

# STEVEN O'HANLON

President & Chief Executive Officer of Numerix



www.numerix.com

## STEVE O'HANLON: ACCELERATING AND REVOLUTIONIZING NUMERIX

Steven O'Hanlon is the CEO and President of Numerix. Based in New York City, Numerix is a leading provider of innovative capital markets technology solutions and real-time intelligence capabilities for trading and risk management. Steve has spent his 35-year career in leadership positions, growing startups and SMBs across the financial services technology industry.

Throughout his career, Steve has pursued a singular mantra: whether it's a crisis, a challenge, or an opportunity -- make a success of it for his firm and for its clients. His achievements speak for themselves. Most recently, Steve was the subject of the cover story of the October 2017 issue of Insights Success magazine under the theme, The 10 Best Fintech Companies to Watch 2017. Personal achievements include being named FTF News' FinTech Person of the Year and being included in Red Herring's Top 100 Global ranking, which identifies promising companies and entrepreneurs. For the past four years, Steve appeared on Institutional Investor's Tech 50 list, and in 2013 and 2014, he also appeared on Institutional Investor's Trading Technology 40, both of which spotlights the top financial technologists, innovators and entrepreneurs in banks, asset managers, exchanges and fintechs.

Steve falls into the unique category of start-up veteran. Before joining Numerix, he had devoted more than 20 years to building start-up software companies, participating in six start-ups, three of which he helped to successfully take public. For one company, he was part of the team that drove revenue growth from \$3 million per year to over \$150 million within 8 years. All this, plus his work at Numerix, demonstrates over three decades of perseverance through the implied challenges of starting new businesses and overcoming the unknown.

When he joined Numerix, however, Steve would soon face what was to be his most significant challenge: managing a company through a serious business struggle, streamlining its vast portfolio of products, and cutting a path of revenues through a financial services industry that faced a major financial crisis and heavy regulatory and operational challenges.

Moreover, under Steve's leadership and guidance, he advocated for and succeeded in eliminating all products that

did not support the company's new strategic vision. From that point forward, Numerix was able to focus on one core, complete product.

### An Agent of Change

Steve joined Numerix in 2002 as Head of Global Sales, Marketing & Support. Soon after joining, the company's founders left the organization and the firm became burdened by an absence of vision.

This prompted Numerix's lead investor and Chairman of the Board to step in and make a prophetic decision. Seeing Steve as an agent of change, the investor appointed him to the role of President & COO in 2004, immersing him again into an entrepreneurial role in which he assumed responsibilities for risk taking, business investments, and strategic decisions. From Steve's perspective, he saw limitless possibility in Numerix: he viewed the company's technology as a diamond in the rough; the market was ripe for disruption and transformation; and he saw the opportunity to build a long-standing, market leading company.

To provide focus to the struggling organization, Steve instilled a vision for all employees: become the global pricing analytics leader.

To execute this vision, Steve took a page from west coast enterprise software companies and successfully put in place a partner strategy unlike any other in the fintech industry. While most traditional firms in the space had engaged with other technology companies, Steve aggressively pursued complimentary companies that could utilize Numerix analytics inside their systems. Through this approach, partners like Bloomberg and Misys were able to quickly scale their analytic capabilities with "Numerix inside".

More importantly, Steve did not architect a simple white label relationship with Numerix's partners. The program he designed also allowed Numerix to create strategic relationships with other innovative technology companies to address unique solutions in the market. This inevitably resulted in additional revenue to

Numerix. Having pioneered the market for multi-asset class pricing capabilities, Numerix was recognized as a pricing leader by Celent in 2007. This combined direct and indirect strategy created a channel that allowed the organization to quickly scale. The end result was growing the Numerix partner ecosystem from four partners in 2003 to over 90 partners today.

### The Turning Point

One of Steve's core strengths is recognizing opportunities in times of challenge. He recognized very early on, right at the cusp of the 2008 financial crisis, that failure, reputation damage and, ultimately, risk management, would enter into extreme circumstances for capital markets players. Seeing how the crisis would expose gaps in the risk management practices of financial institutions, Steve quickly pivoted Numerix into the broader capital markets risk management space and, under his guidance, the company introduced new analytic offerings and derivative pricing solutions that became game changers for the firm and the financial services industry.

