



The Big Picture

Buy-side firms are beginning to use visualization software to track asset performance, but ease-of-use issues are slowing adoption.

By Lauren Gibbons Paul

[Wall Street & Technology](#)

March 21, 2006

Pointing out that those who work in financial services do not have much patience is stating the obvious. If a software tool doesn't provide financial services professionals with value right now, it's history.

That's why JPMorgan Chase & Co. waited until it found a tool that would be easy enough for both internal credit analysts and clients to use before it decided to buy into visualization. Four years ago, JPMC implemented Panopticon's visualization software to create a visual map of credit risk, called Credit Map, that enables users to see how their funds are performing with color-coded representations. The tool is connected to outside information sources, including databases and Web sites, and the data is updated in near real time, according to Silvio Olivero, vice president of e-marketing for JPMC in London. "Panopticon is flexible and easy to use," he says. "We were one of the first investment banks to implement it."

Indeed, JPMC was on the leading edge. Visualization software has been around for at least a decade, but it is not yet widely embraced in financial services. Other industries, such as retail and manufacturing, have been using visualization software (which falls under the general category of business intelligence) for years to view a snapshot of their businesses' performance. And knowledge workers in many industries rely on desktop dashboards that visually depict (in green, yellow or red, for example) areas that are doing well or need immediate attention.

Recent years have seen the emergence of products such as Panopticon's that employ "heat maps," based on a technology called "tree mapping," which partitions a computer screen into areas representing different groups of data. The relative weight or importance of each data group (a fund or stock, for example) is represented in darker or lighter colors, according to how it is performing at the time. Heat maps offer a top-down view of an institution's or fund's data while letting users drill down to specific reports (such as data from Reuters) and analytics.

Rather than the typical streams of figures on a ticker, the visualization tools use the color, size and proximity of the different areas to represent the underlying data. The promise of this type of technology lies in its ability to create immediate visuals that give traders and analysts information on which they can act more quickly than traditional data sources. And faster responses could mean better decisions, which could translate to better return for the firm and its clients.

But for buy-side professionals, visualization tools have not been easy enough to grasp and learn, according to Denise Valentine, a senior analyst with financial services consultancy Celent. "With some of these tools, by the time I figured out what color blob I was looking at, it was just easier to look at a table -- I could get the information I needed faster that way," says Valentine. "It gives

you a lot of information, but it's like topography as opposed to a street map. In some cases the technology didn't help and didn't have the right type of navigation."

Finding the correct mix of data, colors and usability is difficult, which is one reason why visualization has been slow to gain traction on the buy side. "It either works or it doesn't on the buy side," continues Valentine. "Traders have very short patience -- they don't have the time to figure out how to do this." But lightweight and cost-effective technology from companies such as Panopticon, Tableau Software and Primena Corp. are improvements on more-complex visualization and business intelligence tools that have been available for several years, she adds.

A 'Must Have'

As one of the earliest users of visualization software in the industry, JPMC expanded its Panopticon user base from internal sales staff to its best customers. Now, about 150 people use JPMC's Credit Map. "It shows investors how their funds are moving throughout the day," says JPMC's Olivero. "It gives an instant, at-a-glance view of how the market is doing. You can drill down to see what is going on."

All the users, internal and external, have the freedom to customize their views so they see exactly what they are most interested in. For example, one person might set up the solution to see the top and bottom 5 percent movers in a portfolio. Someone else might prefer to concentrate on a particular fund or stock. "You can set it up to send alerts when something is happening," relates Olivero. "You can start drilling down instantly without having to look through news wires."

Financial firms always have had a huge appetite for data and ways to represent the risks and potential gains inherent in that data, according to Willem De Geer, president and cofounder of New York-based Panopticon. "Panopticon gives you the ability to analyze data instantly," he says. Boosted analytical power means better productivity, more-profitable results and enhanced ability to trim costs, he asserts. As a result, "This is going to go from 'nice to have' to 'must have.'"

In February, Panopticon announced a free version of its software, called Panopticon Explorer, which consumers or business users in any industry can use to gain at-a-glance understanding of relationships and trends within data sets, De Geer relates. "We wanted to give away a tool where you could see the power of navigating structured data," he says, adding that he believes it will lead to sales of the enterprise version of Panopticon, which costs \$3,500 per user for the Professional Edition.

But for Celent's Valentine, Panopticon's decision to offer a free version of a basic tree-mapping application is a sign of visualization software's struggle for acceptance in the industry. "They have to give away a free miniversion of their software just to get their product in front of the buy side," she says.

Freedom of Choice

Heat maps aren't the only visualization applications competing for buy-side attention. For example, Tableau Software's Tableau visual analysis software lets users set the tone, choosing to view data in heat map, bar chart, pie chart, fever chart or cross-tab format, and cut the data by product types and metrics such as gross profit and sales total. "Focus just on what you're interested in. The user has full control over how the tables will look," says Kevin Brown, vice

president of marketing for Seattle-based Tableau. "Tableau lets people ... ask questions of databases using a simple GUI." These questions might be anything from, "What did we spend on marketing our most profitable product in May last year?" to "Why did that product sell well but lose money?" Brown suggests.

"You're looking for patterns, trends, outliers, data relationships," Brown continues. "Visualization is part and parcel of the analysis process. The visualization aids the analyst in getting to the 'aha' moment."

The list price for Tableau Professional Edition is \$1,799 per seat. No services are needed -- business users can link Tableau to a variety of data sources, from a Microsoft Excel spreadsheet to a relational database, in a matter of hours, contends Brown. So the cost is much less than a traditional business intelligence installation, which runs into the low six figures, even for a small work group project, he asserts.

According to JPMC's Olivero, he quickly learned that once you give users a visualization tool, be prepared for them to ask for more. "They like the tool -- there are continual requests to expand it," he says. "We started just offering credit products in Europe. Then we added credit products in the U.S. Then we added bonds and emerging markets," Olivero continues. "We get a lot more requests from clients. It's definitely a good thing." <<<

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