

NUMERIX

TRANSFORMING THE CAPITAL MARKETS WITH BREAKTHROUGH SOLUTIONS



The complexities and significant costs associated with regulatory changes, in addition to the increasingly dynamic nature of today's capital markets, have fundamentally altered the ways institutions conduct over-the-counter derivatives trading—and this has significantly impacted their bottom line. Legacy technology systems have failed to meet the increasing demands for flexibility and

agility in order to effectively conduct trades and manage risks in the changing capital markets landscape. Numerix stepped up to address these underlying needs by bringing in innovative technology solutions and real-time performance capabilities.

“A different kind of technology innovation was needed in the form of cross-asset front-to-back solutions that enabled system consolidation and enhanced capabilities across trading, risk management, processing and accounting—and which provided the right information at the right time. As a result, banks were looking to connect with fintech firms such as Numerix,” says James Jockle, CMO of Numerix.



COVER STORY

James Jockle
CMO



For over two decades, the company has been supporting some of the world's leading capital markets institutions. The range and quality of its financial software are known for driving performance, growth, and innovation for clients, and enabling these clients to expand their businesses. Today, Numerix stands as a leading provider of derivatives trading, valuation and risk management services and solutions for the capital markets.

Addressing One of the Biggest Threats of the Industry

According to 2018 Chartis Research, cybersecurity is one the most serious threats to the financial sector. Numerix has the right controls in place for such a high-level threat. The company is in full compliance with the European Union's General Data Protection Regulation (GDPR), which covers data privacy, data breaches, the right to be forgotten, and the right to demand the suspension of data processing. Furthermore, Numerix complies with the rules and regulations promulgated by the International Organization for Standardization (ISO). "Being ISO compliant is not obligatory, but we proactively volunteered to meet the ISO standards for advanced security," says Jockle.

Additionally, as the company continues to move into providing managed services, it is working closely with Google, Microsoft and Amazon to ensure it is meeting the high security standards of local and global regulatory bodies as well as the security requirements of its clients.

Disruptive Technology Solutions for Trading Institutions

Today, more than ever before, institutions such as banks need to quickly adapt to changing business needs, streamline operations, and manage a multitude of regulatory, profitability and market pressures. The legacy infrastructures, disparate data systems, and big, rigid trading platforms that continue to be in use today by financial institutions are not able to meet current performance demands. "A major issue is that the agility demanded of today's business environment can be difficult to obtain through aging technology and, therefore, can be costly on several levels," explains Jockle.

A solution used by many trading institutions is Numerix Oneview. Designed to be fast, hybrid, and agile, Oneview provides institutions of all sizes and complexities a single, front to back real-time solution that delivers unparalleled efficiency, flexibility, performance, and accuracy.



Numerix's steady growth is due to its ability to continuously bring technology innovation to the capital markets





Unique and powerful, Oneview truly meets the pricing, trading, risk management and reporting needs of banks, hedge funds and asset managers, allowing clients to choose from a robust selection of Numerix Business Service applications or develop and connect bespoke capabilities, data sources, and libraries. Moreover, Oneview is driven by dependency graph technologies that enable true real-time, event-driven performance.

It is important to include in any conversation regarding the complicated nature of derivatives trading today is the fact that tough financial reforms have significantly increased the cost of transacting over-the-counter (OTC) derivatives. We are specifically talking about XVAs, which are a means of quantifying credit risk and other costs associated with trading OTC derivatives. XVAs reflect the various valuation adjustments that are made to the price of an OTC derivative transaction to accurately value the costs of the contract. To help ensure the profitability of trades, XVA costs are increasingly being passed onto buy-side clients. Numerix technology provides the capability for the sell-side to accurately price in the variety of XVA adjustments when they trade.

Fostering Innovation

As a fintech firm, Numerix's steady growth is due to its ability to continuously bring technology innovation to the capital markets. It does so in part by fostering a culture of agility and openness to new ideas and by constantly exploring the possibilities of new technologies, such as AI, machine learning and blockchain to improve risk management and profitability in the financial industry. This culture is supported by a strong DevOps and QA operation, which further allows the company to bring new and innovative solutions to the capital markets faster and in a more robust way.

Another vantage point for Numerix is its strong foundation as an analytics company. Jockle explains, "Because of our consistent and powerful analytics, we are able to leverage that to quickly develop new technologies to solve for the complexity of trading derivatives."

Industry's Strongest Pool of Talent and Partnerships

When asked about the company's most valuable asset, Jockle did not hesitate with responding, "Our people." He described Numerix as having the industry's strongest pool of quants, software engineers and technology platform architects. Jockle also went on to describe the strength of the Numerix leadership team, which he says is characterized by its solid cohesion



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and strength of interpersonal relationships. "We trust each other and share a common devotion to the betterment of the company and the industry," he shares.

Moreover, Numerix works with a growing list of strategic partners, which today stands at over 90. According to Jockle, these relationships play a big role in Numerix's ability to continually advance its analytic offerings. Fresh ideas and new innovations also come through close collaboration with clients. "Our unique relationships with our clients help to give us a keen view of current and anticipated marketplace needs. This is knowledge we bring back to the workbench," says Jockle.

Continued Advancement with Disruptive Technologies

With regards to the future of the company, Jockle says, "Our goal is to continue disrupting our industry." He says that Numerix will place a great focus on further developing its managed services offering, where at a client's request it can provide a provision of services such as infrastructure management and operational support, in addition to cloud services.

The company will also continue to cement its position as a dynamic fintech company that provides next-generation trading platforms that are unmatched in the industry. As the company progresses, it will continue to build its reputation in the market as not just a pricing and a risk calculation company, but a provider of trading and risk management systems that help capital markets institutions transform.

"We have a vision of being the #1 leading fintech provider in our space, and we will continue upending existing technologies and business processes to continue giving our clients a strategic advantage in their respective markets," asserts Jockle.