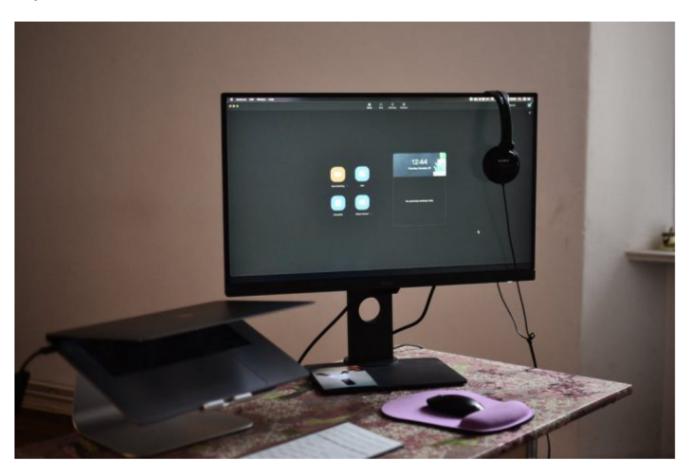# SmartStream aims to join up data dots through its expansion of APIs

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The SmartStream Reference Data Utility (RDU) was founded with Tier 1 partner banks to help them improve operational control, cut cost and comply accurately with the regulators. In a short space of time, the company has already onboarded an extensive list of clients for its reference data services, but it plans to go one step further by extending its offering with an instantly deployable suite of APIs.

According to SmartStream CTO Rocky Martinez, the chief inspiration behind establishing the RDU API suite, came from the desire to level up the data playing field beyond the main big banks.

He said, "We were noticing the top 20 banks in the industry had plenty of resources and are able to spend millions of dollars acquiring data without it impacting the costs of running their business.

"The truth is there are many other businesses, for example, Hedge Funds and Insurance companies who rely on receiving corrected and reliable data to remain competitive."

Martinez stressed that in order to connect these companies to the data they are seeking, SmartStream would provide them with a helping hand by developing a suite of APIs with fast and reliable access to the data they need.

He remarked, "We realised that when we use APIs, we are actually able to work with many more of the departments within our clients' operations. Your equity trading desk may not be gun-shy, but maybe your risk is because they don't have as big of a budget.

"However, they need the same data. Therefore, by using APIs, we are able to reduce the amount of cost and time it takes for them to integrate and get the reference data which is critical for their business operations."

SmartStream RDU currently operates a number of regulatory services, for example the MiFID II service, which the firm claims offers financial organisations both the data and tools needed to make operational processes sustainable, maintain competitive advantage and ensure regulatory compliance.

Making this available as part of the API suite, many more organisations can eliminate the complexity around the acquiring, normalising and integrating of reference data sources required for MiFID II. By integrating all reference data into a single scheme, financial institutions can incorporate this into their enterprise data management, regulatory reporting and trading platforms.

Benefits of APIs

When outlining the importance of API and what they offer, Martinez states first and foremost that APIs make data integration easier when compared to simple reference data.

He added, "Traditionally, reference data often requires the ability to manage very large files, you have to ingest them, put them in some kind of relational database or another type of database, and then it needs to be audited.

"With the API you basically say "RDU – you are my outsourced reference data operations unit – I will expect you to cleanse it and make sure the data is accurate". From here, all I have to do is make the call, and I have the data ready to use in my application."

Beyond boosting operational efficiencies, Martinez also sees another benefit from the use of APIs in financial services.

He commented, "Let's say that you're using an order entry system with Bloomberg and RIC codes. They make the order, but that record comes back from the broker with an ISIN and now you need something that glues those two records together.

"Our cross-referencing API allows you to do that. Now you can finish whatever you started. The point is – you don't need to build anything else – you just use the API".

Disruption and growth

APIs are also disrupting the software and technology space. Martinez provides a good example of this in Salesforce, an American cloud-based software business that provides CRM services and a complementary suite of enterprise applications in customer service, marketing automation, application development and analytics.

He added, "The company [Salesforce) recently purchased MuleSoft, for its enterprise bus. Salesforce's entire suite is accessed by APIs – and in 2017, 60% of all of Salesforce's revenue came from API usage, not their traditional user interfaces.

"If you think of the Netflix's and the AWS's of the world, everything is either a rest API or a micro-service that allows you to quickly move through the lifecycle of a product or process without having to be vertically connected to everything.'

Reference data APIs have benefited companies looking to accelerate growth.

He said, "When cryptocurrencies started getting traded on the traditional derivative markets, a lot of that information and reference data was not typically understood, or it had to be moulded into what financial companies were expecting in their downstream systems.

"For companies using the RDU, they found that the data was normalised for them. It looked like a pork belly future or an oil option – because, to them, everything was still in the same format and it was normalised. So, they didn't have to change anything in the downstream systems, while other companies who didn't have to actually go look at the data and figure out what it meant, how to use it and normalise it by themselves."

Martinez said that therefore, RDU allows users to pick up new instruments much quicker and enables them to deal with their volume – an issue he sees as SmartStream's problem, not the users.

He said, "As part of the SLA's we have in place with our clients, they can continue to use different types of instruments. Let's say they were always trading gold and they hedged gold against oil. Well, now they want to go and trade something different – we already have the data available for them to use."

Goals, products and future expansion

Moving forward, Martinez said the company would like to start providing a generic data library so that users "don't need to know what they're doing".

He said, "I know that sounds odd, but if I make a request for an option on IBM, they shouldn't need to know that we just made three calls to get it. The whole point is that we aim to become a single point for all of your reference data, that means accurately recording everything that happens post-trade and facilitating the trade. If the trader has the wrong reference data, then you have broken the trade and it never settles."

The SmartStream RDU has big ambitions to be able to start 'joining-up' some of its big asset classes for its clients – including fixed income, equities, regulatory and exchange-traded derivatives (ETD). By joining up, Martinez defines this as if an ETD has equity as an underlier, the company wants to be able return the equity data back to the customer.

Already very active in the USA, Europe and APAC, SmartStream is also looking to extend its business to other regions.

Martinez said, "We are solely owned by the Investment Corporation of Dubai, so it makes logical sense to leverage our presence in the Middle East region. Our CEO is based in Dubai, and we also have a growing team of consultants on the ground to make this happen.

"We have very good connections in Africa too, and once we've emerged from the pandemic we're very much looking forward sharing some of the use cases for the API suite'.