms of actually changing provider, the figures are even more extreme. Less than 5% of respondents actually intend to change providers in the coming twelve months. That may be bad news for sales personnel within EMS providers. However the fact that more than 81% have no intention of changing is probably good news for most of the companies in the industry and reflects the generally high standards to which they perform.

FIGURE 6: ASSET CLASSES TRADED

Asset Class	% of Respondents			
	2014	2015	2016	2017
Equities	96.8	92.4	85.6	85.3
Listed Derivatives	59.2	63.6	56.7	54.6
Fixed Income	26.1	35.6	20.0	25.4
Foreign Exchange	36.3	41.5	33.0	35.4
Other	3.8	5.1	4.2	3.5

FIGURE 7: TYPES OF EMS USED

Type	% of Respondents			
	2014	2015	2016	2017
Single Multi Broker/Multi Asset	38.1	47.5	47.0	50.7
Multiple Single Broker or Single Asset Class	23.3	33.1	29.8	31.0
Links from OMS to Brokers	26.0	37.3	22.8	25.7
Direct Links to Execution Venues	12.6	20.3	12.1	13.3
> $50 Bn	1.81	1.74	2.06	2.38

Figure 5 shows that size is not significant in determining the number of EMS systems being used by buy-side traders. Just over one-quarter of respondents were from very small firms and while their use of multiple systems was less than very much bigger managers, the differences were not that material. Smaller firms have less need to integrate and therefore can quickly install new stand alone capabilities. Larger firms, who have to integrate internally to make the process beneficial appear to be much more careful when choosing suppliers and cannot afford to maintain too many.

The growth breakdown of asset classes being supported through use of EMS capabilities is shown in Figure 6. In relative terms, both fixed income and foreign exchange showed greater penetration. However all categories are lower than in 2015 in terms of the percentage of mentions. It would appear that some traders have decided that the initial promise of electronic trading using EMS services may not have been suitable for their particular activity. This is a trend that purveyors of multi-asset class capabilities need to manage carefully. However, as Figure 7 shows the use of multi-broker, multi-asset class systems continues to grow and is now the preference of more than half of respondents to the Survey.

Overall 2017 represents a year of solid performance from EMS vendors taken as a whole. As the industry continues to mature, further consolidation is likely but not certain. The penetration of large sophisticated asset managers is now as great as that of hedge funds, which means fewer opportunities to grow customer bases fast and places emphasis on high quality support, both in product development and general service reliability. Whether an emphasis on compliance actually changes anything significantly remains to be seen. However there are certainly providers who are betting that it will.

Methodology

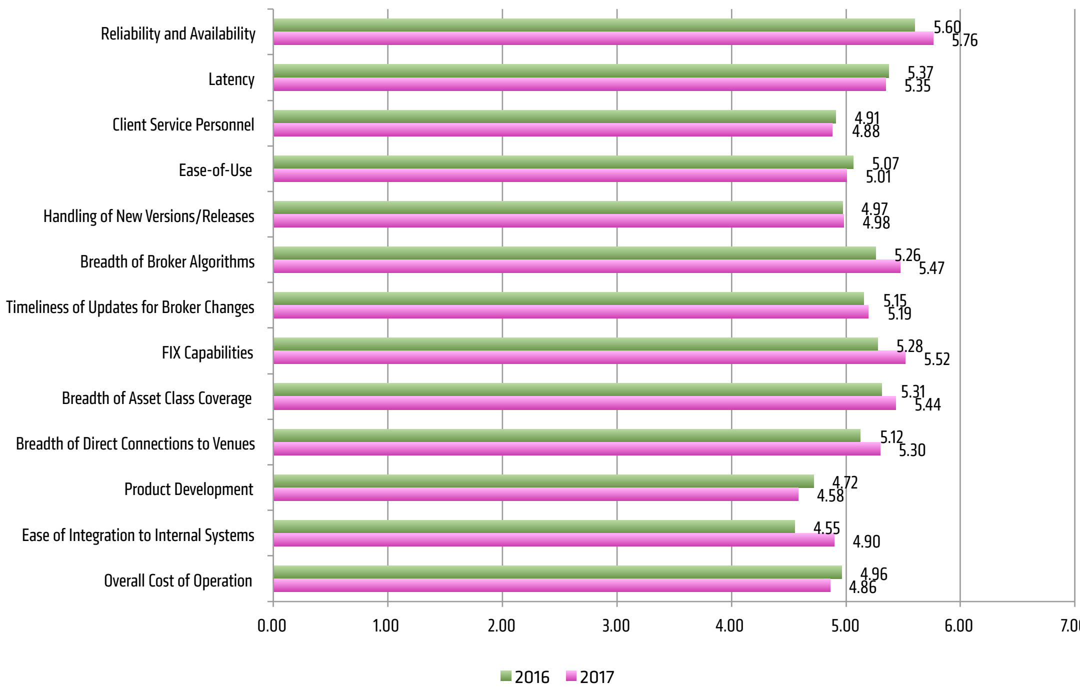
Survey respondents were asked to provide a rating for each Execution Management System (EMS) provider on a numerical scale from 1.0 (Very Weak) to 7.0 (Excellent), covering 13 functional criteria. In general 5.0 represents the 'default' score of respondents. In total more than 300 individuals responded; more than 500 evaluations were submitted; and more than 15 providers were evaluated. The evaluations were used to compile the nine Provider Profiles covering the major providers based on responses received. Each evaluation was weighted according to three characteristics of the respondent; the value of assets under management; the scale of business being conducted electronically; and the number of different providers being used. In this way the evaluations of the largest and broadest users of Execution Management Systems were weighted at up to twice the weight of the smallest and least experienced respondent.