The watershed moment that shaped Numerix to this day was the fall of Lehman Brothers. With trillions of dollars in outstanding derivatives needing to be reconciled with counterparties, Numerix was selected on behalf of the Lehman creditors to value millions of terminated trades. This was arguably the most complex and one of the largest derivatives' portfolios in the world.

Not only did Numerix facilitate the unwinding of these positions, but because of its work, Lehman was able to return billions to creditors. Numerix was once again recognized as one of the industry's leading pricing solutions for OTC derivatives and structured products by Celent in 2009.

As Numerix worked side-by-side with the Lehman traders and IT staff, it was clear that a more integrated and holistic approach for managing risk was not something that was nice to have, but a requirement. Through this experience, Steve recognized an opportunity to look at risk differently. So, he made the key decision to re-evaluate Numerix's core analytics solution and creatively determine how it could be maximized to pivot the organization into what became a rapidly changing market of derivatives risk management.

### Becoming a Pioneer in Risk, too

Steve quickly realized that the financial crisis would immediately create opportunities in derivatives risk management, so he wasted no time in pivoting Numerix in that direction. After the Lehman Brothers experience, Numerix continued to build out pricing capabilities for the front office, and combine it with specific market risk capabilities. The solution evolved into a powerful analytics engine capable of bringing front and the middle office risk calculations together into a single database, and thus providing aggregated risk analysis to every level of the organization in real-time.

As part of its pivot to risk, Numerix developed one of the industry's most comprehensive risk management technology solutions. Financial institutions were increasingly selecting Numerix because it enabled them to generate risk information across different departments within the institution—something that wasn't possible just a few short years ago. In fact, Numerix's new and enhanced technology offerings encouraged financial institutions to re-examine the way they exercised proper risk control, from front office to back office, in order to maintain their competency in a market full of challenges.

The first key market infrastructure change driven by new regulatory oversight was the introduction of a new pricing adjustment that accounted for counterparty credit risk. This new adjustment required derivatives users to price-in the likelihood of default into the cost of a trade. Both a technology challenge and a quantitative finance challenge, the introduction of this new risk measure created the perfect opportunity for Numerix to dominate the risk market.

Given the company's deep quantitative roots, Steve quickly brought this new derivatives valuation adjustment to market and positioned Numerix for what ultimately became an entire offering of required pricing adjustments, including those taking into account the cost of funding, capital and margin. This marked the next stage in the growth of Numerix's reputation as it emerged as a pricing leader. As the solution continued to grow, Numerix introduced Numerix XVA, a single platform for enterprise-level risk management and front office risk calculation, including pre-trade pricing and profitability measures.

### Oneview: A Technology Breakthrough

Innovation, creating technology beyond expectations, and the passion to challenge what's possible are three of the core values Steve infuses throughout the firm. This is most evidenced in its breakthrough product, Numerix Oneview. Building on the success of the pricing and risk analytics, Numerix realized an opportunity to offer a unified analytic application platform that could support needs related to front office pre-trade analysis as well as middle office risk.

Introduced to the market in 2016 and already gaining significant industry recognition, Numerix Oneview provides a unified view of risk across an institution, breaking down silos between departments and trading desks to provide real-time market risk measures and counterparty exposures that firms can utilize to make informed risk and capital allocation decisions. Leveraging the industry's leading risk and pricing analytics, Oneview enables users to understand and manage enterprise-level exposure to any risk, across large and diverse portfolios comprised of vanillas to exotics from any asset class. With Oneview, Numerix puts critical decision variables at the fingertips of senior management where they can respond to market changes and anticipate future risks that might impact profitability.

As a result of having built an extensive framework of risk applications, Numerix evolved into the most recognized leader in risk. In 2016, risk represented 41% of Numerix's licensing revenue and 26% of its services.

