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Lightspeed Financial Offloads Middle Office to SaaS Specialist Firm58

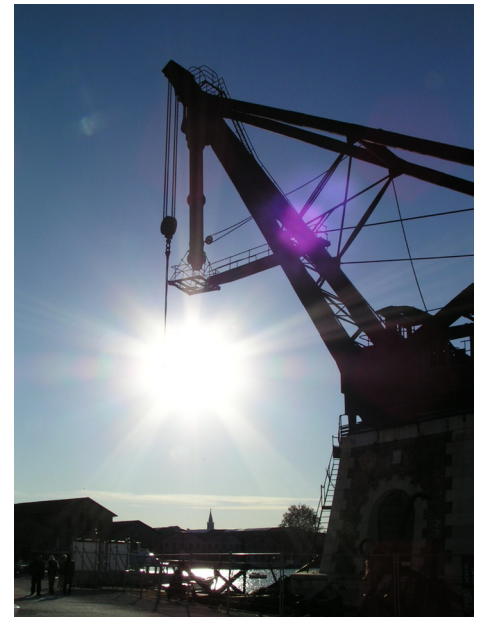
LIGHTSPEED FINANCIAL HAS selected Firm58 to provide a software as a service (SaaS) middle office platform that will handle processes such as financial reporting, revenue and cost analysis, soft dollar management and bill generation.

Lightspeed, which is headquartered in New York City, supplies direct market access trading technology, risk management solutions and brokerage services to professional retail active traders and institutional investors. After a string of trading firm acquisitions – Terra Nova Financial, Schonfeld & Co, Integrity Trading and Noble Trading – and a perpetual licence agreement covering Assent's Anvil trading platform,

changes, and it can handle the size and growing scope of our business. The June acquisition of Terra Nova, a sizeable addition for Lightspeed, put us in a position to get help with reporting and settlement.”

The Terra Nova business, which is now integrated within Lightspeed, was first to go live with Firm58 in late October, but Ignall expects more of the firm's middle office processing to move to the SaaS platform over time.

Stephen Ehrlich, CEO of Lightspeed Financial, says: “As a broker-dealer with a sophisticated and growing client base, it is imperative that we employ equally sophisticated and transparent services to



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the company decided a couple of months ago to team up with a middle office specialist, as it integrated its catch, prepared to manage a wider client base of traders and refocused its effort on trading technologies and broker solutions.

Scott Ignall, chief technology officer at Lightspeed Financial, explains: “We looked at other middle office providers, but chose Firm58 because it has proven products, it serves high calibre firms and ex-

manage our trading operations. By consolidating many of our middle office functions with Firm58, we are able to accomplish those goals and achieve significant operational efficiencies in the process.”


Firm58 was brought into Lightspeed as recent acquisitions, particularly Terra Nova, were consolidated with existing business. Its first task was data integration in the run up to go live for the Terra Nova business. Nick Fera, CEO of Chicago-based

Firm58, explains: “Time was key to Lightspeed's decision and we can roll out browser-based services rapidly. Lightspeed can use our services for internal finances, but it could also expose the services to clients who can then log in and see underlying trade by trade data.”

Firm58 charges a monthly subscription fee for its services and offers both component solutions, such as commission sharing, and a platform of integrated functions. The company claims that while commercial competitors, such as Cogent and Xtiva, offer niche middle office components, it leads the way in offering a broad platform of services that are tied together. Fera adds: “Most of our competition comes from in-house developed applications, particularly for billing. Firms start small, but grow to

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a point where they need more scale and flexibility. This is when they often decide to outsource. We can help them minimise cost and maximise profitability by outsourcing and investing savings in trading strategies.”

Founded in 2005 and backed by US\$19.2 million from New World Ventures and North Bridge Venture Partners, Firm58 has ambitions to expand beyond its mainstream North American market, with its first

international data centre expected to open in Europe in the second half of 2011, followed by a similar facility in Asia Pacific.

Lightspeed, too, is moving forward in its own realm of trading technology. The company has an application programming interface in beta test that will allow manual traders to do some programmatic trading through the Lightspeed front end, a solution Lightspeed describes as ‘grey box trading’. Also in beta test and due

for release at the turn of the year is a scanning tool that allows traders to identify stocks trading within particular parameter.

A recent addition to the company’s portfolio, previewed in July and released by the company’s Lightspeed Gateway algo trading business in October, is a black box software development kit for algo traders that provides 90% of black box functionality, with algo traders plugging in their own 10% of trading strategies.

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