In arriving at any overall calculations, the scores received in respect of each of the 13 functional capabilities were further weighted according to the importance attached to them by respondents to the Survey. The aim is to ensure that in assessing service provision the greatest impact results from the scores received from the most sophisticated users in the areas they regard as most important. Finally it should be noted that responses provided by affiliated entities are ignored and a few other responses, where the respondent was not able to be properly verified, were also excluded.

Bloomberg

Bloomberg saw response numbers grow by 50% from 2016 levels. As a result it regained its position as being the largest provider based on Survey responses, a position lost in 2016 to TradingScreen. As well as increasing numbers of responses, Bloomberg also recorded slightly higher scores than in the prior year. However while the overall average was up by 0.05 points, it still remained among the lowest of the major providers. To some extent it is a victim both of its own success as an EMS and also the sheer breadth of capabilities offered via the Bloomberg terminal. As an example Bloomberg scored poorly in Product Development, where its score was 0.40 points below the Survey average. It was also well behind competitors in the Ease of Integration with client systems, though here scores did improve by a healthy 0.31 points. Client Service saw an average score of less than 5.0 for the second year in succession. For a firm with such a wide and diverse client base, maintaining levels of service is always a challenge. However given Bloomberg's reputation the scores here remain disappointing.

In terms of response demographics, clients came from all over the world, with all major regions seeing a broad range of customers. Although Bloomberg received a large number of responses from smaller clients, they also maintain a very solid position among managers with more than $50 billion AuM. Indeed the average weight of respondents was among the highest within the group of profiled providers. Institutional clients accounted for almost one in three responses, while hedge funds were, compared to some providers, relatively under represented. It is also interesting to note that on average Bloomberg respondents use the capability across more asset classes than any other provider. This breadth of activity presents both opportunities and challenges, whether in terms of systems integration, product development or customer service. Bloomberg continues to do an excellent job at dealing with the complexities involved, but based on scores clients, perhaps understandably, see room for further improvement.

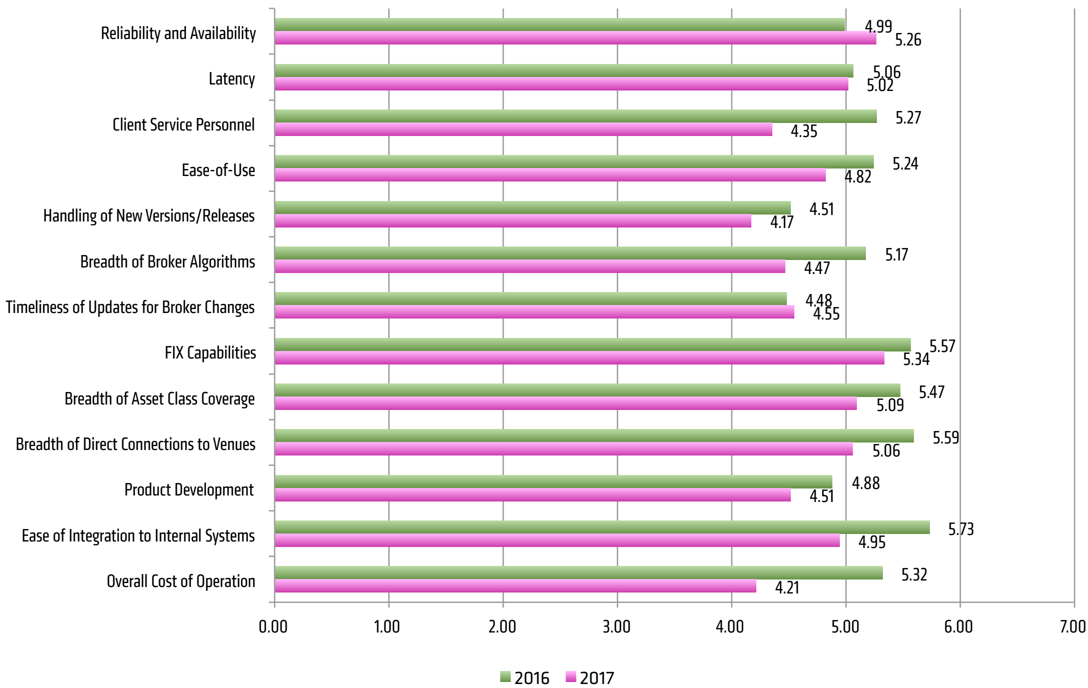


Charles River

In previous years Charles River (CRD) has not received enough responses to qualify for a provider profile. This changed significantly in 2017. CRD generated a 200% increase in responses. The firm, which has long been known as a provider of OMS capabilities to many of the world's largest asset managers, saw its EMS services evaluated by a large number of institutional long-only managers. The majority of customers who responded are based in the US, though responses were received from Asia and UK as well. The scale of the business undertaken by CRD respondents is reflected in the fact that it had the highest average weight of respondents among major providers. These clients are naturally demanding. Coupled with the way in which the CRD execution management capabilities have evolved, this probably explains some of the scoring.

