

F Buy versus Build

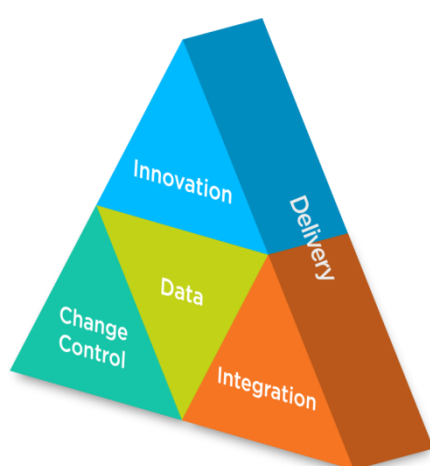
Part 3: Solving the 'who's in control' conundrum



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In order for the global and super-regional banks to achieve the agility, speed to market and certainty they require to remain competitive in today's environment they need to dial in just the right blend of in-house created IP and 3rd party heavy lifting. But they must be truly confident that any vendor relationship they have delivers the right skillset and the requisite levels of performance and resilience whilst allowing them to retain control.

Some of these issues are more easily resolved than others and, in some sense, the higher regulatory standards that the industry now works to have filtered through to their suppliers as well. This favours those firms that have global scale but also possess the operating precision to commit to all the rules whatever their regional variations and subtleties. But sheer size isn't enough. Without a corresponding pedigree in performance, resilience and delivery, 3rd party suppliers will always struggle to convince large banks that they can play a central role in provisioning their trading platforms. This is where the approach by some vendors that acquire and bolt together smaller firms' technology can come unstuck. Obviously there are exceptions, such as the natural divide between the buy-side and the sell-side, or between retail and institutional banking, but within any one of these spheres consistency is key. And this only comes by having a demonstrable, common application architecture that incorporates the latest techniques but without running too far ahead of the pack down dead ends or out into the wilderness.



Being able to tick these boxes is all well and good, but only goes so far in terms of managing the two separate worlds of build and buy. In order to manage this divide properly a number of specific challenges need to be resolved. These can be considered under 5 headings; innovation, control, integration, data access and agile delivery. Obviously they are all interconnected, but it is useful to consider them individually so as to understand the dynamics between them. And, by really understanding these dynamics, the larger firms can actually use the build AND buy model as a source of real and sustainable competitive edge.

Part 4 will look at how to achieve the optimal blend of innovation and change control.

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[Click here](#) to read *Part 2: Not all vendors are the same - old and new challenges*