

Misys Opics and Opics Risk Plus

FX Concepts



FX Concepts transforms foreign exchange and options trading through Misys Opics and Opics Risk Plus.



FX Concepts

Headquartered in New York City, FX Concepts is one of the world's leading independent providers of foreign currency management and research. Since 1988, the firm has managed currencies for institutional investors through both overlay and absolute return strategies and currently employs a unique methodology integrating the study of cycles, quantitative model-building, and technical forecasting. Today, its world-class research team provides currency forecasts and market insights to institutional money managers and investors on a subscription basis.

"We have a long track record of innovation in currency management," says Phil Simotas, President of FX Concepts. "It is our belief that technical and quantitative models, combined with market intelligence and experience, have allowed us to provide consistently superior risk-adjusted performance for our customers."

Aiming for STP and efficiency

In 2004, Kelly Adams, Chief Technology Officer (CTO) for FX Concepts was hired to review the firm's information technology infrastructure in order to support further growth and maintain the company's competitive edge against its competition.

"Our confirmation process needed overhauling," comments Adams. "The company had grown to a point where the old architecture needed revamping. We needed a system with flexibility, functionality and stability.

Adams and his IT colleague, Saurabh Kumar, along with Laurie Pisano, Head of Operations, focused on the middle and back office, seeking a new platform to boost efficiency and drive its business forward. The firm needed an operating

solution with superior functionality that could increase scalability for its spreadsheets, reduce reconciliation and manual processing efforts, and offer flexibility to meet diverse business needs.

The main objective for Adams was to improve the efficiency and timeliness of portfolio management allowing FX Concepts' staff to spend more time focusing on customers and less time on the system. In order to realise these ambitions FX Concepts chose to replace back office systems with a newer, more reliable solution and find a partner that could provide exceptional functional and technical support.

The strategy to achieve these objectives was to standardize with one, core solution to monitor the trade confirmation process, improve performance issues around reporting, increase risk management, and arrange the data in a concise, user-friendly format. It was also important for the chosen solution to offer real-time Profit and Loss (P&L) statements as well as volume reporting and statistics.

Summary

FX Concepts is one of the world's leading independent providers of foreign currency management and research. Following an evaluation of operations in 2004, the firm started a strategic relationship with Misys, utilising Misys Opics and Opics Risk Plus, the powerful treasury and capital markets solution, to boost efficiency and execute a growth strategy.

Website

www.fx-concepts.com

Business situation

- + Innovation drive in currency management
- + Need to report and manage risk and performance

Project objectives

- + Boost STP and risk management
- + Achieve real-time analysis in portfolio management
- + Reduce reconciliation and manual processing efforts

Solutions & Services

Misys Opics; Misys Opics Risk Plus; Misys Opics Plus; Misys professional services.

Key benefits

- + Efficiency and risk improvements
- + Improved asset class coverage
- + STP rates from 50% to 95%
- + Large increase in number of tickets processed daily
- + Traders have full portfolio analysis in less than 5 minutes
- + Minimal customisation

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Kelly Adams, CTO FX Concepts

Building for international success

In 2004, FX Concepts began searching for a new software solution that could provide better support for the firm’s IT infrastructure. After six months of evaluating various systems the company selected Misys Opics – a front to back treasury & capital markets solution with powerful STP and back office capabilities – which FX Concepts felt provided the best functionality and most value. Misys Opics features a full suite of standard inquiries and reports which can be viewed online or saved for later viewing, and allows users to easily customize their own reports and export them to an Excel spreadsheet.

“We weighed everything up and our assessment was that Misys had the experience and the track record of delivering real results to come out on top,” remarked Kelly Adams.

The process of installing Misys Opics at FX Concepts took place across a six-month period. The goal was to adopt a phased approach, minimizing disruption to daily activities.

FX Concepts is using the core engine of the solution to handle all position keeping and P&L which is the basis for all other proprietary tools, such as workflow tools, that the company has built around it.

Quantifiable benefits

Three years after the implementation of Misys Opics, the firm is now enjoying the fruits of its labour. Operations have been strengthened enabling the firm to process more trades through increased automation. The firm now processes approximately 5,000 tickets daily across various FX, Futures and Option instrument types. In 2004, prior to the implementation of Misys Opics, FX Concepts was processing only around 75-100 tickets daily.

Today, by eliminating multiple steps in the confirmation process and increasing automation, the speed of confirms – or rather the time between order execution and trade confirmation - has been more than halved, which in turn has greatly reduced the firm’s operational risk.

“Back in 2004, I’d say we were experiencing STP rates of around 50%; by comparison today, we’re enjoying almost 100% STP,” Adams says of the headline improvements he’s noticed. “We had some major hurdles and Misys helped us come up with solutions”.

Adams also cites Misys Services and Support as providing a “comfort level” for the business: “Misys has people with both product and market knowledge, which is important,” he notes.

Looking back, Adams is confident that he realized his goal of increasing the value of technology in the organisation. By aligning the IT infrastructure with the growth objectives of the business, FX Concepts has obtained critical risk management and performance enhancements, enabling it to successfully negotiate a volatile marketplace.

Investing in FX Concepts’ future

Additionally, FX Concepts has recently licensed Opics Risk Plus, an advanced market risk and portfolio management solution to further reduce risk, costs and increase returns. This integrated risk platform will allow them to automate Monte Carlo Value at Risk (VaR) on a global portfolio across multiple assets and strategies, combining FX, Futures on FX, soft commodities, bonds, short-term interest rate and energy as well as exotic over-the-counter options.

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David Stewart, Head of Risk Solutions at Misys

David Stewart, Head of Risk Solutions at Misys comments “We helped FX Concepts implement Opics Risk Plus on top of the existing Opics platform in approximately 5 business days which shows our ability to deliver quickly and accurately. The newly architected Opics Risk Plus provides FX Concept’s fund managers with a full analysis of their portfolio with Monte Carlo VaR methodology in less than 5 minutes, which means they will be able to make better decisions faster.”

In the next year, FX Concepts is planning to upgrade to Misys Opics Plus, the .NET service-oriented (SOA), next generation version of Opics, to take advantage of its performance improvements for interfaced transactions, end of day batch run time, its ability to use industry standard messaging to interface transactions from external systems and the usage of Web services.

The new .NET SOA architecture of Misys Opics Plus has a number of modernizations, making it easy to build application programming interfaces (APIs), and add performance enhancements. New messaging and thinner client architecture will be particularly beneficial to the end of day processing.

“For a hedge fund like us, we see Misys Opics Plus as a good off the shelf solution to supplement our custom built solutions with minimal customization,” Adams concludes.

For more information on
Misys Opics Plus, please visit:
www.misys.com

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