

# Hedgeweek USA Awards 2018

# Imagine Software

## Best Risk Management Software Firm

New York-headquartered Imagine Software has long been viewed as one of the financial industry's leading real-time portfolio, risk management and regulatory systems.

Founded in 1993 and still privately owned and run by Scott Sherman, Steven Harrison, Dr Lance Smith and David Miller, Imagine supports the industry's blue-chip hedge fund managers, fund-of-funds, pension plans, money managers, asset managers – and the major banks and brokerages. Imagine was the first to offer a cloud-based ASP solution to the industry in 1999. It currently handles USD5 trillion in risk-managed client assets.

“Our ‘traditional’ ASP sales have remained steady, and we have seen a broad take-up of our latest innovation, Risk Services, which is now a separate and independent revenue line,” confirms Dr Smith. “Now that we have unbundled our industry-leading analytics from our desktop GUI, clients and partners can use ‘apps’ to embed our analytics into their own dashboards and applications. For example, OMS/EMS providers can now offer in-depth pre-trade compliance (i.e. including risk-based limits) to their clients.”

The Imagine Real-Time Risk & Compliance (RRC) solution is much in demand as firms of all sizes look to manage evolving rules and reporting requirements. Imagine's ability to slice and dice risk and portfolio data helps companies simultaneously track real-time limits, perform stress tests, capture risk across the entire portfolio, spot and correct compliance breaches and deliver timely transparency reports.

Dr Smith explains that the RRC solution was originally geared towards banks and prime brokerages that have very large trading volumes, “and the feedback is very positive. It is in production, mission critical, and performing very well. We are now repurposing the same technology for other players that may not have the trading



**Dr Lance Smith, co-founder of  
Imagine Software**

volumes, but have very large numbers of positions (think large asset managers) and need similar performance.”

Users can stress test more than 50 historical scenarios, such as Brexit, Enron, Flash Crash, and the 2008 financial crisis.

The feedback has also been very positive for another of Imagine's solutions: the Imagine Margin Service, a complete operational workflow that incorporates Imagine's trading system, data and library of margin calculators.

“Clients especially appreciate the transparency of the margin calculation. They can drill down and see exactly how the margin was computed, encompassing all waterfalls and decision trees within the margin plan. We continue to extend the margin module by adding on additional exchanges,” states Dr Smith. He further adds that one of the more recent examples of how Imagine continues to support its clients' real-time risk management needs involved partnering with a structured products vendor to embed their analytics inside the Imagine platform.

“Even though the native models are Monte Carlo in nature, our implementation is such that these securities (MBS, CLOs) behave just like any other, including real-time risk and Monte Carlo VaR,” says Dr Smith.

Dr Smith says that from a risk management perspective, alternative data sets such as weather or social media metrics need to be translated into any likely impact upon various segments of the market: “While we do not effect these interpretations ourselves, we provide the ability for our clients to interpret as they wish, and incorporate into their risk management practices through the Imagine IFP by writing their own ‘apps,’ to create their own stress tests and risk calculations.” ■

★ WINNER ★

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## Real-Time Risk & Compliance Solution

“Every time futures are cleared, or equities or even Portfolio Swaps are traded, they feed immediately into Imagine, which instantly updates the VaR, Greeks, threshold alerts, and more.”

Imagine's Real-Time Risk & Compliance (RRC) Solution is the fastest, most flexible and transparent risk system available today. RRC manages the risk on many millions of trades per day for thousands of cross-asset accounts. Tracking regulatory limits and investment risk, RRC identifies intra-day breaches, and delivers consistency between start-of-day, intra-day and end-of-day P&L.

Find out how RRC can work for you. Contact us for a demo.



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