

Credit Suisse

Sun Success Story



Key highlights

Company

Credit Suisse

Industry/Market

Financial services

Application/Solutions

Trade monitoring and management system - Ergon

Products/Services

- Solaris™ Operating Environment
- Sun Enterprise™ 4500 server
- Sun Enterprise 10000 server

Key Business Challenges

- Improve trading execution accuracy
- Improve risk management
- Improve customer service

Key Business Results

- Helped to correct flawed trades before execution
- Split orders into stock exchanges
- Risk managers monitor unusual or large trades in real time
- Repair trades in real time
- Electronic audit trail for compliance
- Access system independent of location.

“Trades that match buyer/seller details still go straight through the system but unmatched trades are repaired in the backoffice in real time. Traders will only be contacted on the floor if the back office can’t resolve the problem unaided. They can concentrate on what they do best – trading.”

Walter Lüthi, IT project manager, Credit Suisse

Improving accuracy in trade execution

Credit Suisse Group is one of the leading global financial services companies headquartered in Zurich, serving a wide customer base of corporate and private clients. It has recently implemented SECOR Monitor, an automated monitoring tool to check the accuracy of trades, executions or instruments data in the bank’s order routing system.

The technology, developed by Ergon Informatik, runs on a platform from Sun Microsystems and uses the latest Java™ technologies. A sophisticated Java technology client communicates over strongly encrypted and authenticated channels with Java technology-based server components. Once installed, the client can be updated dynamically – reinstallation in the event of a new software release is unnecessary.

Using the new system, orders to trade coming in for all asset classes, via brokers working at the bank or through discount brokers over the Internet, are entered into an Internet-based order routing system.

Any trading details, such as date, currency and counterparty, which fail to match rules-based criteria, are automatically investigated. Middle or backoffice staff query and repair exceptions and either resubmit or cancel any flawed order, before it goes to the relevant stock exchange.

“We needed a system that would allow us to take in both types of order and flow it through the system so that the middle and backoffice could investigate and repair trades before releasing them into the market,” says Walter Lüthi, IT project manager, Credit Suisse. “We also wanted to be able to monitor large trades.”

Lüthi adds: “Trades that match buyer/seller details still go straight through the system but unmatched trades are repaired in the backoffice in real time. Traders will only be contacted on the floor if the backoffice can’t resolve the problem unaided. They can concentrate on what they do best – trading.”

“We felt confident that we could use the J2EE platform for the order routing system with Java on a client for order matching. As soon as Sun launched Java a few years ago, we recognized that it was the language for creating open applications for deployment on the desktop. Since then, it has worked out very well for us and is the best product we have ever deployed.”

Patrick Burkhalter, CEO, Ergon Informatik

Gains in cost savings and risk management

The bank has improved its management of operational risk and reduced execution costs. In the past, traders used to place buy and sell orders without any automated monitoring by the middle or backoffice. Risk managers can now monitor any unusual trades and analyze buy/sell decisions. The architecture enables the client to address several server instances over the Internet. This facilitates close supervision of multiple trade platforms.

Because the system is based on Web services, all communications leave an electronic audit trail which can be made available for inspection by regulators – a valuable benefit given the tighter regulatory environment promised by the Basle II accord. The order management and routing system monitoring gives added security and protection to the bank’s customers and reduces the likelihood of failed trades and compensation claims.

Lüthi says: “We have done some analysis on the effectiveness of the monitoring of the order routing system. Because the number of trading applications used is being reduced, we expect to make 10 percent savings on our execution costs, as well as cutting our headcount and improving efficiency. We will also save money on our support costs. A single application based on Java technology from Sun Microsystems has replaced five applications that were previously being used.”

Other benefits for Credit Suisse include:

- Increased productivity, as traders no longer worry about unmatched orders

- Automatic monitoring of trades and exception management
- Improved trade execution
- Greater transparency in potential exposure to loss

Partnering with Ergon

Credit Suisse, IT provider Ergon Informatik and Sun Microsystems have been working together for more than 12 years - Credit Suisse was the first Swiss bank to use a Sun server. Sun is the standard platform technology used at Credit Suisse to support its global investment banking business. Because of the long-standing relationship between all three parties, Credit Suisse invited Ergon to develop a solution based on a Sun platform.

“We felt confident that we could use the J2EE” platform for the order monitoring system, running Java both on the server and on the client,” says Patrick Burkhalter, CEO Ergon Informatik. “As soon as Sun launched Java a few years ago, we recognized that it was the best language for creating open applications for deployment on the desktop. Since then, it has worked out very well for us and is the best product we have ever deployed.”

Phased implementation

The project was split into three phases, beginning in early 2000. In phase one, Ergon implemented a routing system and used Java technology to build the monitoring system. In phase two, which started in August 2002, Ergon built the order monitoring and management system to serve 100 users. This will eventually serve 200 users in phase three.

