Cindy Amar’s dream has come true. For more than a decade, the head of fixed-income flow engineering and sales for Natixis in Asia had envisaged a radically simpler way of getting prices to clients, eliminating the cumbersome back and forth that can hopscotch across up to 20 separate applications – client vetting, trading communication, booking and recording – and take 15 minutes or more.

Now, she has it. Last month, at an industry conference in Hong Kong, Amar showcased the French bank’s new sales and trading software that amalgamates all the necessary information in a single place.

“I found that place where I could have my one-stop shop. A single marketplace that leads to internal efficiency and agility, but also best execution, client engagement and saves some sales airtime,” Amar told attendees on June 6. She was talking about Symphony – a platform that just two years ago appeared to be little more than a messaging tool. The company came into existence in 2014, when Goldman Sachs’ internal messaging system “Live Current” with start-up platform “Perzo”. The open-source communications network was developed to rival Bloomberg in the wake of a 2013 data breach, when journalists were found to have accessed client data.

Having amassed 320,000 users, banks are ramping up development of their own applications and bots that connect to the platform, aiming to streamline workflows and build a bespoke sales and trading desktop.

Natixis showcased a prototype of its Concerto sales platform in June, which cuts down the time taken to deal with client requests from around 15 minutes to just 20 seconds. Need to know

- Symphony was created in 2014 when a consortium of 14 financial firms invested $66 million in a new entity that combined Goldman Sachs’ internal messaging system “Live Current” with start-up platform “Perzo”.
- The open-source communications network was developed to rival Bloomberg in the wake of a 2013 data breach, when journalists were found to have accessed client data.
- Having amassed 320,000 users, banks are ramping up development of their own applications and bots that connect to the platform, aiming to streamline workflows and build a bespoke sales and trading desktop.
- Natixis showcased a prototype of its Concerto sales platform in June, which cuts down the time taken to deal with client requests from around 15 minutes to just 20 seconds.

People across the industry now understand that chat is key in a broader sense than just replacing email. The ability to quickly and easily build chatbots that connect to other client ecosystem components and trading platforms means you can use Symphony as a convenient window into data contained in lots of other systems. That’s the key,” says Craig Butterworth, global head of client ecosystems at Nomura, an investor in the technology.

Projects range from simple applications that automate a specific workflow to complex bots and chatbots, which combine multiple functions, such as augmenting conversations with information, or improving one part of a desktop with information from another part.

A word of warning about all this: because the big dealers are also investors in Symphony, they have an interest in talking it up – even to the extent of talking each other up. A senior salesperson at a rival bank refers to the Natixis platform as "seriously impressive". But he also happens to sit on Symphony’s board. Amar herself may have gone slightly over the top when referring to the bank’s system as “a perfect venue, a holy land”. The only vaguely negative note struck by any of the banks comes...
from a press handler, conceding at one point that the firm “may be slightly biased”.

Biased or not, the banks’ shared economic interest is producing a lot more than talk – hundreds of bots are in the works across the industry – and it’s also forcing Bloomberg to take countermeasures (see box: Beyond chat: how Bloomberg is fighting back).

Symphony and its backers are betting that the open application programming interface (API) approach will drive the next stage of its growth – it means banks can integrate chat into their own software.

The messaging tool has already clocked up 320,000 licensed users from 330 institutions, including over 100 buy-side firms. Many have been attracted by the end-to-end encryption that means the central platform provider is unable to see or read messages.

While the user base is beginning to rival Bloomberg’s 325,000 terminal subscribers, the newcomer still lags when it comes to content. One Symphony user estimates that the platform currently offers less than 1% of the functionality provided by Bloomberg, but that is rapidly changing. Symphony users are developing their own array of applications and chatbots that automate workflows, and enable a broad range of proprietary data and content to be accessed from a single interface.

With the operating system and secure messaging tools now built, Goutam Nadella, managing director and head of client solutions at Symphony claims innovation currently afoot will make the platform 10 times more powerful for its users in the next few years.

“Wherever multiple people have to come together to execute a business process, execute a trade or fulfil a client need, we believe Symphony will play a massive role because it will give them a platform that makes it efficient and secure. We’re taking away the fragmentation and unifying the community in a single place,” he says.

