

So Happy Together

Aligning people, systems, data, and automation

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Energy Trading Week Americas

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Background



Dr. Mark Higgins has deep financial industry experience in quantitative research and analytics. Before co-founding Beacon in 2014, Mark spent eight years at JPMorgan, launching and delivering the Athena project, co-heading the Quantitative Research group for the investment bank, and running the electronic market-making business for currency options. Before JPMorgan, he spent eight years at Goldman Sachs as a strategist on the foreign exchange and interest rate market-making desks.

Mark Higgins

Chief Analytics Officer & Co-Founder of Beacon Platform

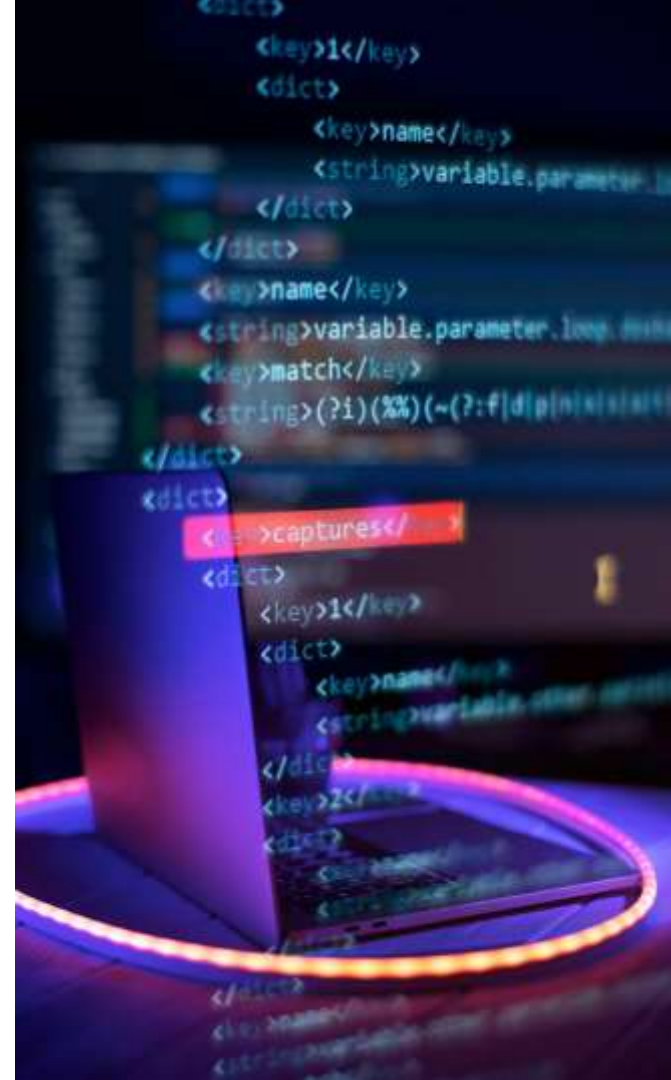
Overview

- Two kinds of development: agile and extended
- Tension between robustness and speed of delivery
- The strategist model for trading desk development
- How this affects system architecture choices



