

The Client

Securitisation Consulting GmbH is a Germany-based international software and consulting services company with clients worldwide. The firm specializes in helping large institutional investors and other clients by deploying successful Asset-Based Securities (ABS) and Collateral Debt Obligations (CDO) strategies using the ABSPlatform™. Their ABSPlatform helps clients succeed in this complex market by providing a suite of software applications for portfolio management and risk analysis for a wide variety of ABS investment products and deal types.

The Challenge

Securitisation Consulting's ABSPlatform integrates risk models from leading ratings agencies to help clients assess and manage their securities portfolios. Processing requirements vary, and can be immense depending on the size of the asset pool and the complexity of analysis. However, the models provided by the ratings agencies are designed to run on a single PC or server, and an individual system can take hours to return results.

Securitisation Consulting wanted to make sure its clients had the computing power needed for the complex analytics that are available on the ABSPlatform. They also wanted to provide this power cost-effectively, both for clients as well as for Securitisation Consulting.

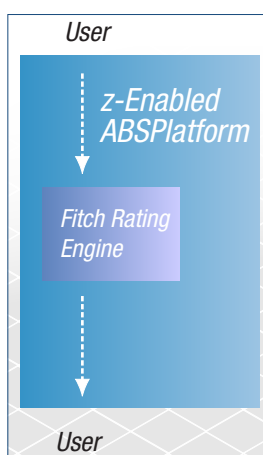
The Zircomp Solution

Securitisation Consulting integrated Zircomp™ technology into its ABSPlatform within a few days. Clients are now able to distribute risk model calculations over multiple systems and get results in a fraction of previous times. Fund managers, institutional investors and others involved in the securitisation market are now able to run rating analytics with the same depth and breadth of analysis as the rating agencies.

"Our clients need to address the huge complexity of many structured deals without waiting hours or days for the results," explains Yury Menchinskiy, CEO of Securitisation Consulting GmbH. "Zircomp gives them the flexibility to access additional servers on command, while running seamlessly within our ABSPlatform."

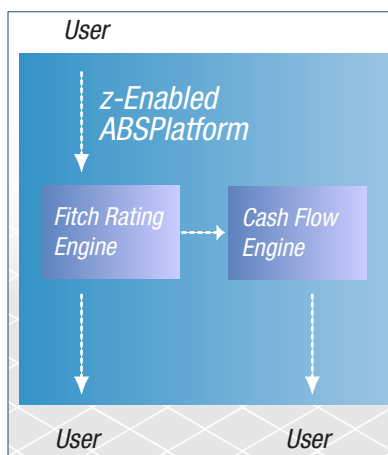
The following examples illustrate the benefits of z-Enabled performance for Securitisation Consulting clients. In this sequence, risk analysis for an asset portfolio is calculated using the Fitch rating model and becomes increasingly complex as additional parameters are included. With Zircomp running transparently within the ABSPlatform, users have the flexibility to divide the workload across multiple systems to get fast results.

Case 1: Risk Rating/Portfolio Statistics



The default Fitch rating methodology uses Monte Carlo simulations to measure risk and perform related calculations on an asset portfolio (loss distribution, default distribution, rating distribution and others). A typical structured deal with 100,000 simulations might require about 30 seconds on a standard personal computer. However, depending on the number of simulations and number of deals, the analysis could take hours on a single system.

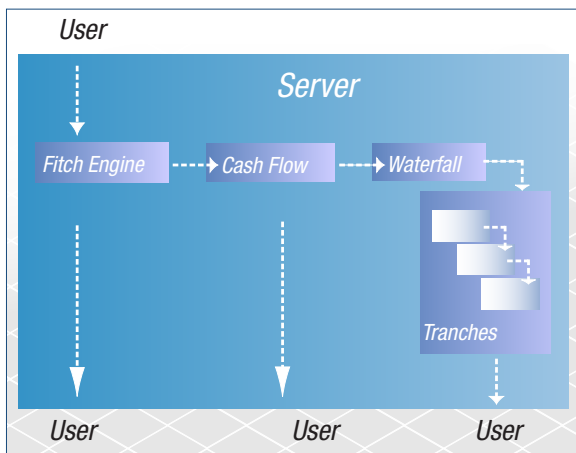
Case 2: Risk Rating + Cash Flow



This case introduces an additional mode into the analysis. The risk measure output from the rating engine can not only be viewed by the user, it also provides input to a cash flow engine that calculates cash flows on single assets.

