

Data and Analytics Vendor of the Year Numerix

Thanks to its continual drive to deliver innovative solutions across products including Libor transition, systems development, Fundamental Review of the Trading Book (FRTB) and structured notes, Numerix is *GlobalCapital* Americas Data and Analytics Vendor of the Year.

Numerix has retained its crown for a second year running, with 2019 seeing it win 31 new clients, an 87% rise in managed services and 15% year-on-year growth overall — but this is a company for which there is no resting on its laurels.

The past year has seen it make bigger investments in its NxCore product, designed to migrate its original core market of quantitative analysts from Excel to powerful, developer-friendly tools to deploy solutions right across clients' businesses. It has been taking the lead in the continuing discussions about alternative reference rates, accelerating moves into the cloud with its software-as-a-service (SaaS) and continuing to expand its partner ecosystem to offer end-to-end solutions.

For many of our winners, the Covid-19 crisis of early 2020 has been a proving ground for the work put in during 2019, and Numerix is no exception.

"As we exited 2019, we were absolutely on fire in such a positive and profound way," says CEO Steve O'Hanlon. "But Numerix is going to be a greater force to reckon with as we emerge from Covid-19. None of the companies we compete with will have the style of operations we have, no one will be doing the things we are doing to reinvent ourselves

“Something that is strange and new one day the next month becomes mainstream”

to leverage the things that are most critical to our clients.”

A large part of the reinvention is the way Numerix is pushing NxCore, a capital markets system development platform that provides clients with a suite of tools across the quants team, developers, IT department, traders, analysts and executive management.

"It's a system with which you are able to create widgets and applications that can cut across an entire company. Now you can imagine a quant

being able to unleash the power of all of our analytics, and the bank's own analytics," says O'Hanlon.

He gives an example of a bank CEO wanting to easily see key risk metrics. "That can be provided through a widget that they see on their cell phone on a constant basis," he says.

"NxCore allows clients to deploy solutions that they never dreamed were possible," he enthuses. "We are continuing to mature the product, to make it easier to use and simpler to install, and we are making bets as we cross through to this year on the cloud in a more profound way."

The strategy is designed to integrate Numerix's core Oneview product — a stack of risk analytics modules that provides a "real-time front-to-risk system" to traders and risk managers — further into client processes. "Weaving NxCore into the Oneview application makes us extremely sticky from the quant to the user of the risk or the pricing platform at the front office," says O'Hanlon.

The move to cloud is a clear market trend in analytics, says Numerix chief strategy officer Satyam Kancharla, and one that's only going to get stronger.

"I think that the current Covid-19 changes will accelerate the push towards cloud options and the SaaS business model," he says. "We are seeing a tremendous shift along the technology adoption curve, where something that is strange and new one day the next month becomes mainstream and everyone is doing it.

"We are in that journey and have been for a year, and now it's starting to accelerate."

He says that across Numerix's entire customer base, perhaps 10% have already moved to the cloud, a number that is higher for its enterprise customers, while for those customers that have come to Numerix in the past year it's even higher. "For new implementations, the question is why not SaaS rather than why SasS," he says.

End to end

Meanwhile, 2019 was a year in which the firm continued to help tackle long-standing market challenges. Despite shifting deadlines for banks to implement FRTB rules, Numerix sees the topic as a driver of activity. Its product, Numerix FRTB, allows banks to analyse potential capital impacts by evaluating different trading set-ups and internal or standardized-approach risk models.



James Jockle, chief marketing officer



Satyam Kancharla, chief strategy officer



Steve O'Hanlon, CEO

"This is a moment when many institutions are taking a deep look at what they have had running in their systems for 20 years now," says Kancharla. "It's a chance to wash away some of those sins."

Its core focus on risk has developed, with Kancharla saying that market risk is seen as making a major comeback amid the volatility of early 2020 while it remains strong in credit and counterparty risk. The Numerix CrossAsset products it offers as a unified pricing and risk solution for XVA now also includes margin valuation adjustment. Last year it also launched Oneview for Trading, which brings structured note issuance tools on to the platform.

Alternative reforms

Numerix has also been contributing to the dialog around the implementation of alternative reference rates (ARR), working with the reform task force, publishing white papers and delivering materials to educate customers around a range of the issues involved. That's not just market commentary on topics such as where the liquidity is and how the standards are evolving, but also in providing tools for customers to conduct impact analysis. "We don't just look at the Libor transition as a purely contractual issue, or a legal issue or an operations issue," says Kancharla. "We are looking at it end to end."

At the legal end, it has partnered with Nextgen Strategic Advisors, who it works with on AI capabilities that can read contracts, automatically process them and suggest amended language to transition to ARR.

But that's only the start. The Numerix Oneview system can then take these "what-if" contracts before they are finalised with counterparties and run risk analysis calculations on them, conduct an impact analysis and show users what the implications are from risk, exposure and liquidity profile points of view.

"Clients are coming to us from various angles and dimensions — whether that is legal, operations or front office," says Kancharla.

The Nextgen partnership is an example of the

way that Numerix has built, and continues to add to, an ecosystem around its products.

The firm has had partnerships for many years, including in its software development kit (SDK) offerings, but is increasingly finding partners engaging with it on its core services and technology to create applications and extensions. "We think of it as bringing together best of breed to solve end-to-end problems and provide end-to-end visibility," says Kancharla. "The overall

picture is that we want to be creating a partner ecosystem and to be as partner-friendly as we can."

Numerix has continued to see new business as customers make plans for post-Covid operations. "Everyone is adjusting to this new normal and we see a lot of client engagement and lots of new customers," says Kancharla. "The thing with credit cycles, or any market shock, is you really find out who has a strong balance sheet and who doesn't — and that helps us against weaker competitors."

The company was certainly quick to respond internally when the coronavirus alarm was first raised by employees in its Asian offices as early as the beginning of February. O'Hanlon gave the green light to voluntary home-working across the company at the beginning of March and then temporarily shut down all its offices on March 13, well before lockdowns were put in place in the US.

“Everyone is adjusting to this new normal and we see a lot of client engagement”

The transition was seamless, says O'Hanlon. "Over that weekend we flipped the switch and we were operational where every single employee was working from home on that Monday. We've never missed a beat."

From there, he challenged the company to "change Numerix".

"I have always believed Numerix is a great company and our culture is second to none, but working from home caused us to step back and say let's use the pandemic as an opportunity to think about who we really want to be when we emerge from it," says O'Hanlon.

"We are making bets based on the shifting market conditions we are going to see out there, based on regulations and based on how companies will operate going into the future. We are never satisfied with who we are or what we want to be." ▲