Natixis’s Concerto platform is an early example of the role Symphony may play in driving efficiencies across the banking industry. In the first instance, the sales and trading workflow bot – Amar’s brainchild – enables a salesperson to vet a client’s trading status in a single step, verifying that the client has the appropriate documentation in place, as well as adequate credit limits. Almost immediately, the system can give the green light to trade, or can flag any documentation or credit issues that may need to be rectified.

Other relevant parties – including operations, middle office and derivatives valuation (or XVA) desks – can be brought into the chat at the appropriate point, ensuring everyone involved has the same history, thereby removing the need for repeated reconciliations and confirmations.

“It’s a big change not having to go to multiple screens or open other browsers and apps,” says Frédéric Dalibard, head of digital for corporate and investment banking at Natixis. “That’s a big saving for a salesperson who is going to interact with many clients every day, and means operational savings or more trades being done, and then more revenue generation.”

He says the platform can cut down trading time from 15 minutes to just 20 seconds.

Concerto should be live across the bank’s sales and trading functions in all asset classes before the end of the year.

Other banks are working on similar projects for launch in the coming months. Nomura – one of the most active users of Symphony’s chat tool, with 13,000 licensed individuals – is working on its own sales and trading chatbot that would including one-click client vetting and credit line usage. That is just one of around 100 chatbot ideas the Japanese lender has in the pipeline, ranging from complex analytical tools to streamlining more mundane tasks, such as meeting room booking. The bank’s first chatbots are expected to go live in August.

“Particularly with new regulation, traders and salespeople spend much more time onadmin than before. Chatbots and other technologies, such as artificial intelligence, collectively enable us to significantly reduce that admin, so traders and salespeople can go back to being traders and salespeople. It won’t transform the role, but it should make it more focused,” says Butterworth.

Nomura is one of a handful of dealers to host Symphony hackathons that see participants design and create fully functional chatbots from scratch in 24 hours. These can range from a single information platform for sourcing all company and employee information, to an app that lets employees orders coffee in-house.

BNP Paribas, which invested in Symphony in 2017 through a third round of funding, is currently using the secure messaging tool for internal communication between sales and trading functions. BNPP’s global markets head, Olivier Osty, sees broader use cases with clients in the coming months.

“We’re currently using it internally and interacting with some customers. We have started the work to build common AI driven bots with a few of them. It’s a secure channel and pricing security being discussed on Symphony can be done fully automatically from chat to trade functionality,” says Osty.

“It’s easy to use and has lots of functionality. Essentially it allows you to create a collaborative forum generating communication and overall workflows efficiencies in an open and shared framework.”

First-round investor JP Morgan has around 25 Symphony projects in production and another 30 in the pipeline. At the same Hong Kong event, William Quan of the bank’s markets execution team told delegates of a conversation with global markets execution head David Hudson a year earlier, which kick-started a project that has slashed the time taken for clients to locate research. Hudson, the man tasked with digital change for JP Morgan’s investment bank, was concerned that the search function on the bank’s client facing platform, JP Morgan Markets, took 18 seconds to deliver results. For a bank with 850 analysts and around 12,000 institutional clients, that was a problem. Hudson wanted to slash the search time to just a second.

Through a range of technology advancements, the bank has achieved those time savings – and a Symphony API enables clients to access the information at lightning speed compared with web browsing.
BEYOND CHAT: HOW BLOOMBERG IS FIGHTING BACK

The emergence of Symphony as a potential pillar for sales and trading workflows has not gone unnoticed by Bloomberg. Much of what is happening in the unbundled world of Symphony cannot be achieved in Bloomberg’s closed environment. As a result, the incumbent platform is beginning to open its doors.

In October 2017, Bloomberg took the first step in fending off its rival’s momentum with the launch an unbundled chat function for $10 a month – under-cutting Symphony’s $20/month headline fee. Dealers see this as a symbolically important “unbundling” of Bloombergs chat - a description Bloomberg disputes, arguing the customer firm still needs to have a terminal subscription.

The incumbent is also understood to be allowing some open application programming interfaces (APIs) into the historically closed system, enabling users to connect to some third-party applications. Although that represents a big change from what one dealer described as a ‘monopolistic and walled ecosystem’, dealers speaking to Risk.net say the changes may not be enough to stem momentum in the newcomer. For example, two dealers note that Bloomberg’s add-on chat function cannot be used to talk externally.

