

Americas Derivatives Awards 2019: Numerix drives relentless growth into new markets

For its ability to sustain powerful growth in an increasingly competitive market, for its identification and execution of opportunities in new markets and innovation in analysis of derivatives data, Numerix is GlobalCapital's Americas Data and Analytics Vendor of the Year.

Numerix has been on a phenomenal growth trajectory since it was founded in 1996 by a group of physics academics from the University of Illinois. The firm started out as software company aiming to offer the finance industry the benefit of academic research. By 2012, it was ranked as one of North America's fastest growing technology companies, having achieved revenue growth of around 250% between 2007 and 2011. The numbers are still impressive, with Numerix achieving revenue growth of 18% year-on-year for 2018, a year in which it added more than 70 new clients.

In 2004 Steve O'Hanlon was appointed President and COO, and then in 2013 he took over the reins as CEO from Greg Whitten, who had held the position since 2003. O'Hanlon brought nearly 30 years' experience in software start-ups to the job, having made successful contributions to numerous IPOs. He had also led various key pillars at Numerix, spearheading its corporate, product and sales strategies as well as driving initiatives that helped the company flourish into becoming a cross-asset analytics firm.

But despite Numerix's commercial success, in many ways the company remains true to its academic routes.

"We are one of the few companies that regularly publishes papers and we even published a book recently about analytics and the new models that we keep bringing to the market," says Satyam Kancharla,

chief strategy officer and senior vice-president at Numerix.

Today, Numerix has a reputation for being able to price and risk manage any derivative instrument. It has positioned itself to help both sell and buy-side market participants in the next evolution of trading and risk operations. Numerix's Oneview platform is a stack of business service analytics capabilities designed for the future of fintech. The company's approach has been one of continued innovation, focused on delivering additional efficiencies for clients through enhanced pricing, risk applications and analytical tools.

"We have been on a path of evolving the technology with modern interfaces, providing cloud native technologies for scaling and using micro services," says Kancharla.

Numerix is now turning the cross-asset analytics capabilities that it has developed to the financial industry's next major post-crisis hurdle, creating a product for firms' efforts to transition away from the London Inter-bank Offered Rate (Libor).

The firm's CrossAsset offering aims to deliver alternative reference rate (ARR) analytics that firms can use to confidently price and calculate risk for any OTC derivative or structured product with precision and market-consistent valuations. The platform's multi-curve framework aims to help institutions accelerate their Libor transition and respond to the impacts of the evolving ARR landscape.

Also in the firm's suite is its XVA management solution, Oneview for XVA, which assists firms with the various value adjustments for the derivatives positions they hold. It helps the XVA desks of financial services firms to manage their counterparty exposures, integrate XVAs into deal prices, and execute complicated



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deals at the most appropriate price. Oneview for Trading, meanwhile, has been configured to enable firms to get the most out of the structured note business, providing real-time analytics on structuring, pricing, hedging, risk and lifecycle management.

"It's about implementing the market standard models, as well as integrating some new methodologies and techniques as the market evolves, whether that's modelling volatility, handling the Libor transition, or handling the way margin is managed," says Kancharla.

As Numerix looks to the future it is positioning itself to take advantage of the big changes underway in how financial services firms use technology. From a situation in 2013 where 100% of implementations were done on premises, by 2018, 31 clients had chosen to deploy Numerix solutions through the cloud and 33 as managed services clients. By the year 2025, Numerix expects 98% of clients will opt for either a cloud or managed services setup.

"We have invested a lot in cloud technology, and we are operating a lot of our own infrastructure on the cloud. We are supporting various types of cloud deployments, such as those the clients themselves deploy, but also managed services where we host and we maintain the application and take care of a number of things around the system implementation and deployment," adds Kancharla.

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