### Cloud First

Once again displaying his forward-thinking nature, Steve pushed hard for Numerix to take a strong stand on cloud computing going back to 2011 when Numerix first entered into a strategic partnership with Microsoft Azure. Steve understood even then that there is great potential for banks to benefit from cloud computing, and not just from a data, analytics, computational and cost control point of view, but also to help develop and solidify reputation and competitive standings.

One reason banks are starting to embrace cloud technology more today is to help facilitate addressing new regulatory demands, particularly those related to new market risk requirements. The regulations are demanding serious changes in the way banks run their trading business and will require changes to the technology infrastructure that is needed to support it.

In response, Numerix partnered with Microsoft cloud technology to address the new regulatory requirements, and its companion app is now available on Microsoft AppSource.

Today, Numerix offers flexible deployment options on the public, private and hybrid cloud, along with managed services.

### A Fintech Vision for the Future

Today, it's Steve's goal to position Numerix as a dynamic financial technology company providing a next generation risk platform. Over the past year, the team's marketing department has worked hard to establish Numerix's fintech brand identity in the market. Steve believes Numerix needs to evolve its reputation in the market—being seen not just as a pricing and risk calculation company, but a provider of trading and risk management systems that are unique and which disrupt the status quo.

2016 was a standout year for Numerix in terms of a key acquisition that was made—a result of Steve recognizing another breakthrough and differentiating opportunity. He engaged in negotiations to acquire TFG Financial Systems, a real-time valuation, risk management and integration service company whose technology, when integrated with Numerix's own capabilities, would leapfrog Numerix over its competitors with a next generation strategic tech play that no one else would have. The acquisition also offered immediate penetration into a new market for Numerix, the hedge fund industry.

The acquisition also plays into Numerix's future plans to continue driving digital transformation. Numerix sees itself as a visionary force that intends to solidify its position as a disruptive, forward-thinking fintech company, and this acquisition is the first of potentially several to be executed in the coming years.

## EXECUTIVE BIOGRAPHY

As President & Chief Executive Officer, Steven O'Hanlon is a dedicated visionary, who inspires bold change and flawless execution.

Since first joining the company in 2002, and under his leadership as President & COO starting in 2004, Mr. O'Hanlon has driven the transformation of Numerix from a broadly-focused company with many disparate products and five locations, to a global analytics software company operating from a single platform with a presence in 26 countries.

In his early years with the company Mr. O'Hanlon aggressively pursued the derivatives pricing business and by 2008 established Numerix as a global leader of financial analytics software. Witnessing firsthand the impact of the financial crisis, under Mr. O'Hanlon's leadership Numerix made a key decision to re-evaluate its core analytics solution and creatively determine how it could be maximized to pivot the organization into the rapidly changing market of derivatives risk management. Through his ability to focus, adapt and execute – Mr. O'Hanlon was named CEO of Numerix in January 2013.

Through Numerix's continued investment in innovative technologies, unrivaled analytic capabilities, and a customer-centric solution selling approach the company has been firmly planted as the most prolific and dominant leader in both risk and pricing.

To date, the company has been recognized with over 100 international awards including being named one of the fastest growing companies in North America by Inc. Magazine's 500|5000 and Deloitte's Technology Fast 500™. Personal achievements include being named one of New York SmartCEO's Future 50 rising stars, as well as being ranked annually on Institutional Investor's "Tech 50" and "Trading Technology 40" Lists. Mr. O'Hanlon was also named FTF Technology's FinTech Person of the Year 2015 and most recently awarded CEO of the Year in the 2016 American Financial Technology Awards.

Prior to joining Numerix, Mr. O'Hanlon actively negotiated the sale of several companies for nearly \$500M. A seasoned veteran, he has more than 35 years of experience building emerging market start-up software companies and has contributed to three successful IPO's. Mr. O'Hanlon participated in the Network Express IPO road show in which \$30M was raised. It was his product and distribution strategy that led to the sale of this company to Cabletron for \$110M. Prior to Network Express, Mr. O'Hanlon was a member of Banyan Systems Inc. executive team, which drove eight years of unparalleled growth from \$3M to \$150M, culminating in a successful IPO. Before that time, Mr. O'Hanlon also held sales executive positions at Avant-Garde Computing and Nixdorf Computers.