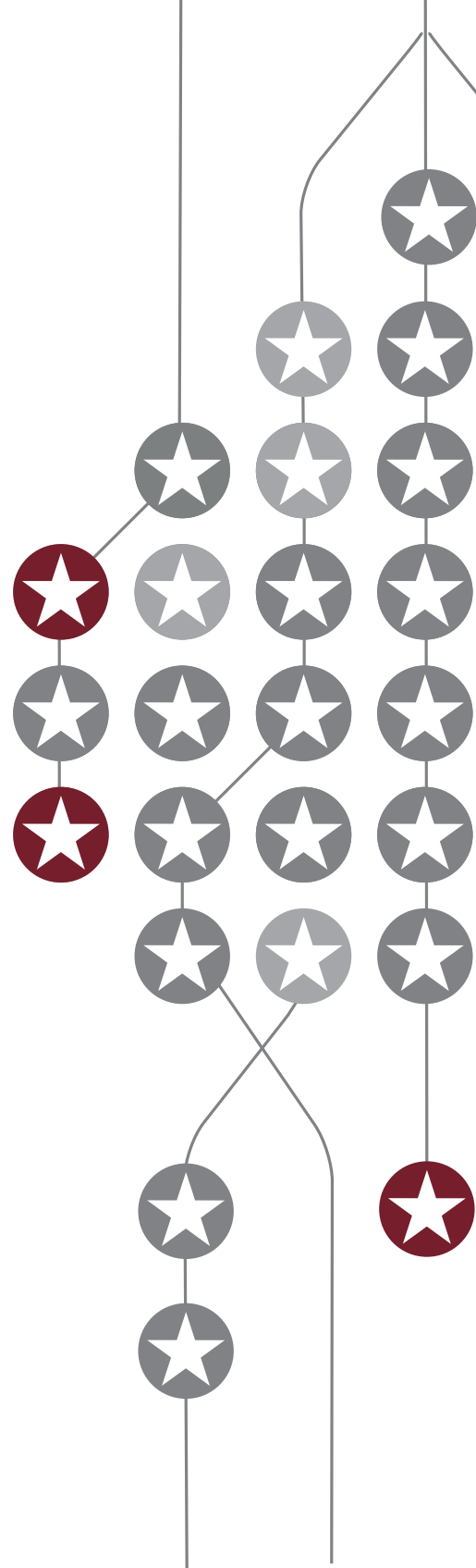




Most Innovative Technology Vendor – Risk, Compliance and Reporting

Imagine Software



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Most Innovative Third-Party Technology Vendor— Risk, Compliance and Reporting

Imagine Software

The hallmark of a truly innovative technology vendor is its ability to rapidly respond to changes in the market and address its clients' demands by developing and delivering a new solution that provides exactly what is required of it. New York-based Imagine Software, winner of the most innovative third-party technology vendor category (risk, compliance and reporting) at the 2017 AFTAs, has displayed this quality in spades through its Real-Time Risk and Compliance (RRC) solution. While this may be Imagine's first appearance in AFTAs' winners' circle, its approach to innovating its technology offering in line with market demands and the changing regulatory environment surely bodes well for the future.

In the aftermath of the Lehman Brothers failure back in September 2008 and the subsequent global financial crisis, demand for enhanced risk and portfolio management systems skyrocketed, forming the genesis of Imagine Software's approach to its technology development efforts. The RRC solution was commissioned by the vendor's clients, with some requiring a solution to manage global compliance, while others found their existing technologies were inadequate to handle large-scale trading operations alongside evolving regulatory requirements. Imagine Software undertook a significant reworking of its underlying architecture to develop a sustainable risk and regulatory reporting solution designed to investigate, identify, correct and report risk exposures on a trade-by-trade, tick-by-tick basis.

RRC is a real-time risk engine combined with a managed data service covering all asset classes and integrating with legacy systems. It effectively sits on top of an organization's existing technology infrastructure and delivers streaming real-time trade summaries, alerts and operational data, key metrics such as net-asset values (NAVs) and value-at-risk (VaR), and full access to positions, pricing inputs and analytics. The solution's analytics framework provides a flexible toolset to monitor risk and exposure, covering a range of metrics and historical scenarios, as well as stress-testing functionality and data visualization tools.

