



Consolidated E-Trading Solution Aims to Draw 10,000 Subscribers in First 18 Months

Overview

Country or Region: Lebanon
Industry: Professional services—
 Information technology

Customer Profile

In Beirut, Lebanon, Microsoft® Gold Certified Partner Netiks specializes in consulting, developing, and implementing e-business solutions.

Business Situation

The company's customers desired a comprehensive e-trading solution that they could use to trade on worldwide stock exchanges and to access a consolidated view of their portfolio.

Solution

Netiks chose the software-plus-services strategy to build a hosted e-trading platform that also offers third-party financial services through the Internet. The solution is hosted by the Arab Finance Corporation.

Benefits

- Offers customers more choice
- Builds customer satisfaction
- Expands market share
- Increases revenue

"The software-plus-services strategy generates transactional revenue for us. We expect to reach... more than 30,000 global trading subscribers in the next three years."

Joe Abi-Aad, General Manager, Netiks

Netiks is a technology solution provider in Beirut, Lebanon. It wanted to build a consolidated e-trading solution so customers didn't have to open multiple trading platforms to connect to different global securities markets. Netiks chose the software-plus-services strategy to deliver a Microsoft® .NET-connected online trading and order management solution called Global Trader, which is hosted by the Arab Finance Corporation. Customers subscribe to Global Trader and use a Web browser or a Windows®-based application they can easily download. The solution offers a single platform for trading any type of security in global markets and delivers a compelling user interface with a consolidated view of all trading activities. Customers can also access real-time financial services hosted by third-party providers. Netiks expects to reach a global market of more than 30,000 subscribers within three years.

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Situation

Netiks began operations in the year 2000 in Beirut, Lebanon, with a focus on developing customer relationship management and Internet financial applications. In 2001, it launched an online trading platform for the Arab Finance Corporation (AFC), the first financial company to be established in Lebanon. The trading platform offered a Web-based solution by which customers could log in to a Web site to complete basic forms and place an order. The order was then routed to AFC and Bank of Beirut trading rooms, where a trader typed the order details into another proprietary platform, such as Reuters or Bloomberg, to complete the transaction.

“This early system was semi-manual, but it did acknowledge the growing importance of Web-based solutions,” recalls Joe Abi-Aad, General Manager at Netiks. “It was our first step in facilitating online trading for our customers. Over the next few years, as we built more functionality into this solution, we saw that the financial markets were changing. To keep up with these changes, we needed to exploit the possibilities of the Internet by increasing the opportunities for global trading for our customers.”

The growing standardization of trading and communication protocols among financial markets around the world had greatly facilitated online trading in the securities market. For brokerage houses like AFC, this triggered a business need for a Web-based trading solution that would provide a single interface to trading activities in multiple security markets, such as foreign exchange, equities, and derivatives instruments.

“Despite the globalization of financial markets, we still had to log into different platforms when we got orders to trade for different types of assets on behalf of our

private clients,” says Sami Akhras, Chairman and General Manager of AFC. “The same problem exists for all brokerage firms, including some of our institutional clients. Instead of logging into different applications, trading through a single platform would generate efficiencies for traders in an increasingly globalized market for securities.”

Netiks and AFC decided to jointly design and build that unified trading platform. “Netiks would bring its expertise in creating advanced e-business solutions to the table, and AFC would guide us with its in-depth knowledge of trading in the securities market,” says Abi-Aad. “AFC also impressed upon us the importance of a user interface with cutting-edge graphics and exciting interactive graphs to differentiate the work experience we could offer traders.”

While the idea of a single, online trading platform offered efficiency for brokers, Netiks could see that the Internet presented additional opportunities to integrate other Web-based services that would increase the value of the solution and attract more customers. Netiks envisioned a single platform that offered a unified trading tool and such services as news and quote providers. “We had three challenges: build a single trading window into global markets, add additional services from third-party financial news and quote providers, and offer a user experience unlike any other in this market,” says Abi-Aad.

Solution

After Netiks became a Microsoft® Gold Certified Partner in 2006, the company learned about the software-plus-services strategy and found a way to rise to these challenges ahead of anyone else in the Middle East. “At first, we thought we would



Figure 1 - Global Trader, a Microsoft .NET-connected online trading application, combines a server-based order management solution hosted by the Arab Financial Corporation and an on-premises application that delivers a consolidated view of multimarket trading activities using cutting-edge interactive analytics.

have to perform a sort of technical upgrade; but after meeting with our Microsoft account manager and attending seminars, we saw the value in moving from our regular server architecture to the software-plus-services strategy," explains Abi-Aad.

