

Keydiscount to go ASP way for online stocks trading

3rd Frontier will manage the firms's IT infrastructure and manpower needs

By Toh Han Shih

KEDISCOUNT.COM, the online trading division of Kim Eng Securities, may be the first Singapore company to adopt the ASP (application service provider) approach to offering online stocks trading.

The company has outsourced its online trading system to 3rd Frontier, "which is the first ASP in Singapore for online stocks trading," said 3rd Frontier's CEO Pamela Lim. In the ASP model, a company like kediscount.com "rents" services from an ASP like 3rd Frontier.

"It's about time to market," Kediscount.com's CEO Joseph Teo told BizIT. "The competitive pressure is on because of the liberalisation of commissions on Oct 1, and SGX may let in foreign players into the local market. If we are not there with an online trading service by then, we will suffer a huge setback."

Kediscount.com's online stocks trading system is up and running. "We will change our commission structure when commissions are liberalised from Oct 1," said Mr Teo. "We're going to offer a discount brokerage service. If I hadn't adopted the ASP approach, I would need 12 additional IT staff now. Because of the ASP approach, we don't have to take time and money to hire people."

3rd Frontier will manage the IT infrastructure and manpower needs, so Kediscount.com need not hire IT staff or buy its own hardware or software. "The advantage to Kediscount.com is it can focus on marketing and strategy as it farms out its IT," Ms Lim said.

There are about 20 brokerages offering online stocks trading in Singapore. But unlike Kediscount.com, they use their own IT systems to do so.

"We plan to offer online stocks trading throughout the region in future," said Mr Teo. "Kim Eng has retail stockbroking operations in Hongkong, Malaysia, Indonesia, Thailand and the Philippines."

Although Kediscount.com is currently owned by Kim Eng Securities, one of Singapore's largest security houses, Kediscount.com is open for investment by outside parties. "We're in negotiations with potential investors," said Mr Teo. "We're looking for partners who can provide technology and regional market reach."