

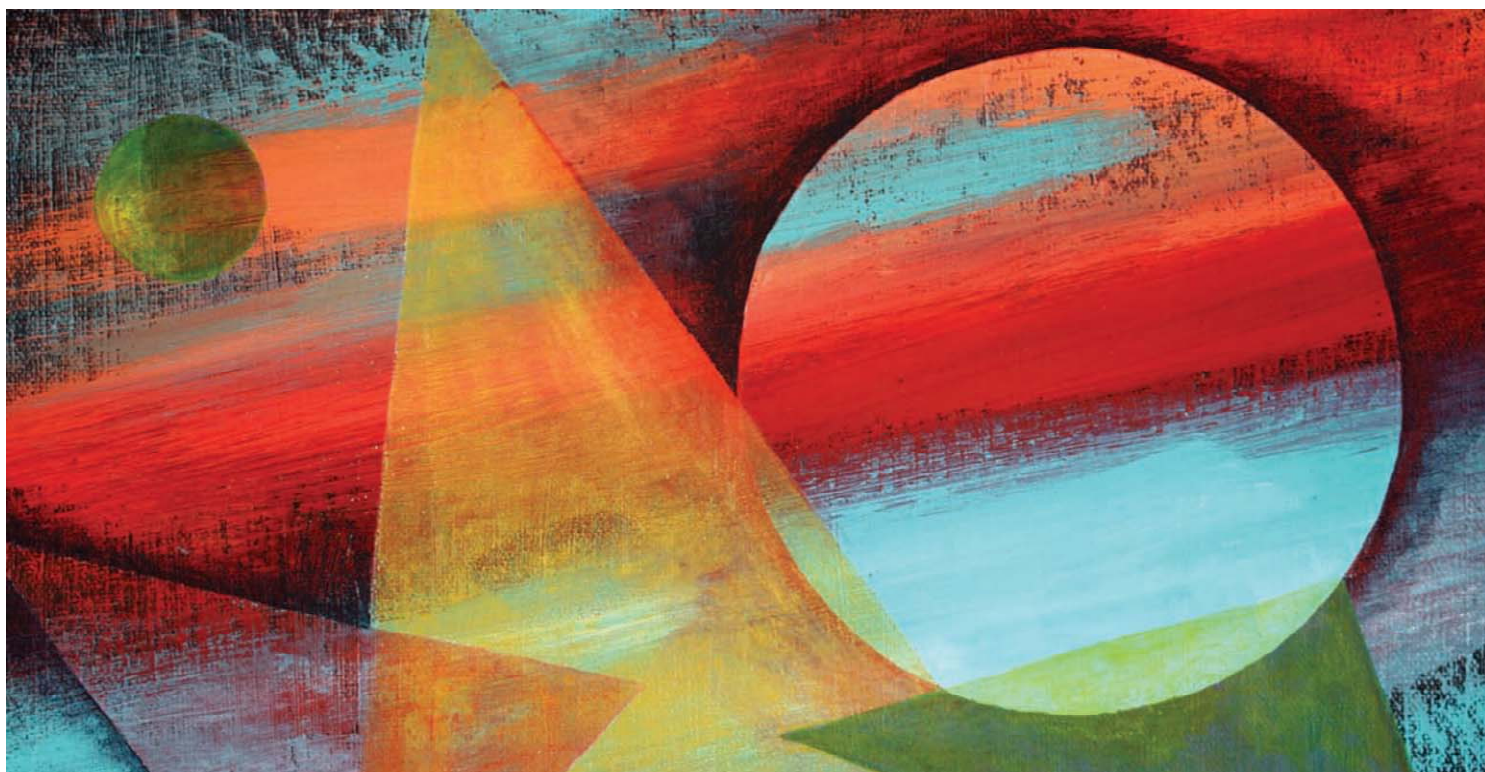
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# Risk