"We planned to use this strategy to combine our expertise in software development to build a back-office order management and trading engine hosted by AFC that would provide a single interface to route orders to different securities markets," Abi-Aad continues. "We could combine that with direct access to Internet-based trading and news services in the cloud, such as Reuters or InfoTech quote providers. These services would be useful for our customers, but are beyond the scope of what we could build ourselves."

The solution, dubbed Global Trader, is hosted by AFC and is now available in its first iteration. It took only six months to develop phase one of the Global Trader, which launched in July 2008. Today it is the first online trading service providing direct market access to the Beirut Stock Exchange (BSE). Customers access core functionality within the trading engine and connect to the Beirut Stock Exchange using only a Web browser.

Netiks sees this as a proof of concept for phase two, in which customers will have the option of downloading a Windows-based application with leading-edge graphics, charting, and interactive capabilities. This on-premise, desktop application is another version of Global Trader that will offer additional order management services and live news and quote management services from third-party providers, as well as a multimarket trading service to global markets. (See Figure 1.)

Netiks took advantage of a services-oriented architecture to include in Global Trader several third-party, cloud-based services, and to allow traders to route trades through different global markets. The company used Microsoft® .NET Framework version 3.0 and Windows Communication Foundation, a unified programming model within the .NET Framework for building service-oriented applications, to integrate Web services-based connectivity and platform-agnostic trading capabilities into Global Trader.

Global Trader boasts a sophisticated order management system that uses business logic to set price margin definitions, trading limits, and routing rules for the different markets in which each customer trades. To add extra value, Netiks plans to build an Office Business Application (OBA) for customers to integrate their own business logic into the services. The OBA will take advantage of Open XML Formats within the 2007 Microsoft Office system to enable customers to use the familiar Microsoft Office Excel® 2007 spreadsheet program to generate orders in Global Trader based on their own rules.

With the phase two version of Global Trader, AFC and Netiks will also offer integration services to link the trading engine with a customer's on-premise enterprise resource planning system so that trading activities and financial systems are updated daily. "We are also thinking about using Microsoft BizTalk® Server 2006 to act as the middleware between Global Trader and a customer's back-end financial system to achieve real-time synchronization," adds Abi-Aad.

Meanwhile, working with AFC, Netiks is enriching the user interface for the desktop application for Global Trader to deliver a uniquely interactive, compelling user

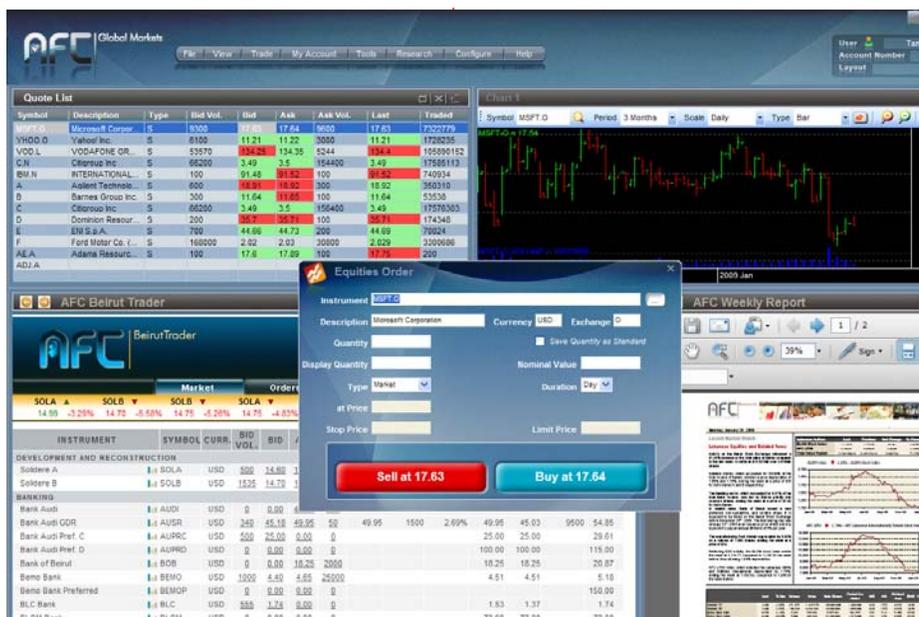


Figure 2 - Global Trader offers traders a unique online experience through compelling, interactive graphics.

interface. "Our Microsoft representative introduced us to Windows Presentation Foundation, which is essential for quickly building the online experience we want," says Abi-Aad. "The UI will be a key differentiator between Global Trader and all other trading applications on the market." (See Figure 2.)