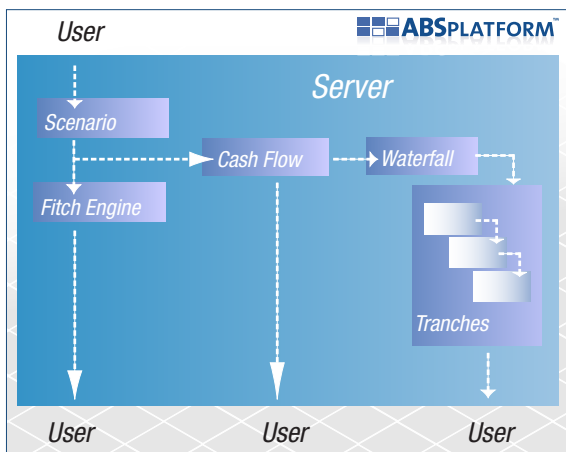
Case 3: Risk Rating + Cash Flow + Waterfall

Now the complexity increases considerably. In this scenario, the modified cash flow serves as input to a waterfall model that projects the liability structure for various tranches. This is a huge iteration process, with many rules and triggers to calculate the complete structure. Because of the complexity of the waterfall model, most solutions rely on a proxy model that approximates the cash flows to the tranches but doesn't account for many



critical variances. Using Zircomp technology, the ABSPlatform allows users to calculate cash flows over a real waterfall model, and see complete, realistic results rather than an approximation.

Case 4: Risk Rating + Cash Flow + Waterfall + “What If” Analysis



To complicate the situation even further, the user can perform the analysis in case 3 using hypothetical scenarios based on changes in market conditions. This is done by stressing various input parameters (interest rate, default rate, prepayment with various methods, etc.) for a deal or for a group of deals. When these “what if” scenarios are included with the rating analysis, cash flow analysis and projected results for issued tranches, the total computing requirement becomes immense.

The Results

By combining the ratings model and Zircomp technology on its ABSPlatform, Securitisation Consulting can offer clients a simple yet very powerful solution able to perform the complex calculations they require. For example, while investors

previously had to accept the limitations of a proxy waterfall, now they can see real results of the tranches regarding net present value, interest and principal payments, and many other key performance measures.

“Zircomp means value for our customers, allowing them to easily distribute a complex risk analysis to get fast results,” concludes Securitisation Consulting CEO Yury Menchinskiy. “It also means substantial value for us, providing a proven distributed processing engine that integrates easily into our platform.”

About Zircon Computing

Zircon is a well-funded software products and services company headed by executives with over four decades of combined experience developing, implementing and supporting high-performance distributed computing solutions for financial markets. In developing the Zircomp platform, the team dreamed of a simple, affordable solution to help traders make real-time decisions, and soon recognized that the benefits would go far beyond financial industry. The design priorities — ease-of-use, affordability and a quantum leap in performance — have guided Zircomp technology to what it is today. That’s the z-Enabled difference.

Zircomp uses distributed processing technology licensed from TAF Corp., a leading developer of breakthrough distributed processing solutions. The resulting finely-tuned platform accounts for Zircomp’s interoperability, robustness and performance, while the partnership with TAF Corp. provides a strong foundation for ongoing innovation in distributed processing.

Contact Us @ Zircomp.com

Discover how easy it is to z-Enable your business. Visit www.zircomp.com for more information.

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