RISK MANAGEMENT | DERIVATIVES | REGULATION

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DECEMBER 2011



**Risk**  
TECHNOLOGY RANKINGS  
**2011**



Savvysoft wins #1 ranking in *Pricing & Analytics – Rates* for the 7th time

*New regulations have forced financial services firms to get to grips with counterparty credit risk and credit value adjustment, the liquidity coverage and net stable funding ratios, and electronic trading, clearing and reporting. In the face of these changes, all but the biggest banks are turning to technology vendors for help – and end-users have once again voted Savvysoft a top analytic vendor this year. By Clive Davidson*

# The regulatory push

There is no doubt banks today are in the midst of a storm. The ongoing crisis in the eurozone, with its threat of significant sovereign debt losses and counterparty credit risks, the substantial revision of financial market regulations and intense pressure on costs and margins all present unprecedented challenges for banks. A major ally in the face of all this turbulence is technology – and Murex and other suppliers of trading and risk systems have been at full stretch to meet the rapidly evolving requirements, as this year's software survey shows (see page 2).

The importance of technology is demonstrated by the fact that spending on risk systems is expected to rise over the next few years, despite cutbacks elsewhere at financial institutions and widespread job losses. According to London-based consultancy Chartis Research, the risk management technology spend will rise by 10% worldwide, from \$21 billion in 2012 to just over \$23 billion in 2013. This tallies with *Risk*'s own research, which shows that more than 60% of respondents plan to increase IT spending in 2012. Of that number, 56.4% intend to hike spending by more than 10%, while just over 8% of respondents will see more than a 50% increase in expenditure next year.

Part of this spending will be on in-house systems. Other than the very largest banks, though, most institutions now look to third-party suppliers for most of their analytics, trading and risk management technology. The number of vendors has contracted significantly in recent years – several mega-merger and acquisition deals took place in 2011, including Algorithmics and IBM – but the technology space remains fiercely competitive.

New York-based Savvysoft has topped the rates pricing and analytics category for the seventh time, and was in the top five in all other pricing and analytics categories bar foreign exchange, giving it eleventh place overall – not bad for a specialist company that remains a fraction of the size of most of its rivals.

With the turbulence in the markets unlikely to abate soon, it remains to be seen which institutions get out unscathed and which actually manage to get ahead. Technology will certainly be a factor in any institution's survival, and its ability to thrive in the current environment. Those suppliers that have their fingers most accurately on the pulse of banks' requirements and are able to adapt their technology to those ends will no doubt benefit in next year's rankings. ●

## How the poll was conducted

*Risk* polled thousands of banks, hedge funds, pension funds, insurance companies and corporate treasurers for this year's technology rankings, and received 821 valid responses.

Respondents were asked to vote for the technology vendors that provide the best product offering across a number of categories, including enterprise risk management, risk capital calculation, front- to back-office trading systems, and pricing and analytics.

Participants were asked to base their votes on functionality, usability, performance, return on investment and reliability. Nominated technology companies were awarded three points for a first-choice vote, two for a second-choice vote and one point for a third-choice vote.

Only technology end-users were allowed to vote. *Risk* conducted a

comprehensive due diligence process and disqualified any votes that were felt to be unfair. These include people voting for their own firm, or relatives of someone who works in that company voting for the firm, multiple votes from the same person, multiple votes from the same IP address, proxy votes on behalf of customers, votes by people who choose the same firm indiscriminately throughout the poll, votes by people who are clearly not involved in the business areas covered by the poll, and block votes from groups of people on the same desk at the same institution voting for the same firm. The editor's decision is final in determining the validity of votes.

This year, *Risk* has changed the way it calculates its top 20 winners, basing it on overall percentage votes, rather than the number of first, second and third places as in previous years.