Scores overall were lower than in 2016. Given the small number of responses last year the comparisons are less meaningful for CRD than for others. However, scores in 8 of 13 categories saw an average of less than the default score of 5.0. Probably the most concerning was the score for Client Service. The CRD position was well down on the 2016 score and significantly below the average for all major providers and the Survey overall. In some categories, for example Broker Connections, the development of the CRD execution management capability probably impacts on the way its services are viewed and accounts for relatively low scores. However that should not be the case for something as important as client service. CRD also scored relatively poorly in terms of Overall Cost and the way in which new versions are introduced and upgrades completed.

The company makes a good case for the integrated nature of its offering and the incorporation of key areas such as analytics and compliance within it. The core OMS capability certainly remains strong and CRD is successful in the marketplace. However in comparison to specialist EMS providers, it would appear there is still work to be done.

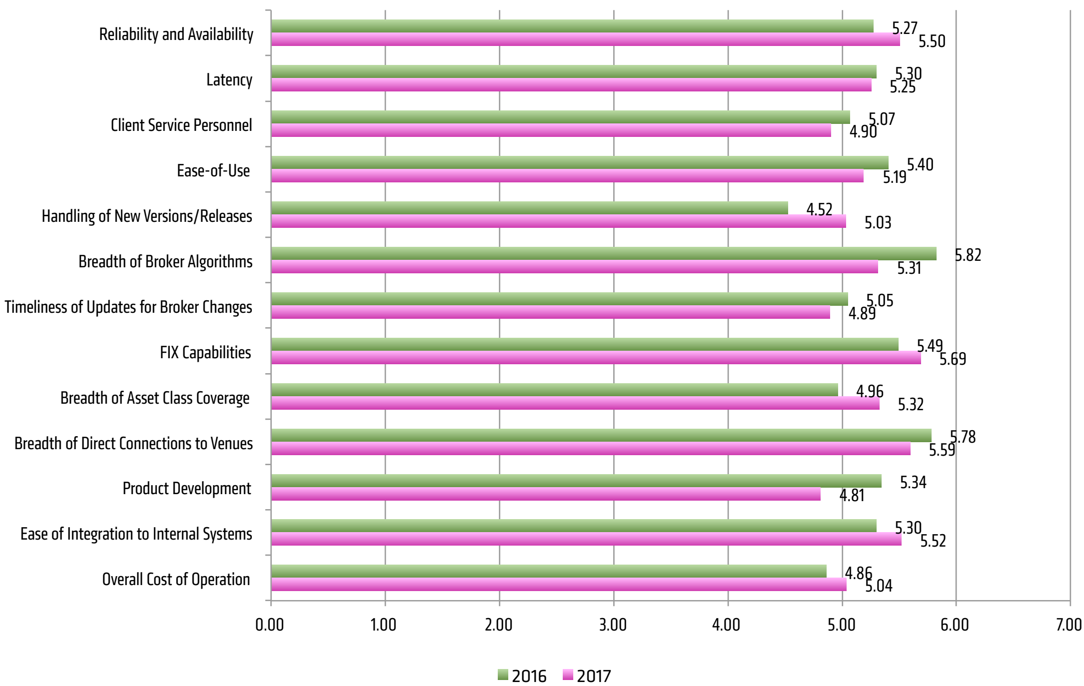


FlexTrade

A more than doubling in the number of responses received by FlexTrade in the 2017 Survey put the firm in the position of being a profiled provider for the first time. The firm offers a range of services and products to both buy-side and sell-side firms. Clients' locations include Asia, Europe and North America and all were represented among respondents. The services clearly appeal to large clients with half of FlexTrade responses coming from customers with more than $50 billion in AuM. However the firm also has smaller clients among its buy-side roster. It is also interesting to note that almost half of responses were from hedge funds, with a smaller proportion from long-only managers, in line with the overall Survey.

Delivering a global service and product capability across a very broad base of clients by size and geography undoubtedly presents challenges. In individual categories as well as across the survey as a whole, FlexTrade produced solid scores but did not rank at the highest levels. The overall average score was virtually unchanged from twelve months ago. While comfortably over the default average score of 5.0 (Good), scores were among the lowest within those firms profiled. In three categories the FlexTrade result was below 5.0 while it beat the Survey average score in only two of the thirteen areas under review. Of perhaps greatest concern in this regard was the score for Client Service. This is an area that is important to all clients, though interestingly less critical to clients of FlexTrade based on the priority assessment of respondents. Even so failing to achieve the default score of 5.0 in this area should be a warning signal. Scores were also disappointing in Product Development. While the firm has recently made a number of product enhancement announcements, any client dissatisfaction is something that competitors will be looking to exploit.

Overall FlexTrade performed well enough, but the scale of the challenge to support and respond to client demands should not be underestimated.

