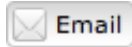


JPMorgan, ICAP and Barclays support Cloud9 through investment, product trials

Share



Tools

JPMorgan, ICAP and Barclays are lead investors in a recently closed initial investment round in Cloud9 Technologies, a company that provides a cloud-based alternative to the turret telecommunications tools traditionally used by traders. Along with their investments, the three firms are scoping and beginning trials of the technology for use on their own trading desks.

Financial details of the investment were not disclosed, but in addition to funding and testing the technology the three firms are also working with Cloud9 to further develop the product. The firms are collaborating with Cloud9 to identify additional features that would meet the needs of all traders across all asset classes, according to an email exchange with Cloud9. In addition, while Cloud9 emphasized security and reliability in developing its product, the three financial firms are working with the company to ensure that the technology's security, compliance and reliability meet their strictest standards. ICAP is already using Cloud9 with its energy teams and JPMorgan is working toward implementation this year. Barclays is reviewing opportunities where Cloud9 can help the firm address cost and technological challenges.

Built on WebRTC and supported by the Amazon Cloud infrastructure, Cloud9 launched in the third quarter of 2014 with a secure communications application that offers the features of trading turrets, but can be accessed by traders logging into their computers. Cloud9 currently serves more than 2,000 traders at 350 firms in 21 countries.

Using the Cloud9 application, traders can communicate using microphones and speakers that plug into their computers. The model is a drastic departure from the traditional traders voice communications infrastructure used by finance firms, and it can dramatically lower voice communication costs, according to Greg Kenep, president of Cloud9, who [spoke about the technology](#) with FierceFinanceIT last month. Kenep says that trader voice services are the third largest expense line item on the trading floor, behind salaries and market data.

The cost differential is a large driver for financial firms.

"It allows us to rethink our communications strategy for traders, and with it the economics of communication," said Rick Smith, head of private investments at JPMorgan Chase & Co.

Cloud9 founders have deep experience in the turret industry, and several of the company's executives, including Kenepp, CEO Jerry Starr, chief technology officer Leo Papadopoulos and COO Stephen Kammerer all held roles at turret and global communications provider IPC. In developing a web-based alternative for trader telecommunications, Kenepp says the company focused on delivering features that are popular from existing telecommunications solutions along with advantages of modern technology. The Cloud9 solution includes features such as a global directory for finding counterparties, chat messaging and dynamic scalability.

The three firms that led the recent initial funding round for the company said they see cloud-based voice communications as part of the eventual direction of the industry.

"Working with our co-investors JPMorgan and Barclays, we are investing in Cloud9 to help drive this long overdue evolution," said Steve Gibson, CEO of Euclid Opportunities, ICAP. "In line with our philosophy to support early-stage firms that have the potential to transform legacy infrastructure, we believe Cloud9 will be at the forefront of market movement to adopt this compelling technology."

Sean Charlton, head of voice at Barclays, added: "Soft turrets are clearly the direction of travel for the industry, and their security capabilities and compliance functionality are continually improving."