

Customer Case Study

Société Générale accelerates risk analysis applications with Platform Symphony



Customer

Société Générale

Industry

Financial Services

Challenge

Find a more effective way to make better use of the bank's existing computing resources to speed up key business applications and create a computing environment that is stable and reliable enough to meet the 24x7 needs of a global operation.

Solution

Platform Symphony – batch and online.

Results

- Positive pre-production test results demonstrate cost-effective computing power.
- Initial results indicate reduction in application execution time and system administration, and increased reliability.
- Responsive, local support being provided by strong Platform team in Europe.

Every day, traders at the Corporate & Investment Banking unit (SG CIB) of Société Générale Group, a world leader in commodity trading, help clients trade a wide variety of products on the world's commodity markets – oil, gold, manufactured goods and many others. To consistently provide reliable advice to its clients, the commodities department at SG CIB relies on large numbers of complex data- and compute-intensive risk analysis and commodity pricing calculations.

With continued business growth and increasing competitive pressure however, SG CIB needed to calculate risk and other key business indicators more quickly and handle an increasing volume of transactions. In addition, industry regulations that require SG CIB to perform daily assessments of the market risk exposure across the bank's entire commodities portfolio were placing extraordinary demands on existing computing resources.

After investigating how industrial companies with complex computing needs have used grid computing successfully to solve similar problems over the past decade, SG CIB chose Platform Symphony software to optimize the use of the bank's computing resources, enhance the performance of its complex risk analysis and pricing applications, and create a stable, reliable computing environment to meet their global needs on a 24x7 basis.

Business Challenge

The proprietary, internally developed risk analysis and pricing application that enables SG CIB's commodities department to provide the best possible advice to customers includes complex, scientific calculations and simulations involving hundreds of parameters pertaining to transaction history and market conditions. With increasing competitive pressure however, SG CIB needed to provide more accurate pricing advice – and sooner – which meant a faster, more comprehensive risk analysis. Each night, to meet stringent regulatory requirements, SG CIB must

We see grid computing as being relatively new for the financial services market. Because of Platform's extensive experience and the track record of its technology in the industrial market however, we felt that Platform Symphony was mature enough for us to adopt it for our own competitive advantage and enhanced business performance.

Alain Benoist
Debt & Finance CIO,
Corporate & Investment Banking

assess the bank's market risk position based on all transactions, using a calculation involving 300 scenarios reflecting the market parameters and day-to-day market variations of the previous 300 trading days. This complex, time-consuming calculation takes most of the night to run, and if the calculation fails, the job must be re-run, tying up valuable computing resources, and possibly impacting the bank's ability to report its market risk exposure to the regulatory authorities.

Even though SG CIB had been using parallel computing to bring extra computing power to these risk analysis and risk calculation applications, they needed a more effective and reliable grid computing solution – one that could stay running 24x7 without problems and fully utilize the bank's existing IT resources.

Solution

Grid computing is now being adopted by more and more banks, due in large part to growing regulatory and competitive pressures. When SG CIB first embarked on its grid computing initiative however, there weren't very many references for grid computing in the financial services sector.

Instead, they investigated the technical computing market, where grid computing has been used successfully for more than a decade in industries such as automotive, aerospace, electronics, life sciences and manufacturing. They saw that financial services firms have many of the same needs, including enhancing application performance, accelerating time to results, optimizing the use of IT resources, reducing the need for further capital investment, and the need for reliable, always-available computing. SG CIB felt that grid computing was mature and stable enough to be adopted to help them solve their business challenges and seize new business opportunities.

After inviting several potential suppliers to compete in a 'grid computing challenge' to implement a basic prototype application for performance tests based on a small cluster of 30 dual-processor PCs, SG CIB chose Platform Symphony software to grid enable its risk analysis and pricing application environment.

"We're a global organization running a 24x7 operation, so reliability and uptime are very important to us, and during internal testing we simply couldn't cause the Symphony solution to fail," says Alain Benoist, CIO for SG CIB. "We were also impressed with Platform's responsiveness to our challenge and the level of local support that is provided by their European team – an important consideration when working with technology that is new to us," adds Benoist.

At this time, SG CIB is in the pre-production testing phase and has grid enabled an initial part of its primary commodity pricing and risk analysis application. They are already seeing positive results in the form of reduction in application execution time, minimal need for system administration, and increased reliability stemming from Platform Symphony's fault tolerance and fail-over capabilities.

Customer Site

Consisting of three main business units – Retail Banking, Asset & Private Banking, and Corporate & Investment Banking – Société Générale Group (SG) is the sixth largest bank in the Euro zone and the ninth largest company in France. The Group employs 80,000 people worldwide, nearly half of which are based outside France.

The Corporate & Investment Banking unit (SG CIB) ranks among the top ten financial institutions on the euro capital markets and is a leader in export, project and structured commodity finance. SG CIB remains the global leader in derivatives, serving corporate clients and investors in 45 countries across Europe, the Americas and Asia. SG CIB generated net banking income of EUR 4,650 million and an ROE after tax of 14.2% in 2002.



Platform Computing, an IBM Company, is a leader in cluster, grid, and cloud management software – serving more than 2,000 of the world's most demanding organizations. Since 1992 its workload and resource management solutions have delivered optimized IT infrastructures, ease of management, and lower costs for enterprise, HPC, and technical computing clients. Visit www.platform.com. Twitter: @Platform_Tweets. For more information about IBM Technical Computing: <http://www.ibm.com/deepcomputing>.

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