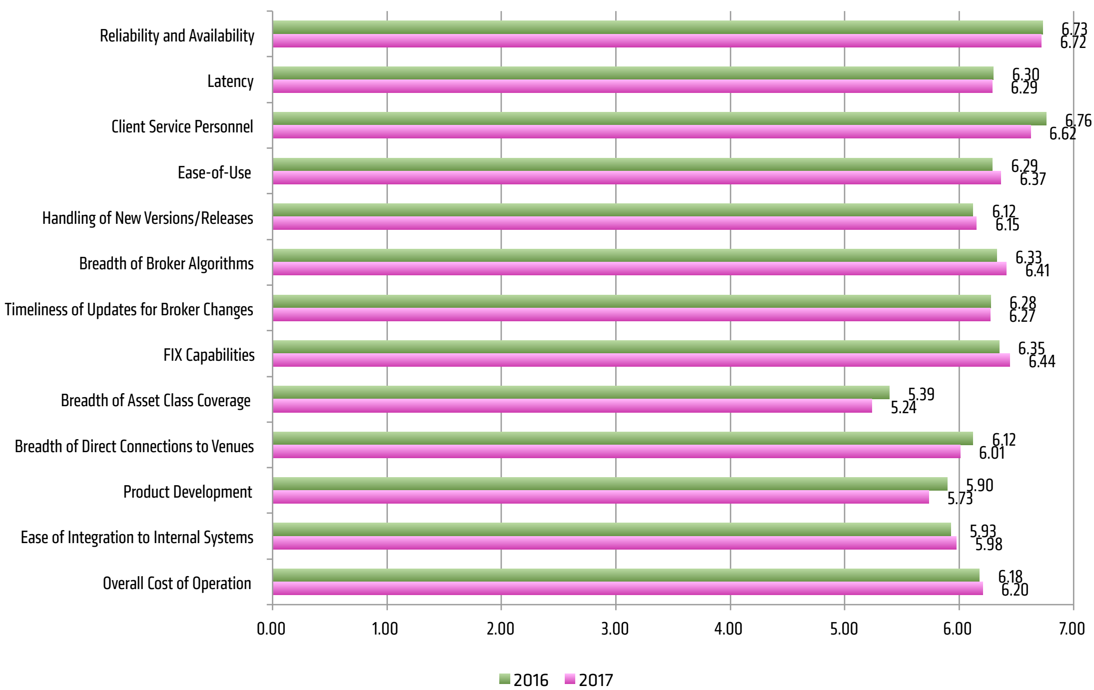


Instinet Newport

For the second year in succession Instinet Newport produced the best scores among all leading providers. The average score was in fact unchanged from the excellent levels recorded in the 2016 survey. It remained comfortably ahead of the 6.0 score that indicates 'Very Good' performance. To maintain such consistency reflects well on the capabilities being assessed. The only area where Instinet failed to beat the average of the overall Survey was in Asset Class coverage. Scores here were more than a point below those recorded in most other categories. A number of respondents would clearly like to see more capabilities added in this area, with FX being mentioned specifically. Indeed clients describing themselves as using Instinet as a multi-asset class EMS were by some way the lowest within the Survey. In line with the Survey as a whole, the best scores were seen in areas of Reliability, while Client Service was a particularly strong area compared to overall averages and the competition. These two important aspects of core competence suggest that Instinet is concentrating on the things its clients care most about.

Response numbers were slightly lower than a year ago, down around 15%, but still well ahead of some of the other profiled providers. Interestingly hedge funds provided only around one-sixth of responses, which was lower than average. There were correspondingly a higher proportion of institutional clients. The majority of clients were from North America, with some from the UK but fewer from Europe than some providers. In terms of priorities for evaluating services, respondents for Instinet were less demanding than some, which again suggests a high level of satisfaction.

Overall it is clear that Instinet has a very solid and extremely satisfied client base. However the pace of competitors' innovation seems to be increasing while new product development saw one of the lowest scores for Instinet. That suggests that competitive pressures may grow in the coming months and certainly leaves no room for complacency.