Two Kinds of Development

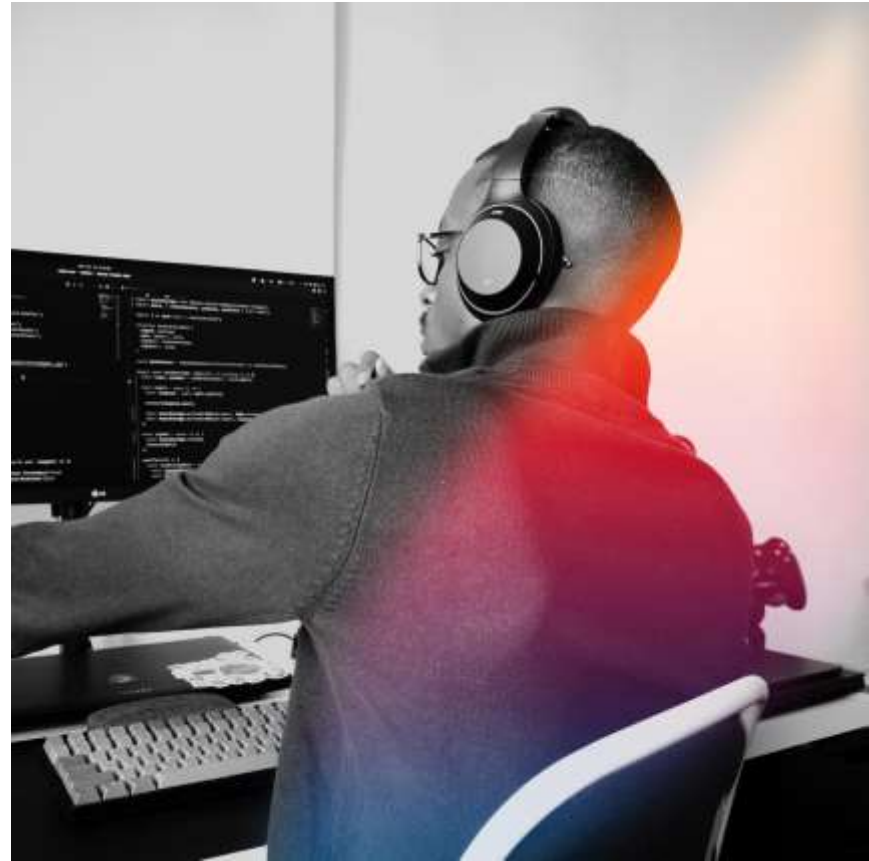
- Short-term ad hoc business projects
 - Speed of delivery is critical
 - Fuzzy and changing requirements mean that developers must understand the business
 - Small teams working largely on their own
- Long-term
 - Robustness and completeness are critical
 - Detailed business requirements mean developers need to know less about the business
 - Large teams, cross-team efforts
- Reflects a core tension between speed of delivery and robustness for trading desk technology



Two Kinds of Developers

- Traditional tech and quant organizations are often structured around long-term projects
 - Lots of necessary bureaucracy
 - Not designed for delivering short-term projects

- The “strategist” model is an alternative
 - Aimed squarely at ongoing short-term delivery on the desk
 - Sometimes part of the quant organization
 - Sometimes part of FO headcount but doesn’t need to be
 - Often exists even if it’s not formally acknowledged



What Do Strategists Do?

- Solve ongoing business problems as they crop up, with technology and analytics
- Deal analysis and structuring
- New product pricing models
- Risk management reports and tooling
- Relative value analyses
- Front line support for the trading system



What Don't Strategists Do?

- Complex project management
- Extensive cross-development team coordination
- Low-level system infrastructure
- Data warehouse management
- ... in general, "enterprise technology"



What Do Strategists Need?

- A business that cares about agile delivery
- Business buy-in
- Easy, current, and controlled access to production reference, market, and trading data
- Enterprise technology toolkit



What Can Strategists Do With the Right Tools?

- Build a custom risk management strategy for a gas-fired power plant that uses advanced machine learning to hedge more efficiently
- Analyze the realized PNL performance of a structured products portfolio to identify places where pricing and risk management work better or worse
- Quickly add support for new types of traded product end to end in the trading system
- Keep the risk system running through extreme market moves



How Do Strategists Work With Technology Teams?

- Strategists need to deliver functionality to the business
- If the technology team does not give them a formal channel, they will find their own
 - Spreadsheets!
- Need to define a way for strategist and traditional technology teams to work together
 - Ideally work in the same shared system
 - Need control policies that enable agile delivery and long-term delivery
- Handoffs between teams in technology projects add a lot of additional bureaucracy



Takeaways

- There is more than one way to do development on a trading desk - it doesn't always need to be long-term projects
- The strategist model is an efficient one for doing agile short-term development if the strategists have the right tools
- Lots of benefits to having a single system that includes a development and data environment



Thank You. Questions?

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