

Tree mapping technology gives buy-side firms a competitive edge

Leading buy-side firm validates Swedish company's technology.

For buy-side firms looking to gain that competitive edge, improve fund performance and spot investment opportunities, spreadsheets and statistical analysis tools are essential components. But with regulators demanding higher levels of transparency into investment processes and managers having to sift through increasing volumes of market and statistical data, finding that competitive edge using 'static' investment analysis tools can be laborious and time consuming.

"In the past we used a stand-alone rather static tool that gave us various statistics, but to analyse the vast amount of output required substantial time and effort," says Ian Cadby, CEO and CIO of Liberty Ermitage, a leading hedge fund of fund and asset management firm with USD 4 billion worth of assets under management.

In an effort to gain more competitive leverage and spot investment opportunities more quickly, Liberty Ermitage has replaced Excel spreadsheets with Panopticon's heat mapping technology, which uses different colours to present market data and trend analysis in a way that researchers and analysts can more easily perform quantitative and quali-

tative comparisons on multiple streams of data. The proprietary in-house solution, developed in conjunction with Kynetix Technology, sits on top of Liberty Ermitage's portfolio management system and feeds data to Panopticon's treemap, which then slices and dices it according to user-set parameters. The solution allows Liberty Ermitage's research and investment analysis group to quickly apply multiple investment strategies and peer group analysis on more than 5000 hedge funds. "We can more efficiently manipulate, analyse and interpret the data," says Cadby. "This allows us to spot investment opportunities in a more timely fashion."

Willem De Geer, CEO of Swedish-based Panopticon Software, says the Liberty Ermitage installation clearly demonstrates how its technology can be used to help investment managers achieve superior performance. "It is the first time we have been able to prove that it really enhances performance," he says.

Leslie Stretch, CEO of the Hamsard Group, which owns Panopticon, believes that tree mapping will become the standard for how market data will be viewed in



Willem De Geer: Panopticon

the future. Panopticon significantly expanded its 55,000 user base following its announcement in July that Reuters would integrate its technology into its 3000 Xtra information service in an effort to help buy and sell-side firms more quickly screen and analyse vast reams of market data. Reuters will roll out the technology to 100,000 high and mid-tier users of its service.

Commenting on its exclusive deal with Reuters, De Geer said it would allow Panopticon to not only expand its user base, but to enter new markets such as FX, commodities, and cash instru-

ments, where tree mapping is not widely used yet. Panopticon's tree mapping technology can work with any kind of market data, including proprietary feeds. "Financial institutions see the biggest return on their investment when they can cross-reference market data with their own positions," says De Geer.

He says its development team based in Sweden is working on the next generation of data visualisation tools, which will provide buy and sell-side firms with more value-added solutions for analysing vast amounts of data more quickly. ■