

WestLB



“We were moving our FX/MM business from one vendor system onto another one. However, we found gaps in the functionality of the target system. In order to fill these gaps we looked to Quartet’s ActivePivot. With their true real-time OLAP technology and their integration features we were able to fulfill these missing requirements and now we have satisfied users and a lower total cost of ownership”

Dr. Gerd Börker, Head of IT Capital Markets

WestLB, one of Germany’s leading financial services providers

WestLB AG is a European commercial bank with firm roots in North Rhine-Westphalia, Germany’s most densely populated federal state. With Group total assets of € 258.8 billion as of September 30, 2009, it is one of Germany’s leading financial services providers. It is the central institution for the savings banks in North Rhine-Westphalia and Brandenburg, and as an internationally operating commercial bank it acts as their link to the global financial markets. Working in close partnership with the savings banks, WestLB offers a wide range of products and services, focusing on lending, project finance, capital market products, asset management, transaction services and real estate finance. WestLB employs 5,153 staff (as of September 30, 2009).

WestLB was created in 1969 by the merger of its old-established predecessor institutions, Landesbank für Westfalen Girozentrale, Münster, founded in 1832, and Rheinische Girozentrale und Provinzialbank, Düsseldorf, founded in 1854. On August 30, 2002, WestLB was transformed into a joint stock company after the public mission activities were integrated into Landesbank NRW (now NRW.BANK), which was established on August 1, 2002. The entire commercial business activities of the former WestLB are now concentrated in WestLB AG.

Problems Faced

WestLB decided to move their treasury trading transactions off of SunGard Treasury Trader and instead migrate it to Misys Summit as WestLB already uses it for many other assets classes. The traders at WestLB felt the current system was doing what it wanted to do, as it had been previously customized to perfectly fit the way they worked, however the decision to move their treasury business onto Summit would certainly lead to cost savings once this system rationalization was complete and that was a key decision point for the bank management. There was also a time issue as this migration had to be accomplished in an aggressive timeframe and although Summit provides WestLB with a state-of-the-art cross-asset transaction processing system with an open architecture, it did not provide the flexibility to totally mimic SunGard’s functionality and user experience in the time allotted.

The requirement was to generate and maintain in real-time various position screens across the money market and foreign exchange products. A wide variety of reports were required to give traders the flexibility to see P&L, risk and cash flows by counterparty, currency pairs, books. All the screens needed to update in real-time in response to both market data changes and new trade business. It was also important to be able to see views broken out by time bucket and drill down to the cash flow dates. The reports show cash flows and cash balances, mark to market, intra-day P&L, month-to-date and year-to-date P&L. In addition to the P&L and inventory reports, a real-time blotter was required showing trading activity with additional data displayed including trade valuation and P&L. Finally it was also a requirement to integrate the reports and blotter into the Summit FT .NET user interface.

Chosen Strategy

In the world of FX, real-time is a necessity and WestLB needed a platform that would allow them to not only cater to the demanding volumes the foreign exchange business brings, but also able to handle heavy market data refreshes that would continually be changing the calculations and data the front office would need to view.

After a short proof-of-concept, where ActivePivot was used to quickly aggregate and load data from their real-time market data feed and transaction flow, WestLB felt comfortable that ActivePivot's real-time, incremental, object-based aggregation OLAP technology would be able to handle all the functional requirements the existing legacy system satisfied as well as many of the "bells & whistles" that it could not offer but ActivePivot would now be able to deliver.

In choosing ActivePivot, WestLB felt they would then be able to:

- Leverage an OLAP tool to provide the flexibility to integrate the trader's requirements, in terms of both business logic and the ability to slice & dice the data any way they want to see it
- Put in place a SOA tool that has a cost structure compatible with WestLB's ROI requirements which would enable them to provide the same level of functionality that they had with a leading FX trading system - but at a fraction of the cost.

Benefits Realized

Quartet, with tight deadlines looming, provided a couple of product experts for a period of time to develop the required application using ActivePivot. They now have a single integrated user interface for all FX and MM trade capture, blotter, and P&L functionality. In addition, they now:

- enjoy rationalization of systems which provided immediate cost saving to the bank
- provide the seamless user experience they were seeking
- deliver the real-time requirements to the business users with excellent performance and scalability
- have complete control over the system due to ActivePivot's pluggable architecture allowing them to be independent from vendor
- have the ability to grow and scale the business as volumes grow, and have the capacity to extend the product further themselves in the future
- fulfill the promise of SOA due to ActivePivot's use of open standards such as MDX, XMLA, Web Services, etc.
- supply the traders with the ability to view the data directly in Microsoft Excel with either a template view (pre-built standard views) or create their own views/reports/blotters with full drill-down and drill-through capabilities and do this totally on their own
- fulfill the ROI promise as the project was implemented quickly and total cost of ownership has been greatly reduced.

Dr. Reinhard Eppler, who managed the ActivePivot project at WestLB, is very happy with the implemented solution: With this framework in place, we now can provide our front and middle office users true real-time reporting capabilities. Along with the more advanced benefits of OLAP technology, this will allow them to investigate data at many levels, with full slice and dice functionality. With this first application complete, WestLB can now turn to using ActivePivot for other applications that would require this same unique real-time functionality.

About Quartet FS

Quartet FS was founded in response to a demand by industries with complex business models and timely decision-making requirements. To date this has seen Quartet FS work largely with the financial sector but our technology crosses many disciplines including risk management, e-commerce, transportation, telecommunication, logistics, and of course financial markets, all of which demand accurate and current information to perform real-time analysis and render timely decisions.

ActivePivot, our real time, event driven, object oriented business intelligence (BI) component can be easily and quickly integrated into existing architecture to provide proven, flexible, true real-time answers that are adaptable to meet a wide range business requirements.