



# WEB MASTER

Charles Savage, CEO of Purple Capital's GT247.COM, on the healthy growth of online trading and learning lessons the hard way

BY KERRY DIMMER

ILLUSTRATION CINDY FOURIE, ISTOCKPHOTO

**T**he world's first online, fully automated spread trading platform was created by an SA company in 2001. As pioneers, the Global Trader team were considered the 'cowboys of the market', says Charles Savage, the company's head of technology at the time. He became its MD two years later. 'Everyone felt that what we were doing, including introducing to SA spread and CFD trading, was high risk, that our business model was too niche and that it would never become a mainstream product. But that was then and today we've got the JSE listing CFDs and all of the major banks offering them as contracts to their clients,' he explains.

Savage, who acquired a double major in accounting and information systems at the University of Cape Town, grew with Global Trader during its incredible upward phase in the 2000s. He also experienced its heady successes and subsequent losses suffered in Europe. With a buyout by Purple Capital in late 2007, Savage became the group CEO and continues to lead the company under its new branding, GT247.COM.

The heydays for Global Trader started with international expansion from 2003–2007. With licensed offices in the UK, North America and Asia, and start-up operations in Dubai and Moscow, Global Trader looked particularly attractive. 'At this point shareholders made the decision to realise some of their value and put the business on the market. There were several entities interested, but it was the SA-listed financial services company, Purple Capital, led by Mark Barnes, that was ultimately successful.

'No one could have predicted the world financial market meltdown and the subsequent extreme volatility and ultimate consequences just four months later. In our case we faced massive fraud in London that would not have been possible in SA under our rigorous and disciplined risk-management approach. We ended up paying for this dearly, shutting down all our international operations, but learning valuable hard-felt lessons that prepared us well for the future,' he says.

What Savage and the holding company focused on was opportunity in SA. They addressed gaps in the local retail stock and derivatives brokering market and applied a unique business model so that Global Trader would re-emerge as the biggest player in its space.



'We've spent the past four years strengthening our capital structure, retaining and acquiring key management and driving further innovation in our market sector. The approach taken was to concentrate efforts on greatly improving our sales infrastructure and distinctly differentiating our product and service offering.

'We invested heavily in CRM systems, sales incentive programmes, mobile and social trading platforms. We dedicated ourselves to the disciplined execution of our strategy, all with the intent to acquire a disproportionate percentage of the SA retail trading community and in so doing reclaim our position as the market leader,' says Savage.

The turnaround has been impressive and the numbers are starting to look good. Everything he truly learnt about business was acquired during the 2008–2012 period, he explains. 'Last year we managed EBITDA growth in excess of 100%. All our scorecard metrics posted impressive growth and outperformed our peers.'

While online trading continues to grow healthily in SA, Savage feels that the country has grossly underperformed its international peers over the last decade. 'Consider Australia, where as much as 50% of the population own direct investments on the stock exchange. Sure, the demographics of the countries are vastly different. However, even after you adjust for these we should be targeting numbers such as 10% of the population or around five million people. Instead we have about 200 000 direct investors on the JSE, a number that was at similar levels when I joined Global Trader 12 years ago.

'We've considered this problem extensively and in response devised strategies that we believe will unlock the retail opportunity.' This presents enormous challenges, but Savage believes that retail will become a substantial and sustainable portion of the SA equity markets. 'We've emerged as the biggest local retail derivatives player and rank favourably among our peers in everything we do.'

He says the company continues to spearhead its strategy by delivering innovation that is supported by strong sales and extraordinary levels of service. The company's growth plans are largely focused on the SA market, but they are active in Africa and have been in a great partnership with a strong Namibian broker for two years.

'Our investigations and experience indicates that while not easy to service, the African region looks promising, particularly Nigeria and the rest of East Africa,' he says. Is the GT247.COM team still cowboys?

'Well some of us still wear Stetsons,' laughs Savage, 'but no, we're not cowboys. Experience has served us well and we are a responsible, well-managed organisation. That said, our clients expect us to do things differently and we are never going to lose our innovative edge.' **JSE**

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