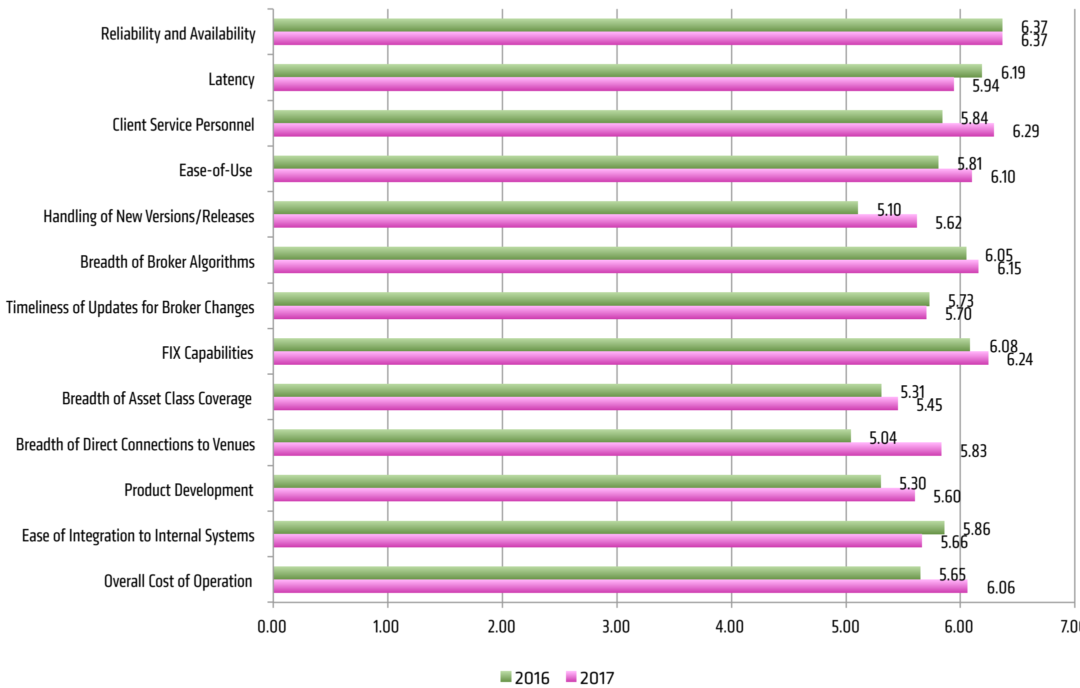


ITG

2017 has been a busy year for ITG as it positions itself for further growth in the trading space. New initiatives in pre and post-trade analytics, as well as new tools to help manage MiFID II compliance have added to its offering to clients around the world. This sense of purpose was matched by ITG in the excellent survey results recorded in 2017. Respondent numbers were up significantly. As expected the bulk of responses were from clients based in the UK and US, but there were also respondents from Asia and Continental Europe for the first time. More than one-third of respondents had AuM of more than $50 billion and it is clear that ITG is serving a demanding and sophisticated client base. Hedge funds represented a smaller proportion of respondents than for some other providers, while ITG had the second highest proportion of long-only institutions among its respondents. In addition 100% of ITG respondents use the capability for equities, the only firm for which that was the case.

In terms of actual scores, these showed a marked upturn compared with 2016. The overall score was better than 6.0 and was the second highest among the leading profiled provider group. The average was 0.20 points better than a year ago. In six categories scores beat 6.0 and particular stand out, areas included Reliability, Client Service and Broker Trading links. The firm boasts 580 brokers linked to its system and this appears to be a factor in its continued success. The area of weakest scores was in Asset Class coverage and a number of clients would like to see more in that area. Even here though, scores were very satisfactory measured against competitors, though it was the single aspect of service where ITG failed to outscore the overall Survey average.

Overall ITG has performed strongly in all aspects of the Survey and appears set to remain a leading EMS provider in the year ahead.

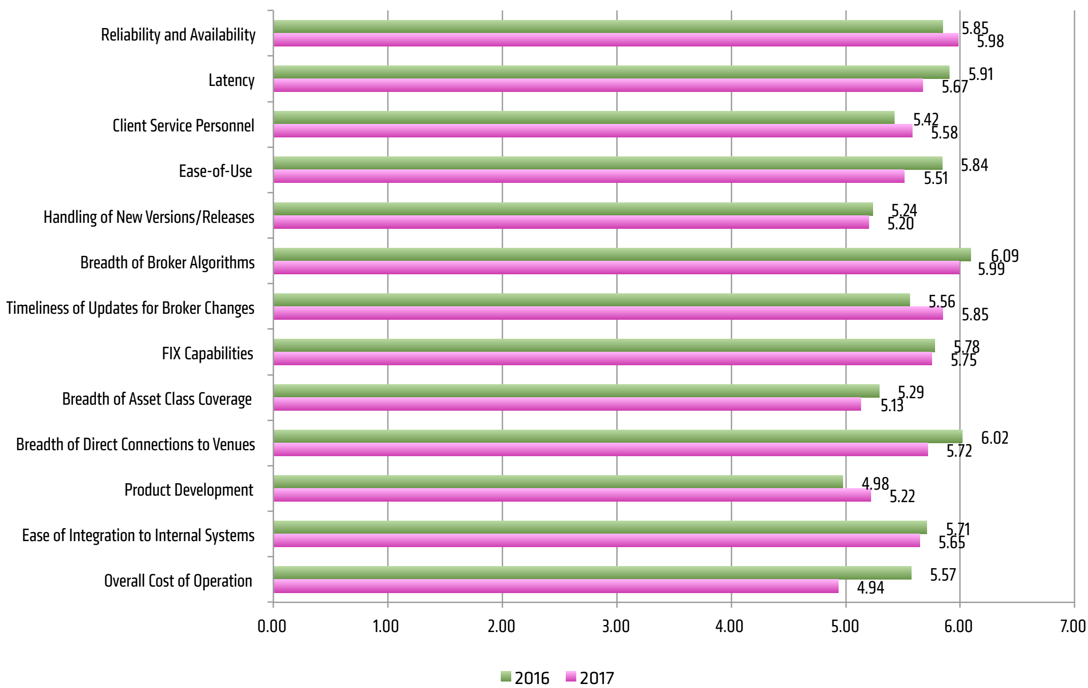


Portware, A FactSet Company

It is almost exactly two years since Portware was acquired by FactSet. The stated goal was to integrate the Portware trading and analytical tools to complement FactSet capabilities and improve the productivity of FactSet users as a result. Portware was also seen as innovative and fast growing in an exciting area.

