

## Best Credit Risk Solution Provider

# Numerix

A strong reputation among *Waters* readers is built on a mix of attributes, both established and new, and for 2014 this mix perfectly describes yet another win for New York-based risk management specialist Numerix in the best credit risk solution provider category, which is both highly-contested and yet—at the top—seems increasingly locked up.

The latest moves for Numerix come on two fronts, each reflecting the changing nature of credit risk and the kinds of firms that must measure it. On one side is the evolution of Cross Asset's user experience, which has moved away from the Microsoft Excel workbooks favored by its earliest clients—quants—toward an application-based workflow providing better click-through to a wider array of front-office and compliance personnel, as well as screen space for what CEO Steven O'Hanlon calls “lightweight apps,” which can be developed and deployed for certain user types or specific geographies, before being molded into a fully fledged tool.

One of them, the Economic Scenario Generator (ESG), has served as a model for that new development process, and has also led to a second growth front for the provider: the build-out of Leading Hedge, a software product that ties in pricing from Cross Asset—Numerix's single analytics platform, underpinned by a library of cross-asset models and methods developed by the firm's quantitative research team—with the ESG, to complete variable annuity portfolio risk metrics used to manage insurance companies' assets.

Those, O'Hanlon says, are far more “exhaustive” computations than even the most exotic derivatives require, and after purchasing Leading Hedge from Ernst & Young in 2010, the revamped product has been vetted by an early (and massive) client—Aegon Transamerica—and is starting to really take off among insurers, with additional asset-liability management functions set to be added in two phases by the end of 2015. “This has the ability to revolutionize how asset-liability management is done,” O'Hanlon says.

For a vendor now best known for its Basel III-related “XVA” engines covering credit, debt, and funding valuation adjustments—and don't be mistaken, these are not going anywhere—that would represent quite a leap. But considering how far Numerix has come, these clever, client-driven moves no longer even seem shrewd—just expected.

—TBM



Steven O'Hanlon, Dwight Gooden, and Satyam Kancharla



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