



Best alliance or partnership

Numerix and CubeLogic

OVERVIEW

- Numerix and CubeLogic have announced major enhancements to their joint solutions for enterprise risk management. The service being offered has numerous applications for the consolidation, analysis and mitigation of risk for energy, commodities and financial services companies. In 2021, a new Risk-as-a-Service (RaaS) managed service was announced that delivers credit, market and compliance risk analytics to users in a more flexible and scalable solution, with end-of-day and real-time capabilities.

WHAT'S TO COME

- SaaS offering and cloud-native journey: Today, Numerix's software-as-a-service (SaaS) solutions enable institutions to access risk management tools for risk analytics, XVA calculations and derivatives pricing over the cloud rather than through an on-premises system. Moving toward a fully cloud-native architecture will provide substantial benefits over "lift and shift" cloud deployments and on-premises deployments.
- The cloud-native benefits include better performance, scalability and lower total cost of ownership. Numerix will continue to invest in NxCore Cloud, the firm's cloud-based development environment that leverages its analytics and the Python ecosystem.
- Market data: Numerix will continue to grow its relatively new market data business. It currently manufactures and sells derived data in partnership with Tradition (FX volatility surfaces) and PO Capital (interest rate volatility surfaces). It plans to expand its offerings into new asset classes and data types in the coming year.
- Artificial intelligence and machine learning: Numerix is working with Ron Coleman, an AI specialist at Marist College, on AI-related market data handling. It will look to develop an AI tool used to judge data quality, which frequently fails model calibration and is not easy to handle using traditional methods.

“Seba Bank chose Numerix Oneview for the trading operation and risk management, as the platform provides the immediate robustness required for a bank being built from scratch. The ability to manage market risk and credit risk in a single platform for crypto and fiat currencies as well as traditional securities, along with connectivity to our principal trade aggregator, allowed Seba Bank to quickly adhere to trading, risk and regulatory needs on a 24/7 basis.”
Urs Bernegger, co-head, markets and investment solutions, Seba Bank

THE SOLUTION

- Clients are increasingly looking to reduce the cost and complexity associated with enterprise risk management (ERM) systems. CubeLogic's solution has addressed this through its single data model, emphasis on tightly integrated risk components, and a business intelligence ethos that enables seamless visualization and reporting. Numerix's multi-asset class pricing and risk analytics further enhances the RiskCubed suite. There has been significant adoption of the joint offering, the first being a well-known global liquidity provider and market-maker, and the second, a crypto currency bank, Seba. Both firms are benefitting from the combined CubeLogic and Numerix offerings. Together they provide real-time value-at-risk (VaR) and market risk management tools for the liquidity provider, while helping Seba to achieve real-time management of contingent market risks in its client margin trading business.

“Numerix's comprehensive model library is renowned for being able to price any conceivable instrument using the most advanced calculations. It's the richness of our cross-asset analytics that makes Numerix the ideal partner to complement CubeLogic's enterprise risk management and business intelligence solutions, especially for the delivery of timely risk analysis, sophisticated workflow and business logic to mitigate counterparty exposure on trading activity across the financial services sector.” **Steve O'Hanlon, CEO, Numerix**

WHY THEY WON

Alliances have become a critical part of the capital markets technology sector, allowing vendors to extend their appeal to new clients, while simultaneously enhancing the functionality of the services they offer and reducing total cost of development and ownership. The Numerix-CubeLogic partnership is a perfect example, the direct beneficiaries of which are their joint clients.