Based on response numbers the Portware business appears to have flourished under its new ownership during the last twelve months. Response numbers nearly doubled. This year saw almost half the responses coming from Asia, while North America and the UK accounted for the remainder. Relatively speaking Portware saw more responses from institutional managers than hedge funds and it is clear that the appeal is largest among the very large asset managers. Over 60% of respondents had AuM in excess of $50 billion. Interestingly Portware saw a higher proportion of multi-asset class users than any of the other profiled providers. However, based on respondent comments, some clients would like to see better overall asset coverage as well as better pre and post-trade analytics. That suggests that further improvement could be seen with an even greater level of integration.

In terms of the scores in 2017, there was a small decline in the overall result. It remained better than 5.50 across all categories, but was down by 0.14 points. This result is more than acceptable, but behind the very best outcomes. In relative terms the strongest area of performance was in the number and breadth of broker trading options, where Portware saw an average of very close to 6.0 (Very Good). In nine categories Portware beat the overall average score but in a number of cases the difference was insignificant. Some of the weakest scores were in the area of Overall Cost of Operation, where Portware scores were 0.30 points below the Survey level. This could open the firm up to competition over time, though the effectiveness of capabilities is more likely to determine future success than simply price.



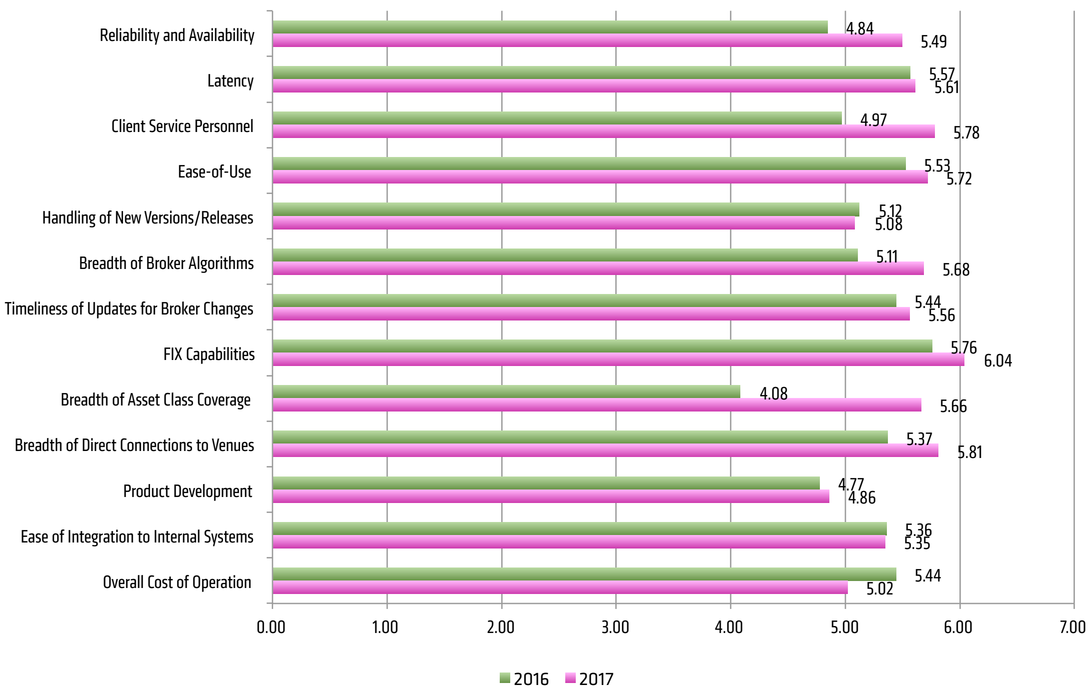
Thomson Reuters REDI

One of the more interesting developments within the EMS industry in the last year was the acquisition of REDI by Thomson Reuters in early 2017. REDI started life as the proprietary EMS for Goldman Sachs and then sought to develop into an independent multi-broker platform with mixed success. For Thomson Reuters, the acquisition offered the potential to integrate with the Eikon and Elektron platforms to "enable institutional traders to move seamlessly from pre-trade activities to trade execution across asset classes on an integrated platform" according to the original press release. With almost 4,000 users on the REDI system, the combination clearly offers considerable scope for both product development and client growth in the emerging regulatory and business environment.

The Survey came too early to gauge the effects of the acquisition from a client perspective. The number of respondents increased quite dramatically, propelling REDI firmly into the ranks of major providers measured by type, size and location of respondents. Roughly two-thirds of responses came from US clients, with a handful of others from both Europe and Asia. A very low proportion came from long-only managers, with hedge funds providing the majority of returns.

