Online vs Hosted Systems

by Doug Brower, Systems Administrator, ZM Financial Systems

ZM Financial Systems (ZMFS) delivers its financial analysis tools in two distinct forms: online and on premise. When an institution considers a partnership with ZMFS, often the first two questions are: 1. Which deployment style to choose? and 2. What are the trade-offs and benefits of OnlineALM.com™ compared to ZMdesk™? At a high level, the issues are not extremely technical. If you've spent any time pondering a decision whether to rent an apartment vs. buy a home, you're well prepared to evaluate the differences between online and on-premise deployments of our software. Let's review the basic differences and discuss how they affect your decision-making from both points-of-view. Keep in mind there are additional considerations financial institutions need to be thinking of, such as asset size, number of users, number of instruments to be processed, etc., when thinking about choosing an online or hosted system.

ONLINE

When you interact with one, or a combination of, our online solutions, such as OnlineALM.com, OnlineBondSwap.com™ or Online Budgeting™, you use a secure web connection through a standard web browser. You can connect from anywhere: at home, at the airport, at work, etc. Apart from Microsoft Excel and a PDF viewer, there's nothing to install, no software to maintain, no IT department that needs to get involved. You also do not need a business relationship with a third party data provider, because we maintain up-to-date market data through Moody's and IDC.

Our online solution is similar to renting an apartment in a building with a full-time staff to handle many of the routine maintenance tasks to keep the system running. We take care of backing up your data and updating the servers with the latest patches and service packs, and we regularly refresh the hardware itself so the computing and storage infrastructure stays up-to-date.

Let's look at what "Online Living" looks like:

- Shared computing infrastructure: To date, we enjoy the luxury of excess compute capacity on our network. Because the computing infrastructure is shared, there is a possibility for processing bottlenecks. However, cases of this problem are infrequent.

- An outage or maintenance window may occur at an inconvenient time. While we rarely experience outages, we do have to prepare our clients that unforeseen problems can occur, whether due to Internet troubles or issues at the data center. We also announce maintenance windows ahead of time.

- Structured System: to serve the needs of our clients efficiently, the computational back-end follows a fixed one-size-fits-all pattern. If you have advanced modeling needs or manage a very large portfolio that needs frequent processing, our online environment may be confining.

ON PREMISE

Deploying ZMdesk on premise is like buying a home. ZMdesk software is installed on computers within your organization. When you buy a home, you are responsible for purchasing the utilities, like water, cable and electric. With ZMdesk, this means, in addition to licensing our product, you may also have to invest in new server equipment, buy SQL Server license(s), and enter into a contract with one or more third party data providers (ZMdesk supports connections to Bloomberg, Reuters, Moody's, Intex, and many others). Further, like taking care of any house, your IT department will be tasked with updating and maintaining the system—though our first-class support team is just a phone call away, of course!

There are a number of good reasons why an on premise deployment makes sense and may, in fact, be the only option for you:
- Integrate ALM with existing inventory systems and work-flows
- Perform advanced modeling
- Access particular third-party providers such as Reuters, Bloomberg, and Intex, which are not supported by OnlineALM
- Run very large or time-critical simulations

SUMMARY

OnlineALM and ZMdesk are distinct products with a common purpose: to provide high-quality market risk modeling for fixed-income portfolios. Both products are best-in-class applications for assisting with trading decisions and satisfying regulatory demands. There are important fine-grained differences between these products, but at a high, relatively non-technical level the practical differences are not difficult to understand. Our Sales and Support teams are ready to help you go deeper into the benefits of choosing OnlineALM vs. ZMdesk and to work with you to find the best deployment solution for you and your organization.

For more information, contact us:
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