

Business Profile

► **FIRST DERIVATIVES**

www.firstderivatives.com

Northern**Ireland**
fresh talent at work



Ireland's fastest growing IT company thrives on risk

Financial derivatives trading - speculating on what the price of a commodity, or the value of a bond, currency or share will be on a certain date - is potentially a huge source of profit, but also a huge source of risk.

Helping companies manage that risk has proved a winning formula for First Derivatives Limited (FDL), the most rapidly growing technology company in Ireland.

Headquartered in Newry, Co Down FDL is recognised as the leading international provider of financial engineering, risk management and software services to large international banks, investment banks and software companies across North America, Europe and Asia.

With a client list that includes ABN Amro, Dresdner Kleinwort Benson, Wells Fargo and General Motors the company's three year aggregate revenue growth rate of 891 per cent won it top ranking in the 2001 Deloitte & Touche Technology Fast 50 Awards for the fastest-growing technology companies on the Island of Ireland.

The company's phenomenal rise reflects - at least in part - the current popularity of derivatives



among the world's financial institutions as a means of generating profits in unfavourable economic and trading conditions.

Managing director, Brian Conlon - a graduate of Queen's University, Belfast - started the company in 1996 following a career with Morgan Stanley in London where he became controller of the US bank's derivatives trading desk. Previously he had worked with Renaissance Software Inc, now part of SunGard, a global leader in integrated IT

solutions and eProcessing for financial services. As a financial engineer he was responsible for evaluating the needs of banks and financial institutions, illustrating software and translating users' needs into programming language.

When he set up FDL, Conlon made good use of his experience on both sides of the derivatives technology fence to win a contract with SunGard to implement and customise the company's Opus solution at client sites around the world.

"We need people with an excellent aptitude for maths rather than specific software skills because we know from experience that Northern Ireland graduates have no problem learning computer programming on the job."

BRIAN CONLON
Managing Director, First Derivatives Ltd.

From that initial base, FDL developed a comprehensive range of financial engineering, risk management and systems audit and design services to provide comprehensive support to derivatives traders. At the same time it signed partnership agreements with a number of market leaders in the trading, risk management and technology solutions market including Kx Systems and FNX Sierra in the United States and London-based Xenomorph.

Conlon believes FDL's distinct competitive advantage stems from a unique combination of strong IT skills coupled with in-depth knowledge of financial markets.

"We're in an extremely specialised, highly complex market segment; so complex, in fact, that many financial institutions now employ mathematicians and scientists to design ever more sophisticated financial instruments."

With the talent pool of Northern Ireland's two universities to draw upon, FDL has not been short of the intellectual capital required to power its business growth.

"We currently have more than 30 people working with us drawn from a wide variety of disciplines. We employ astrophysicists, mathematicians, engineers and even music graduates many of whom have first class degrees."

The flexibility of FDL's workforce and its capacity to learn new skills, have allowed the company to respond rapidly to new market opportunities. In 1999, FDL designed and developed derivatives pricing and risk management modules for an Internet trading product now in use by a consortium of some of the world's largest banks.

"To develop these products, our people needed to get up to speed very quickly on internet-based

programming languages such as Java and XML. Never shy of taking on new challenges, they responded magnificently and quickly acquired new skills which we have since been able to put to profitable use in new products and new markets.

"In 2000, we created a new e-commerce division having signed a partnership agreement with e-hub, a leading European creator and provider of e-commerce tools and industry specific B2B electronic trading and workflow hubs.

Since then, we've developed B2B internet portal websites for a diverse range of industrial sectors each of which offers a wide range of functionality. These include on-line auctions, sales transactions, catalogues and recruitment, supplier management, procurement, design collaboration, quality control, human resource management, customer relationship management and marketing tools.

"e-hub intends that its e-commerce tools will not only allow businesses to trade in a virtual marketplace but will add value through application of e-business tools of aggregation, automation and integration.

"When FDL was set up, our goal was to grow the company to become the preferred derivatives consultancy for banks, insurance companies and corporate treasurers world-wide. To have achieved this in such a short period of time is a dramatic illustration of the true potential of Northern Ireland's greatest natural asset - it's people," adds Conlon.