Netiks plans on releasing the second iteration of Global Trader to the market in June 2009.

Benefits

Netiks has already seen significant benefits from embracing the software-plus-services strategy to build and market Global Trader. This solution exemplifies the potential of building flexibility into software development and delivery. Today, Netiks can offer customers a choice about how they acquire and use Global Trader, setting the company apart from its competitors. There are two options for Web-based access to Global Trader: a thin client that

requires only a Web browser, or an on-premises thick client application featuring a unique UI. This delivery strategy also opens previously unattainable markets for Netiks and contributes to new revenue growth opportunities.

Offering Customers More Choice

"With Global Trader, we have an architecture that we can quickly set up and tailor according to the needs of each customer," says Abi-Aad. "For phase one, customers simply enroll in our system to begin trading on the BSE; and for phase two, they won't have to do anything but download the thick client and decide which markets and services to subscribe to."

For phase one, AFC is both the first customer as well as a partner in the project. AFC is hosting the solution under the brand name AFC BeirutTrader, and using it to trade directly with the BSE on behalf of its clients. However, the company also plans to sell licenses to other brokers on the BSE.

AFC will host the second phase of Global Trader under the brand name AFC Global Markets and offer its expanding functionality to customers. "For phase two, we will sell sublicenses to other brokerage houses and banks on a white-label basis, and they will be able to choose exactly how they want to work with the solution," says Tarek El Ahdab, Director and Manager of Financial Markets at AFC. "We think clients will love the flexibility of being able to say, 'I want to go through AFC to trade on regional markets, but I have my own brokers for futures and in the international stock market, so I'll use the system myself to give my orders directly to them.'"

Building Customer Satisfaction

AFC also expects clients to be excited about the cutting-edge user interface that Netiks is developing under its guidance. "Traders

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are either extremely stressed or bored; it's the nature of the business,” says Akhras. “Global Trader's interface will make a real difference to their work environment, with compelling interactive features that make accounts, balances, real-time profit and loss, order tracking, and charting easy to follow.”

Expanding Market Share

Because Global Trader was designed for software and services to be delivered over the Internet, Netiks can benefit from economies of scale. Put simply, more customers can be reached with less investment in software development and delivery.

With phase one, Netiks and AFC are targeting Middle Eastern clients and institutions. “Since we launched AFC BeirutTrader, we have considerably increased our revenues in the local market,” says Akhras. And when phase two is launched and hosted at AFC, the potential target market will be enormous.”

“Thanks to the software-plus-services strategy, we can reach global customers that we would not have been able to touch before,” says Abi-Aad. He explains that by gaining seamless connectivity to a number of networks such as Reuters, all customers connected to that network become potential Netiks customers.

“Originally, we thought of developing the solution just for AFC. However, AFC customers who buy subleases to Global Trader become our customers because we collect a fee per transaction on the system. The extensibility of this strategy opened up new possibilities, and now we are offering Global Trader to other customers on a white label basis. Looking even further afield, we can use the same delivery strategy for markets in other industries,

including logistics, distribution, or pure e-commerce.”

Increasing Revenue

Netiks executives believe that the new opportunities resulting from expanded reach and flexibility of choice will increase revenue. “The software-plus-services strategy generates transactional revenue for us. We expect to reach 10,000 subscribers in our first 18 months, and more than 30,000 global trading subscribers in the next three years,” says Abi-Aad. “Revenues will also come from custodian fees on securities, commercial banners and sponsorship of e-learning videos, integration services, and e-learning subscriptions. For Netiks, the software-plus-services strategy is the way of the future.”

For More Information

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 - Microsoft .NET Framework

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Hardware

- Web and Application Servers:
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