



www.sungard.com/adaptiv



SUNGARD ADAPTIV: EXPERIENCE –
FRANK MÜLLER, COMMERZBANK

Risk Management
and Operations
Solutions

SunGard Adaptiv
25 Canada Square
London
E14 5LQ
United Kingdom
Tel: +44 (0)20 8081 2000

SunGard Adaptiv
560 Lexington Avenue
9th Floor
New York
NY10022
USA
Tel: +1 212 745 9400

SunGard Adaptiv
8 Temasek Boulevard
#39-02/03 Suntec Tower 3
Singapore 038988
Tel: +65 6227 6400

©2008 SunGard

SunGard, SunGard Adaptiv and the SunGard logo are trademarks or registered trademarks of SunGard Data Systems Inc. or its subsidiaries in the U.S. and other countries. All other trade names are trademarks or registered trademarks of their respective holders.



WHENEVER HE WANTS, FRANK MÜLLER CAN RISE ABOVE IT ALL – HIGH UP IN THE COMMERZBANK TOWER, WHERE HE CAN DREAM OF FAR-AWAY PLACES FOR A FEW MINUTES. IT'S A PLEASANT BREAK FROM HIS NORMAL ROUTINE: GLUED TO THREE FLATSCREEN MONITORS DISPLAYING THE LATEST STOCK-MARKET FIGURES AND RISK METRICS, SEVERAL FLOORS DOWN IN AN OPEN-PLAN OFFICE



"YOU NEED TO HAVE YOUR FINGER ON THE PULSE OF THE MARKET AND KEEP UP WITH THE LATEST TRENDS. OTHERWISE, YOU CAN EASILY OVERLOOK VITAL INFORMATION."



Müller admits there are drawbacks to the open-plan office. To hold one-on-one meetings undisturbed, he has to go to another room. "But it has its advantages, too," he says. "It gives me a window into the overall mood of the department." And that's important: He believes that as a Senior Vice President his job is to set a direction, and create an environment where his team can work effectively and independently. "I'm always approachable, even if someone needs hands-on assistance with nitty-gritty details," he adds. "They just have to ask."

And the view out the window? Not bad, even though it's a few stories down. From his vantage point in the Commerzbank skyscraper, Müller can look out over the rooftops of nearby houses in the suburb of Sachsenhausen to the south. Framed against the horizon is the relatively small Henninger Tower – a reminder of the cycling race of the same name, held every May 1 in the Frankfurt metro area, and of the years when Müller competed in races himself.

RESPONSIBILITIES

As a Senior Vice President, Müller has managed the 24-strong Exposure Management/Risk Advisory Group, which supports the traders and loan officers in Commerzbank's investment business, since 1998. His Exposure Management experts estimate potential losses from derivative positions – such as interest rate hedges or forex swaps – that the bank takes with corporations and financial institutions. The Methodology/Systems team computes loss probabilities, and collects and prepares the necessary data from the 25-odd international sites where the Bank engages in transactions of this kind. The Management Information

specialists ensure estimated risks do not exceed customer limits, and issues the requisite reports.

Müller, who studied economics and game theory at the University of Bonn under Nobel laureate Reinhard Selten, set up the department's basic technological infrastructure and business processes shortly after joining Commerzbank in 1994. "At that time, you still could do your work in Excel spreadsheets," he recalls. And then the derivatives market exploded; trading volumes began to double every year. It was time to go to the next level.

Today, the Bank's credit exposures are calculated in Adaptiv Analytics. Not just at the end of the day, but also intra-day, whenever traders or sales staff require data on a client before closing a deal. The trickiest part is the end-of-day processing, which has to be wrapped up relatively quickly. "That's why we looked at system performance, and not just functionality, when we picked Adaptiv," says Müller. Now, he plans to shift up another gear with more powerful hardware. New features are being added to the system as well.

CHALLENGES

Speed is of the essence in risk management – not just for end-of-day processing, but also when adding new products to the system. Not only that; derivatives are now being tailored even more closely to specific clients. This calls for more precise and targeted valuation methods. In this fast-paced business, the competition never sleeps. "If you're the tenth company to launch a particular product, the market is probably already saturated, and you'll have to go back to the drawing board," says Müller.

When a rapid response is needed, Müller and his team can whip up a quick-and-dirty solution that initially overestimates

WORK LIFE

LOCATION: "The new Commerzbank skyscraper in downtown Frankfurt."

COMMUTE: "If traffic is light, I can be there in five minutes. In rush hour, it can take up to half an hour. I sometimes drive my 1973 Jensen Interceptor to work if the weather is nice."

OFFICE: "I work in the same open-plan office as the rest of my team."

ORGANIZATIONAL TOOLS: "I'm not a BlackBerry addict – and I plan to keep it that way. That's why I use a traditional paper-based calendar."

BUSINESS HOURS: "I normally work from 8 a.m. to 7 p.m. Weekend work is rare now, but it does happen. I'm not often out of the country on business, but this year I was in Singapore and New York to train new employees."

LUNCH: "I like getting a bite to eat in the nearby 'Fressgass' restaurant district."

DRESS CODE: "We normally wear standard business attire."

HOME LIFE

FAMILY: "I live with my long-term partner."

HOME: "I live near Deutsche Bundesbank in the Westend-Nord part of Frankfurt."

HOME TOWN: "I grew up in Euskirchen in Rhineland, but I feel at home in Frankfurt. For example, I think the city's international culture is a huge asset."

PASTIMES: "I used to compete in cycling races, but biking is mainly a hobby now. When I have time, I play the saxophone."

VACATION: "Skiing is a passion of mine, so we regularly travel to Switzerland in the winter. My favorite summertime vacation destination is the island of Sylt. Paris is worth visiting any time of year. On our most recent trip, we went to Stresa on Lake Maggiore."

CURRENT DREAM: "A safari in Africa, that's my dream"

risk within two days. The finished product takes somewhat longer. "After two weeks, we normally have a workable solution," he says. It helps to remain in close contact with the stakeholders. "You have to keep your finger on the pulse of the market and know the latest trends. Otherwise, you can easily overlook vital information," says Müller.

Nor can Müller neglect the other side: the loan departments. "It's essential to understand both groups. Traders want everything yesterday, while the loan officers want everything to be precise. And there we are, caught in the middle. It's a high-pressure situation, and you have to be able to take the strain."