“The devil is in the detail, and if you investigate it, it’s so limited that it might not be of that much use. But it is a big statement and change of direction, so it clearly shows they feel the need to evolve,” says one London-based dealer.

“In all walks of life, the days of big heavy technology companies have gone, and we’ve moved to an environment of loosely coupled microservice architecture that enables smaller companies to pop up and do one thing really well in a complementary way,” Bloomberg may be taking the first step in a journey towards a more open and collaborative ecosystem that mirrors trends elsewhere, but at the heart of the issue is a growing concern around data security.

While Bloomberg owns client data that sits within its walled ecosystem, Symphony enables users to retain ownership of data, with encryption meaning it is not available to other users or the platform operator. Following Bloomberg’s snooping scandal in 2013, when it emerged that journalists had accessed client usage information, the recent data scandal at Facebook has catapulted data security to the top of the list of banks’ concerns.

“People are no longer comfortable with technology firms having full access to your data. As people start to understand the value that data plays, the idea of giving that away for free will become a crazy thing to do,” says the dealer.

Bloomberg was unable to comment on any plans to offer open APIs.

Hudson tells Risk.net the bank has developed a range of further applications for pricing, research and trading functions. The dealer is also working with some clients on a multi-request chat function that would standardise the process of sending quote requests to multiple dealers – and also the banks’ responses – potentially making price discovery simpler and allowing the clients to use the results elsewhere, such as in best execution reporting.

Bot value

While applications can help to automate some workflows, Hudson believes the real value of Symphony lies in bots. The bank is working with US clients who trade complex, non-standard interest rate products that can be time-consuming for salespeople to price. JP Morgan has developed a bot that can listen in to conversations, collect the relevant details if such a product is discussed, and then fetch a price from an automated pricing engine. The price is then shown to the salesperson, who only has to approve it and share it with the client.

One of the high hopes for Symphony is its ability to store and interpret data that would otherwise be lost in a sea of emails or voice conversations throughout a bank. A number of dealers are working on projects that aim to digitise trading information and amalgamate it in a tool that could augment trading intelligence, ultimately increasing a firm’s trading capacity.

Natixis is working on a project that would consolidate axes, enabling the bank to match and offset client orders against each other – a process known as internalisation – rather than going out to hedge the other side with a broker every time.

Dalibard of Natixis likens the function to an internal version of AlgoM’s Honeycomb product – a multi-dealer platform that combines banks’ inventory and trading data for corporate bonds. The difference, apart from Natixis’s cross-asset approach, is the ability for the bank to keep that information in-house, without having to use third-party providers.

“This is information that already exists, but it’s all over the place, and mainly in the heads of traders. We want to digitise it in an efficient way and make it actionable,” says Dalibard, who expects the bot to be up and running by the end of the year.

The same concept can be found at BNPP. Its Omega system builds a history of trading data and inventory, with the aim of producing more internalisation. BNPP’s Ostry believes Omega can increase by 30% the chance of finding the other side of the trade. Although it wasn’t built within the Symphony platform, the bank has built some integration to the messaging technology.

JP Morgan is also looking to link Symphony messaging to the bank’s sales desktop framework. For example, if a client requests an Apple bond, a sales tool on the chat function will alert the salesperson to all recent transactions in Apple, including information on buyers, sellers, and hedging strategies.

It isn’t just sell-side firms that are embracing the potential benefits. BlackRock, a first-round investor, is using the messaging platform for internal and external communications. Some users away from the firm note that BlackRock is considering exclusive use of Symphony with some products. The firm is unable to confirm whether that is the case.

“Symphony is one of the tools we leverage to communicate with external parties, such as accounting agents, custodians and counterparties. We will continue to use the communication tool that delivers the best outcome for our clients. All of our employees can access Symphony for internal communications,” a BlackRock spokesperson tells Risk.net in an emailed statement.

While the future development of Symphony is in its customers’ hands to some degree, the firm is also working on a set of standard tools for all users. Work started three months ago, and the first tools are expected to go live towards the end of the summer. “We’re innovating, clients are innovating, and the net result is a platform that is deeply integrated into daily workflows, which should make everyone’s work more efficient,” says Symphony’s Nadella.