In terms of scores, the position was solid but not spectacular. The average score was up by 0.28 points from 2016, but the latter was based on a relatively small number of responses. The overall position for REDI was very much in the mainstream among the profiled providers. Relative to its principal competitors the strongest showing was in Client Service and Ease-of-Use. These are important to clients and REDI beat the Survey average by nearly 0.30 points in each case. Perhaps reflecting the changes taking place, scores were weakest in Product Development, where the REDI score was below the default 5.0 level.

Seeing how the acquisition works in the context of Thomson Reuters broader battle with Bloomberg will be interesting for clients and competitors alike. Certainly it already appears to have invigorated the REDI business and added to the competitive landscape.

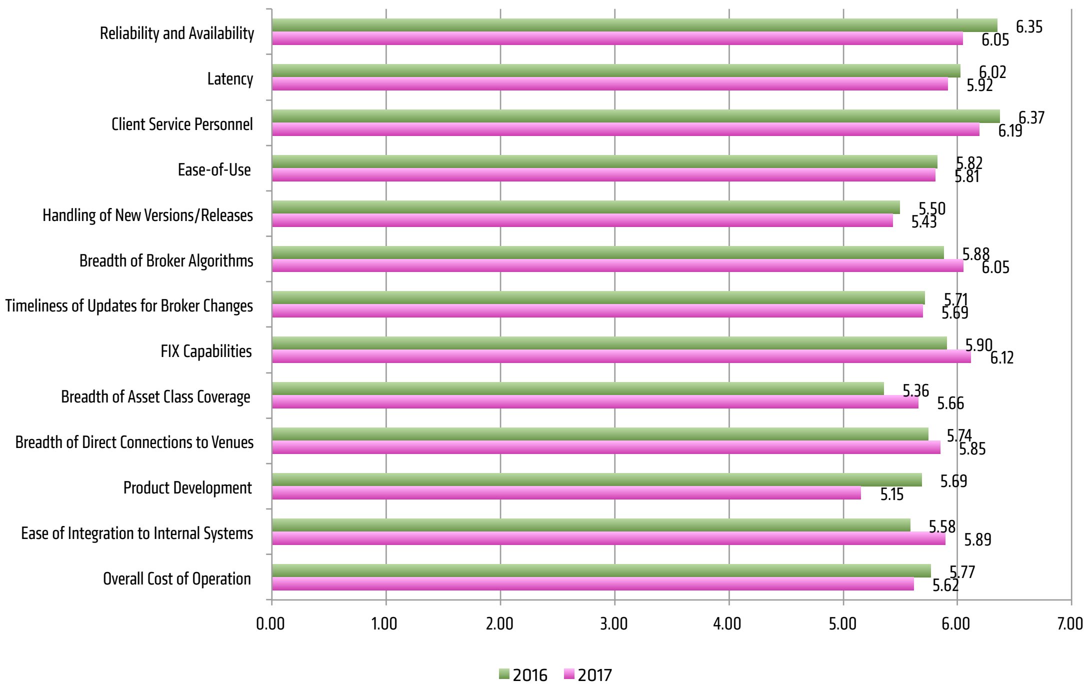


TORA

TORA established its base of business some years ago, building around the needs of hedge funds and starting in Asia. While its business has grown since then, that remains the core of its business and is reflected in the responses received within the Survey. More than three-quarters of responses were from clients based in Asia, with Japan a particular area of activity. This was a significantly higher proportion than any other provider recorded. Almost 80% of respondents were hedge funds. This again was well in excess of most respondents. While a few long-only managers did respond for TORA they were in a small minority. A little over half of the respondents use TORA as a multi-asset class capability while a further 24% use it for trading a single asset class across multiple brokers.

The nature of TORA clients means that its scores may be less directly comparable to other providers. In addition the number of responses in 2017 was more than double the level recorded a year earlier. In that context it is worth noting that scores were maintained at similar levels to a year ago, taken overall. The average declined by an insignificant 0.06 points and was the third highest among the profiled providers. In four categories the average score was better than 6.0 (Very Good) across all respondents and TORA outscored the overall Survey average in all 13 categories. The best scores included Client Service where TORA achieved its highest score. The extent of broker links was also seen as a key relative strength. The lowest score was in Product Development. While the average was better than the 5.0 default score, a number of clients commented on areas where they would like to see improvement. These included a desire by one client to more easily incorporate their own capabilities within the platform.

