Essential to align business with IT, says SGX chief

By OH BOON PING

THE full value from information technology (IT) can only be harnessed through the right business-IT alignment, said Hsieh Fu Hua, chief executive officer of Singapore Exchange (SGX).

He was speaking yesterday at the SMU-HP Leadership Forum held at the Singapore Management University (SMU).

Mr Hsieh used SGX’s selecting process for its derivative-trading electronic platform as an example of aligning its business interest with IT to fuel future growth.

Although one platform offered more customisation and was technologically superior, the exchange opted for SGX Quest which, though an older platform, is more widely adopted by other exchanges.

“I realised that as a gateway exchange, you have to be connected with the rest of the world,” Mr Hsieh explained. “We have to have some commonality with them. The more we customise, the less we are actually working in common with others.”

The markets are still very much clustered, said Mr Hsieh. “They want to be global in certain things but in many other things, they are still very local . . . So you still find all kinds of local practices in each market.”

As SGX seeks to be a regional listing platform, it needs “to find processes, ideas and market practices which are global”. “We want to have global standards, rather than differentiated standards,” said Mr Hsieh.

Because of this, SGX Quest was selected. The system is currently used to trade derivative products and has been implemented in phases. SGX hopes to extend the facility to securities trading as well, with a simultaneous launch of an SGX trade engine that will allow brokers to put in bids, to accommodate greater volume. It hopes to implement the two by the second half of next year.

Currently, some 40 per cent of SGX’s income is offshore, while the domestic market contributed 60 per cent. However, offshore income has been growing at a historical 20 to 30 per cent, said Mr Hsieh. For the year ended June 2006, SGX net profit rose 80 per cent to $187.6 million — its highest annual earnings since it listed in 2000.