Imagine Software's efforts are clearly bearing fruit—it has attracted new clients across the buy side and sell side, the most notable of which is Societe Generale. The French bank deployed the RRC solution to manage risk operations across thousands of trades per second across millions of positions for its Prime Services group, using the platform to track regulatory limits and investment risk, to identify potential intra-day breaches of capital utilization limits, and perform institutional-grade due diligence across all asset classes.

—JB



Scott Sherman, Co-Founder and Global Head of Business Development & Sales, Imagine Software

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Winners' Circle: Imagine Software

Leading the Pack

After winning the coveted vendor innovation category for risk, compliance and reporting at this year's AFTAs, **James Rundle** sits down with Imagine Software's CEO, Lance Smith, to talk about risk, regulation, and what's coming up in 2018.

Q Tell us about your Real-Time Risk & Compliance (RRC) solution—what are the challenges it's looking to address?

Lance Smith, CEO, Imagine Software:

RRC grew out of our clients' needs to manage a variety of real-time regulatory demands, including limits monitoring and intra-day risk reporting. But, as regulations evolved and became more complex, our clients asked for a forward-thinking solution that would deliver not just regulatory compliance, but enable them to achieve consistency between intra-day trading and end-of-day P&L and risk metrics across all asset classes—while trading many millions of trades per day for thousands of accounts. The resulting product, RRC, is now in use by some of our clients and is in beta testing by others. It tracks regulatory limits and investment risk, identifies potential intra-day breaches of capital utilization limits, and performs institutional-grade due diligence across asset classes firm-wide.

Q The platform includes a number of analytics capabilities, from stress-testing historical scenarios through to real-time snapshots of positions. How was this accomplished on a technical level?

Smith: It was a world-class challenge that required a complete re-architecting of our already-robust risk engine. We worked hand-in-hand with our users, reviewing the existing risk and compliance parameters and planning for future iterations. It was a weekly, often daily collaboration, and Imagine provided development prototypes, including liquidity calculations and working interfaces. Enhanced performance was achieved by utilizing a highly-efficient mathematical modeling of securities, coupled with parallelization of computations across farms of compute servers. The implementation process was meticulous, and the end result is truly best-of-breed.

As a real-time risk engine combined with a managed data service—Imagine's Global Security Master contains the data on every listed security—RRC significantly lowers the cost of monitoring client risk and remaining compliant, and it scales for growth. RRC integrates with legacy systems, effectively sitting on top of a firm's own technology system to deliver streaming real-time summaries of trades, alerts and operational data, key metrics, such as value-at-risk/net-asset values (NAVs), best or worst



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“As a real-time risk engine combined with a managed data service—Imagine's Global Security Master contains the data on every listed security—RRC significantly lowers the cost of monitoring client risk and remaining compliant, and it scales for growth.” **Lance Smith, Imagine Software**

profit-and-loss or NAVs, or totals across the firm, and with unlimited additional granularity. Our clients can also create new calculations on their own, such as elaborate stress-tests across multiple factors utilizing the Imagine Financial Platform.

Q When it comes to effective risk management, what do you see as the main challenges at present for your clients, and where do you see potential areas of concern in the future?

Smith: Regulatory challenges will continue to evolve, as will the need to manage the real-time risk on high-speed trading, as velocities continue to rise. High performance across the spectrum of traded securities—including over-the-counter—will become a requirement, no longer a “nice-to-have.”

Q What can we expect from Imagine in 2018?

Smith: More innovations! Enabling our clients to compute their own margin in 2017 opened up a new way for them to better manage capital and create efficiencies. Already slated for this year are customized solutions around cross-margining, netting and offsets. Using risk portals powered by Imagine, our clients can provide their clients with real-time margin alerts and risk management tools so that they can take the appropriate actions to forestall an unwelcome margin call. That ability gives our clients a critical competitive advantage. We can also expect developments around cryptocurrencies as the exchanges begin to offer futures and they emerge as an asset class. **W**

★WINNER★

Most Innovative Technology Vendor

Risk, Compliance & Reporting

Imagine's Real-Time Risk & Compliance (RRC) system effortlessly analyzes the risk on millions of trades per second for thousands of cross-asset accounts. By instantly updating NAV, P&L, Greeks, VaR, margin, and stress tests – tick-by-tick and trade-by-trade – RRC tracks limits and alerts, simplifies compliance reporting and much more. With hundreds of interactive dashboards keeping critical analytics close at hand, Imagine is the next-generation market risk engine at your command.



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