The routing system is now running on a Sun Enterprise™ 10000 server and the monitoring solution on a Sun Enterprise 4500 server. Java 2 Platform, Enterprise Edition, (J2EE) is the platform used to make connections between these servers and to link in to the rest of the Sun platform. Credit Suisse is using its Java technology to deploy thin clients on the desktop for order matching.

Why use a Sun platform?

Lüthi says: “All our server applications run on Sun systems already. User acceptance is very high and the hardware is reliable. As well as being the standard platform for the bank, the Sun platform is the industry standard.”

Scalable and easy to integrate

In addition to serving Swiss clients and discount brokers, the bank is also connected to its branch in Singapore and expects to link up with New York next year. Lüthi says: “The openness of Java technology means that the solution was very easy to integrate. However, a robust, scalable platform from Sun that scales to handle heavy traffic and huge data sets was essential in implementing the project successfully.”

About Credit Suisse Group

Credit Suisse Group is a leading global financial services company headquartered in Zurich. Its Credit Suisse Financial Services business unit provides private clients and small and medium-sized companies with private banking and financial advisory services, banking products, and pension and insurance solutions from Winterthur. Credit Suisse First Boston, the investment bank, serves global institutional, corporate, government and individual clients in its role as a financial intermediary. Credit Suisse Group’s registered shares (CSGN) are listed in Switzerland, Frankfurt and Tokyo, and in the form of American Depositary Shares (CSR) in

New York. The group employs around 80,000 staff worldwide. As of June 30, 2002, it reported assets under management of CHF 1,293.2 billion.

About Ergon Informatik

Ergon Informatik AG (www.ergon.ch) is a leading software development company with headquarters in Zurich, Switzerland. Its staff of 65 professional software developers is dedicated to producing mission critical solutions for the financial market. As a specialist in open business solutions for heterogeneous computing environments, Ergon is currently engaged in the development of a number of applications using advanced Java technology.

Sun Microsystems, Inc. 4150 Network Circle, Santa Clara, CA 95054 Phone +1-800-555-9SUN or +1-650-960-1300 Internet www.sun.com



Sun Worldwide Sales Offices: Argentina: +5411-4317-5600, Australia: +61-2-9844-5000, Austria: +43-1-60563-0, Belgium: +32-2-704-8000, Brazil: +55-11-5187-2100, Canada: +905-477-6745, Chile: +56-2-3724500, Colombia: +571-629-2323, Commonwealth of Independent States: +7-502-935-8411, Czech Republic: +420-2-3300-9311, Denmark: +45 4556 5000, Egypt: +202-570-9442, Estonia: +372-6-308-900, Finland: +358-9-525-561, France: +33-134-03-00-00, Germany: +49-89-46008-0, Greece: +30-1-618-8111, Hungary: +36-1-489-8900, Iceland: +354-563-3010, India-Bangalore: +91-80-2298989/2295454; New Delhi: +91-11-6106000; Mumbai: +91-22-697-8111, Ireland: +353-1-8055-666, Israel: +972-9-9710500, Italy: +39-02-641511, Japan: +81-3-5717-5000, Kazakhstan: +7-3272-46677A, Korea: +82-2-193-5114, Latvia: +371-750-3700, Lithuania: +370-729-8468, Luxembourg: +352-49 11 33 1, Malaysia: +603-21161888, Mexico: +52-5-258 6100, The Netherlands: +00-31-33-45-15 000, New Zealand-Auckland: +64-9-976-6800; Wellington: +64-4-462-0780, Norway: +47 23 36 96 00, People's Republic of China-Beijing: +86-10-6803-5588; Chengdu: +86-28-619-9333; Guangzhou: +86-20-8755-5900; Shanghai: +86-21-6466-1228; Hong Kong: +852-2202-6688, Poland: +48-22-8747800, Portugal: +351-21-4134000, Russia: +7-502-935-8411, Saudi Arabia: +9661 273 4567, Singapore: +65 6438-1888, Slovak Republic: +421-2-4342-94-85, South Africa: +27 11 256-6300, Spain: +34-91-596-9900, Sweden: +46-8-631-10-00, Switzerland-German: 41-1-908-90-00; French: 41-22-999-0444, Taiwan: +886-2-8732-9933, Thailand: +662-344-6888, Turkey: +90-212-335-22-00, United Arab Emirates: +9714-3366333, United Kingdom: +44-1-276-20444, United States: +1-800-555-9SUN OR +1-650-960-1300, Venezuela: +58-2-905-3800, Or Online at sun.com/store

SUN™ THE NETWORK IS THE COMPUTER ©2002 Sun, Sun Microsystems, the Sun logo, The Network Is The Computer, Solaris, Sun Enterprise, Java, and J2EE are trademarks or registered trademarks of Sun Microsystems, Inc. in the United States and other countries. Produced in USA 9/02, Success Story