



O'Hanlon Finds a Home at Numerix

Steve O'Hanlon moved from startup to startup before settling at the analytics provider, which he has helped guide to great growth and a new frontier in risk.

In 1972, the Carolina Cougars, a US basketball team with a 35–49 record, hired a rookie coach named Larry Brown, who immediately raised the team's win total by 22 games. A season later, he was gone, opting to resurrect the 37–47 Denver Nuggets, which he coached to a 28-win bump.

Before long, Brown was off to the New Jersey Nets, which saw a 20-win jump. Two years later, he joined the San Antonio Spurs, followed by the Los Angeles Clippers, the Indiana Pacers, the Philadelphia 76ers, the Detroit Pistons, the New York Knicks, and the Charlotte Hornets. And this doesn't include college stints at Kansas and the University of California, Los Angeles.

Thirty-eight years, 12 jobs. Brown was the ultimate nomad, not satisfied unless he was unsatisfied. The Brooklyn-born coach may have a peer in Steve O'Hanlon, the current president and COO of analytics vendor Numerix, who has left a long trail of corporate projects in his wake. Like Brown, O'Hanlon has that itch to fix, to tinker, to build organizations from the ground up.

"I'm a startup guy," O'Hanlon says. "I love the thrill of being involved in companies that are pre-revenue or just a few million dollars in revenue and getting them to the next level."

After earning a degree in accounting, O'Hanlon got his first job as a programmer at Loral Space & Communications, where he built its accounting system in Cobol and Basic. After two years—the same length as coach Brown's first gig—he left for Nixdorf Computer.

Though he was hired as a systems engineer, he was soon promoted to sales. Two years at Nixdorf and it was on to Avante Garde Technology, a



startup outside of Philadelphia. Another two years and he was plucked by Massachusetts-based Banyan Systems to be their first salesperson. He helped grow the company to \$150 million in revenue over nine years—a lifetime for him. After that long stay, it was on to Network Express in Maryland, then Net Exchange in Michigan. Finally, in 2002, he settled at Numerix, which at the time fit the description of what he was attracted to.

"The company was broken," he says. "It was trying to be all things to all people. The prior CEO had built 20 different products, and all those products were looking for homes out there. It was trying to solve problems that may not have existed."

O'Hanlon says he immediately advocated eliminating everything that didn't play to the company's touted strength as an analytics

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provider. He saw complementary—and at times competing—products within the Numerix family that needed to be collapsed into a single cross-asset analytic platform. He transitioned clients from a term license to a subscription license for a more long-term outlook. There was also a decision to find more business partners. When he took over, there were just four; now the company has 75, including Thomson Reuters and Bloomberg, which have embedded Numerix analytics directly into their own offerings.

Founded in 1996 by three people, two of whom were professors of applied mathematics, Numerix gained notoriety because of its ability to price exotic derivative structures like power reverse dual currency notes, snowballs, and Himalayas. While growth remained flat from 2002 until 2004, O'Hanlon's changes began to pay off in 2005. Since then, according to the vendor, it has grown between 30 and 60 percent every year. It now has 218 employees in 15 countries and 350 clients, 70 percent of which are on the sell side.

The financial collapse of 2008 had a profound impact on Numerix's strategy. Exotic derivatives, its bread and butter from the beginning, had been partially responsible for the collapse. O'Hanlon says he wondered how the world's regulatory response would affect his business, and how it might diversify both as a hedge and to take advantage of new opportunities.

"We realized that in order to grow we needed to look at the risk marketplace as well," he says. "The

next natural progression for Numerix at that time would be to evolve from a pure analytics player to some form of risk. We realized that one of the challenges, based on regulation and based on the changing market environment out there, was that there would be some need for a counterparty risk

solution, which would require calculations such as credit value adjustment (CVA) and potential future exposure (PFE). So we began in the beginning of 2009 to work on our CVA and PFE capabilities, as well as a counterparty risk solution, and came to

the market with it over the last 15 months."

Around that time, the company won the contract to price out 1 million trades terminated by Lehman Brothers when that institution fell into bankruptcy. Within the first year, it had finished all 700,000 vanilla swaps, but the remaining 300,000 more complex trades are still being unraveled. Numerix estimated the entire process would take a year to complete, but Lehman's creditors have had to wait much longer.

As new regulations continue to come down the pike, there should be no letup in the demand for Numerix's risk services. O'Hanlon expects to take the company public in two to three years, when he anticipates revenues will reach \$100 million. The question is whether he sticks around beyond the IPO. Somewhere out there is a startup calling his name. Will this tech coach be able to resist another reclamation project?

Jake Thomases