

Best implementation at a sell-side firm



Numerix

OVERVIEW

- During the course of its nearly 10-year partnership with Numerix, OCBC Bank has faced a number of challenges. It required a platform that could meet demand for structured products with integrated sophisticated risk management processes. After selecting Numerix to optimize these processes, OCBC also worked with the New York-based risk specialist to realize the benefits of the cloud to meet compute and calculation requirements. Further work has expanded to satisfy new regulatory requirements around valuation adjustments (XVAs), uncleared margin rules (UMR) and standard initial margin model (Simm).

WHAT'S TO COME

- SaaS offering and cloud-native journey: Today, Numerix's software-as-a-service (SaaS) solutions enable institutions to access risk management tools for risk analytics, XVA calculations and derivatives pricing over the cloud rather than through an on-premises system. Moving toward a fully cloud native architecture will provide substantial benefits over "lift and shift" cloud deployments and on-premises deployments.
- The cloud-native benefits include better performance, scalability and lower total cost of ownership. Numerix will continue to invest in NxCore Cloud, the firm's cloud-based development environment that leverages its analytics and the Python ecosystem.
- Market data: Numerix will continue to grow its relatively new market data business. It currently manufactures and sells derived data in partnership with Tradition (FX volatility surfaces) and PO Capital (interest-rate volatility surfaces). It plans to expand its offerings into new asset classes and data types in the coming year.
- Artificial intelligence and machine learning: Numerix is working with Ron Coleman, AI specialist at Marist College, on AI-related market data handling. It will explore an AI tool used to judge data quality, which frequently fails model calibration and is not easy to handle using traditional methods.

WHY THEY WON

This is one of the highest-profile awards of the annual Sell-Side Technology Awards, given that it is the only category that focuses on a product/service implementation and the benefits thereof. Numerix's flagship Oneview platform continues to provide examples of its versatility on the trading and risk fronts, while the firm's SaaS delivery model makes implementing the platform so much more attractive.



"For Numerix, I highly rate its delivery quality, reliability, scalability and flexibility in coming up with solutions to the issues we face, and another important factor: the responsiveness of the Numerix management team. When seeking a solution for our new product requirements, we looked at a number of vendors and chose Numerix as we believed it would best meet our needs. It was the right choice. Numerix provided us with versatility we wanted the building blocks to create in-house the products we wanted to put into the market."

Frederick Shen, head of global treasury business management, OCBC Bank

THE SOLUTION

- Numerix helped to support the evolution and expansion of OCBC's valuation activities, its move to the cloud and adoption of the Numerix Oneview platform as a managed service, in addition to supporting OCBC with a number of other initiatives, such as meeting risk-based capital adequacy requirements.
- Specifically, Numerix partnered with OCBC's global treasury division to deliver the following:
 - Numerix Oneview as a managed service hosted on the cloud gave OCBC the ability to capture trades without taxing the internal infrastructure of the bank. It also provided the flexibility for the infrastructure to elastically expand depending on trade volumes and computation requirements.
 - Numerix enabled OCBC to capture diverse multi-asset, exotic structures, such as targeted accrual redemption notes, pivots and barriers. This allowed the bank to price the structures and accurately represent the trade terms.
 - Numerix supported OCBC in accurately managing XVAs for complex structured products.



"Many firms with old and slow systems faced a time of reckoning during the Covid-19

crisis. Specifically in the market risk arena, many buy- and sell-side firms found their risk frameworks weren't capable of producing the decision-support analytics fast enough to manage exposures and avoid losses. Numerix made major investments in its pricing and risk solutions as a managed service to meet ongoing and new regulatory requirements, and to support and improve current marketing risk management processes." Steve O'Hanlon, CEO, Numerix