## OVERALL

2011	2010	Vendor	%
1	na	Murex	10.7
2		Thomson Reuters	9.3
3		Misys	8.4
4		Algorithmics	7.5
5		SunGard	7.1
6		Numerix	6.8
7		Calypso	6.3
8		Bloomberg	5.7
9		Moody's Analytics	5.3
10		SAS	4.9
<b>11</b>		<b>Savvysoft</b>	<b>3.9</b>
12		Fincad	3.5
13		Open Link	3.3
14		SAP Sybase	2.9
15		Wolters Kluwer Financial Services	2.8
16		SuperDerivatives	2.4
17		QRM	2.1
18		MSCI Barra	1.7
19		Kamakura	1.5
20		Chase Cooper	1.1

## Pricing and analytics

2011	2010	Vendor	%
1	2	Murex	14.2
2	4	Numerix	12.6
<b>3</b>	<b>5</b>	<b>Savvysoft</b>	<b>12.1</b>
4	1	Thomson Reuters	10.1
5		Fincad	9.7
6	7	Calypso	7.3
7	9	Misys	6.3
8	3	Bloomberg	5.6
9	8	SuperDerivatives	5.5
10	10	SunGard	4.9

## Trading systems

2011	2010	Vendor	%
1	2	Thomson Reuters	12.8
2	1	Murex	12.7
3	4	Misys	12.6
4	5	Calypso	10.2
5	6	SunGard	9.5
6	3	Bloomberg	8.7
7	8	Open Link	6.9
8	10	Wall Street Systems	5.7
9	9	SuperDerivatives	5.5
<b>10</b>		<b>Savvysoft</b>	<b>5.1</b>

## Pricing and analytics

### Commodities

2011	2010	Vendor	%
1	2	Murex	16.2
2	1	Bloomberg	14.9
<b>3</b>	<b>4</b>	<b>Savvysoft</b>	<b>13.1</b>
4		Numerix	11.6
5		Fincad	9.7

### Rates

2011	2010	Vendor	%
<b>1</b>	<b>3</b>	<b>Savvysoft</b>	<b>16.8</b>
2	1	Thomson Reuters	15.7
3	4	Murex	15.4
4	5	Numerix	12.7
5		Fincad	11.4

### Credit

2011	2010	Vendor	%
1	1	Murex	15.1
<b>2</b>		<b>Savvysoft</b>	<b>13.6</b>
3	5	Numerix	11.5
4	4	Calypso	10.2
5		Fincad	9.1

### Structured products

2011	2010	Vendor	%
1	1	Numerix	18.3
<b>2</b>	<b>5</b>	<b>Savvysoft</b>	<b>15.9</b>
3	3	Murex	13.2
4		Fincad	12.3
5		Calypso	12.2

### Equities

2011	2010	Vendor	%
1	2	Misys	17.1
2	3	Murex	14.3
<b>3</b>		<b>Savvysoft</b>	<b>12.5</b>
4	5	Numerix	11.6
5	4	Thomson Reuters	10.5

### Cross-asset

2011	2010	Vendor	%
1	3	Numerix	17.1
2	1	Murex	16.5
<b>3</b>	<b>4</b>	<b>Savvysoft</b>	<b>15.1</b>
4	5	Calypso	11.6
5		Fincad	9.9

### Inflation

2011	2010	Vendor	%
1	1	Thomson Reuters	16.1
<b>2</b>	<b>5</b>	<b>Savvysoft</b>	<b>15.2</b>
3	2	Murex	13.6
4	4	Numerix	11.4
5		Fincad	10.5

350  
340  
350

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But Savvysoft VisibleDerivatives doesn't stop there. Calculate independent, unbiased prices and Greeks in real-time, across the full range of instruments in the Equity, Interest Rate, FX, and Commodity markets. Perform "what-if" analysis to see the impact of both parallel and non-parallel shifts of market curves. And automatically generate tables, 2-D graphs and interactive 3-D heat maps.

Savvysoft VisibleDerivatives is the powerful combination of Bloomberg's vast store of historical data and Savvysoft's proven, award-winning OTC derivatives models (Savvysoft is now in our 8th year as Risk Magazine's top-ranked Derivatives Analytics Vendor\*). All of which makes VisibleDerivatives the clear winner in OTC derivatives analytics.

\* In the current Risk survey, Savvysoft ranked #1 in Interest Rates. To date, Savvysoft has earned 16 #1 rankings, 11 #2 rankings, 9 #3 rankings and 50 Top5 rankings.

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