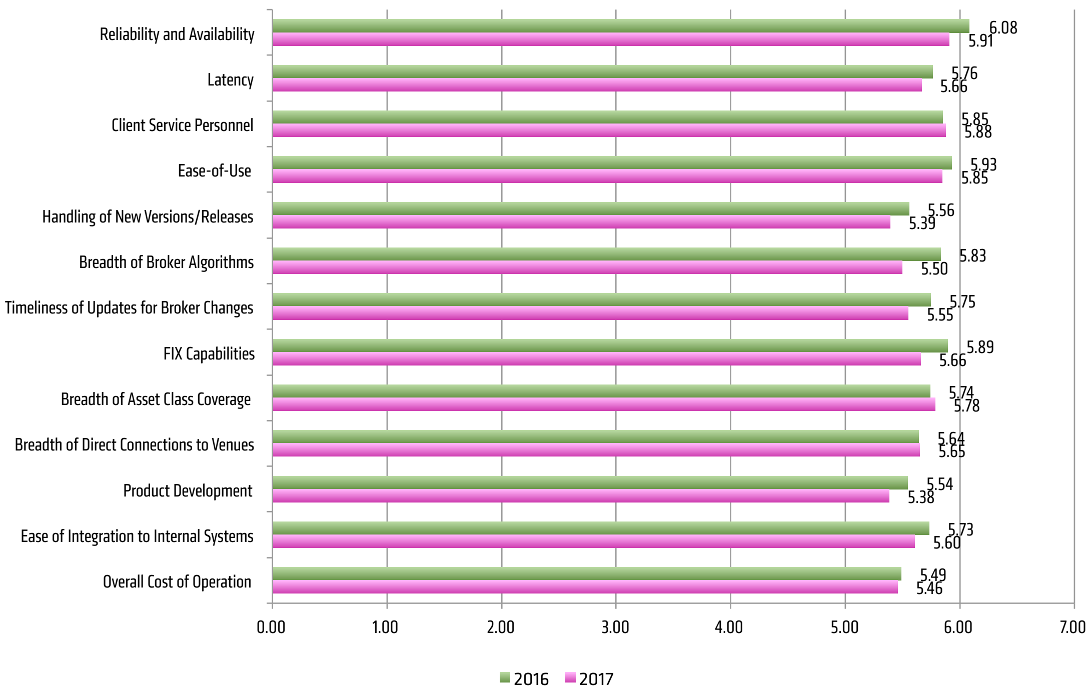
TORA is clearly a major factor in the key markets it has chosen to serve. It would appear to have the capability to expand beyond these areas to the extent it chooses to do so.



TradingScreen

After a turbulent period, TradingScreen seems to be back as one of the leaders in the EMS industry. Response numbers were slightly lower than in 2016, but even so the firm still accounted for the second highest number of client questionnaires. Once again the breadth of clients, whether by size, location or type was impressive. TS has always had a strong global footprint and will no doubt hope to grow its European client base even further following the opening of its Frankfurt office. At the same time, the hedge fund business in the UK and North America, which accounted for around 50% of TS responses, should benefit from new product offerings such as the award winning TSNEXT mobile capability as well as the integration of OTAS analytics, and the further development of its fixed income capabilities. Interestingly only around three-quarters of respondents use TS for equities, among the lowest proportion within the Survey. TS along with Bloomberg also had the largest number of responses from smaller customers.

Given the breadth of business and scale of responses, TS did extremely well to pretty much maintain the level of scores at 2016 levels. The overall average was down by 0.11 points but still ranked fourth, unchanged from a year ago among the profiled providers. TS saw its best scores in the area of Reliability, for the second year in succession and in line with overall Survey results. It will be pleased to have seen a small gain in the already good scores for Client Service, reflecting a performance well ahead of the Survey average. It is also clear that respondents appreciate the breadth of asset class coverage, where scores were also higher than in 2016. Scores were however lower in the area of FIX capabilities and also perhaps surprisingly given the level of new product announcements, in Product Development. Here however, scores nonetheless remained well ahead of the Survey average, a position that TS achieved in 10 of the 13 categories covered in the Survey.



Other Providers

In addition to the nine profiled providers an additional thirteen firms received at least one response. There were also a number of respondents who use their own proprietary capabilities, whether for a single asset class such as FX or more broadly. In a number of cases the level of responses received grew from 2016 levels, reflecting the growth in overall responses to the Survey. Among systems delivered by brokers to clients, those of Morgan Stanley, JP Morgan and UBS achieved the highest number of responses. Within other groups EZE Software, Fidessa, InfoReach and ULLINK saw the greatest market penetration and would certainly consider themselves capable of challenging other independent firms in the future. As might be expected the broker platforms like Passport and Pinpoint had a response base dominated by hedge funds, though responses also included other agency only brokers using their systems. Among the non-broker systems, the client base was more varied, with Fidessa seeing a large number of responses from sell-side firms. Each of these firms has a core strength, whether by type of client, size or geography. That is a source of their continuing business success, and at the present time seems to be strong enough to maintain a measure of independence. However it also makes it difficult to compare scores, whether across the Survey as a whole or in the context of more broadly based competitors.

In terms of scores the results among these different providers was varied and generally, though not always, lower than the levels achieved by the firms that were profiled. UBS Pinpoint for example scored comfortably ahead of the Survey averages in more than half of the thirteen categories. However unsurprisingly it did less well in areas such as broker and direct exchange connections as well as product development and integration with clients' internal systems. The latter are always a challenge for narrowly based providers and those focused on routing orders to a specific broker. Morgan Stanley scores followed a similar profile but with generally weaker performance, while JP Morgan Neovest was between these two extremes in terms of scores. Within the group of independent providers, InfoReach certainly achieved the best scores, beating the Survey average consistently and seeing excellent performance in client service, but doing less well in terms of cost. Fidessa, with a large and demanding client base, saw the weakest scores within this set of providers, and should perhaps be concerned about scores for client service as well as the timeliness of updates to the system.

Overall while further consolidation within the EMS world seems likely there are no obvious acquisition candidates based on performance within the survey.