

# Instant Messaging Shift

## After 18 Years, Traders Are Pushed Off Yahoo Messenger

By **Bennett Voyles**, an American business writer, based in Berlin.



**UNTIL AUG. 5**, when Yahoo launched a new version of its instant messenger service, energy traders were still chatting like it was 1998. But several features of Yahoo's upgrade have made the popular chat platform noncompliant with U.S. and European trading regulations, sending traders scrambling for a new online home.

Now, a number of instant messenger services are working hard to woo the orphaned traders, including several backed by leading derivatives exchanges. Sooner or later, one will gain critical mass and everybody will join, predicts Ernie Barsamian, chief executive of The Tank Tiger, an energy brokerage firm. "Sort of like when all of the kids moved from MySpace to Facebook to Instagram to Snapchat... just following the herd," he said.

But before traders settle on that new virtual watering hole, there will be serious competition ahead between competing services. Reuters Eikon Messenger is free, and ICE also made its instant messaging service free to non-customers in June. Thomson Reuters has also announced some significant alliances with CME, particularly cross-platform interoperability with CME Pivot instant messaging. Both services are also set up to allow traders to port their Yahoo contacts easily so they can keep right on chatting.

### Additional Functionality

The successor messenger systems are more complicated than Yahoo's offering, but provide additional functionality that traders may find useful. ICE IM, for instance, enables traders to populate a trade ticket directly on its platform. Thomson Reuters executives, on the other hand, tout Eikon Messenger's interoperability with other platforms as a crucial differentiator. "Imagine only being able to send an email to people using the same email service, or only being able to make mobile calls to people on the same network as you," said Lesli Fairchild, head

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of collaboration services at Thomson Reuters. Eikon Messenger's interoperability increases efficiency and reduces the total cost of ownership, she added.

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Both services are attracting important new users. Thomson Reuters Eikon has picked up endorsements from various important players, including INTL FCStone, Marex Spectron and CEZ Group. ICE, meanwhile, has picked up Glencore's oil trading division. Other services are also making a pitch. GreenKey, for instance, has unveiled a solution that it says makes a variety of IM platforms, including WhatsApp and WeChat, open, neutral and compliant. CME Group's Pivot service recently picked up Tullett Prebon, the global interdealer broker.

All three messaging platforms have gained new users since Yahoo stopped serving traders. Of the three messaging leaders, ICE Messenger seems to have experienced the largest growth so far in 2016, with an increase of up to 250% after seeing users rise from 10,000 to 30,000. CME Pivot has also grown, according to a CME spokesman. The number of users on Pivot has climbed by 900 this summer, from 8,500 to 9,600. Thomson Reuters Eikon, however, remains the most popular service, with 288,000 users worldwide. The total number of users has grown by 7% (roughly 20,000) since the beginning of the year, according to an Aug. 5 release.

Ironically, the traders' exodus was caused by an upgrade of Yahoo Messenger's technology. Several features made it unusable for traders for compliance reasons, including the ability to "unsend" a message and restrict access to multi-party chat rooms. The

new version, which lacks distribution lists and a contact presence feature, is also less useful as a chat tool.

Traders began to use Yahoo back in 1998, apparently less for particular features than because it was the first service that gained a critical mass of fellow market watchers. “Yahoo Messenger was the porch light where the moths knew they could find the other moths,” recalled Barsamian.

Instant messaging provided a way for traders to take the market’s pulse and make deals at a much faster pace than they could on the phone. As Barsamian wrote in an ode to Yahoo Messenger published in the *Wall Street Journal* on July 21, “Yahoo Messenger was the natural habitat/For traders to discuss whether the market was volatile or flat.”

### Consumer-Focused

Yahoo Messenger was always a consumer-focused platform, and observers say that in the end, the energy traders represented a target market that was just too small for the company to worry about. The idea that there might be some value in a loyal audience that traded billions of dollars in energy con-

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tracts every day doesn’t seem to have occurred to the shrinking Internet pioneer, whose market cap has fallen from a high of \$128 billion in 2000 to roughly \$5 billion today.

Unfortunately for energy traders, listening to the customer doesn’t seem to have been Yahoo’s strong suit for the past few years. As Marissa Mayer, Yahoo’s hapless CEO, once explained, “Our theory is that if you need the user to tell you what you’re selling, then you don’t know what you’re selling, and you’re not going to have a good user experience.” In the case of Yahoo Messenger, she seems to have been proven right. ■

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