

## Best Sell-Side Credit Risk Product

# Numerix

Numerix maintains its crown among sell-side credit risk products, winning the best sell-side credit risk category for the fifth straight time in the Sell-Side Technology Awards. A vendor's ability to hold its spot in the winners' circle for that long speaks volumes about its ability to evolve and change its offering over the years, based on what the market dictates, and Steve O'Hanlon, CEO of Numerix, is certainly cognizant of that fact.

"Counterparty credit risk needs of five years ago are not the risk analytics needs of today," he says. "New business models pursued by the sell side have driven a substantial shift in analytics infrastructure. The Fundamental Review of the Trading Book (FRTB) and SA-CCR [BCBS 279] have transformed front-office operating models, and margining requirements have changed the economics of collateral. Collectively, with the all-in pricing of derivatives trading, XVA has emerged as the new analytical language linking the front and middle offices and finance."

It was under that premise that Numerix Oneview, the vendor's pricing, risk, analysis and trade management platform, was released in March 2016, and the vendor has continued to build on it over the past year. Key focus areas for Numerix have been where O'Hanlon believes other front-office platforms fall short: scale, data management, openness and flexibility. However, the top priority has been improving the performance and speed of calculations.

According to O'Hanlon, the front office needs low latency—whether it's 20-millisecond credit valuation adjustments (CVAs) for automated trading or a few seconds for manual trading—while the middle office requires high throughput, audit capabilities, and data lineage control. Customer expectations are five to 10 times faster than what they were just a few years ago, O'Hanlon says. "Over the past year, we accomplished this by implementing a consistent data model, having full understanding of the data, optimizing calculations and avoiding redundant ones, with a greater focus on back-testing, P&L attribution and analytics," O'Hanlon says. "Numerix has more efficiently streamlined the XVA process for clients."

Looking ahead, O'Hanlon says Numerix will look to continue to develop a central, consistent analytics engine for its Oneview Risk solutions so that clients can build business processes around XVA calculations. "The ability to manage and optimize the balance sheet and P&L with respect to XVA, optimize the use of regulatory capital with respect to expected return, and meet all regulatory requirements with respect to 'VAs,' continue to be our top priority as we address clients' needs around the world," O'Hanlon says.

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