



# TDC Optimizes Risk Management of its Corporate Pension Fund Using FINCAD Analytics Suite

## Highlights

### Client

TDC

### Business objectives

Improve day-to-day risk management of the pension fund

Foster greater speed and accuracy in performing risk calculations

Generate market values of derivatives without needing to build new technology

### Requirements

- Powerful analytics solution providing ease of use for internal staff and fund participants
- Flexibility to adapt to a changing market environment
- Broad asset coverage with flexibility to expand business in the future

### FINCAD solution

- FINCAD Analytics Suite for Excel

### FINCAD features

- Excel-based interface offering ease of integration
- Coverage for a comprehensive range of market instruments
- Expert support team offering personalized service

### Success factors

- Creation of an integrated, powerful risk management process
- Simplified process of complying with local regulations
- Robust functionality for calculating discount factors and interest rate curves for ALM

## The Challenge

TDC is the leading Danish TelCo, providing communications solutions and Pay-TV to an extensive customer base. Part of the company's treasury operations, Igor Baranovski oversees risk management of the corporate pension fund. He also works in asset allocation as part of the investment team.

TDC's pension team recognized the need to add a sophisticated solution for modeling and performing risk calculations on its interest rate derivatives portfolio for risk management, accounting and trading.

TDC required an easy to use risk and analytics tool to support both pension participants and internal personnel. The technology also needed to be flexible and capable of evolving with a shifting market environment. Furthermore, TDC needed a tool that offered broad asset coverage to enable them to expand business without investing time and money building out additional technology.

## FINCAD's Solution

TDC chose FINCAD Analytics Suite to support its risk management requirements. The solution is currently run in the Microsoft Excel® environment by six members of the treasury department. FINCAD Analytics Suite helps organizations to begin valuing and running risk on derivatives and fixed income portfolios quickly and easily.

*"We were happy that FINCAD Analytics Suite could be deployed through an Excel interface, as this provided easy integration with our existing technology setup. The output from the solution feeds directly into our risk management system."*

**Igor Baranovski**, Risk Manager

The pension team uses an internally-developed risk model that leverages FINCAD analytics for calculating rates derivatives value and exposure.

FINCAD Analytics Suite also facilitates asset liability management (ALM). Specifically, TDC has integrated FINCAD's fixed income capabilities into its risk model, helping the company calculate discount factors and interest rate curves for ALM. Once the interest rate curves are built, TDC uses the results to stress test their portfolios.

## About FINCAD

An established leader with more than 25 years of experience, FINCAD provides innovative and trusted financial analytics software to organizations worldwide. With deep market understanding, a client-centered business approach, and unmatched quantitative and software engineering expertise, FINCAD is uniquely positioned to lead the market in enterprise valuation and risk technology. FINCAD serves more than 1,000 organizations across the globe. To learn more about FINCAD's award-winning solutions, please visit [fincad.com](http://fincad.com).

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## The Results

TDC has been pleased with the speed, accuracy and reliability of FINCAD Analytics Suite.

*"The solution contains all the calculations and formulas we need to effectively manage our derivatives portfolio. We use the solution straight out of the box and have been able to quickly obtain all the market values and risk statistics we need. FINCAD Analytics Suite is comprehensive, but at the same time easy to use."*

Igor Baranovski, Risk Manager

TDC also values that FINCAD continually improves the sophistication and usability of the solution's pricing coverage and underlying functions.

FINCAD helps TDC calculate discount factors and rate curves for cash flow discounting and fund liability management. The solution is also used for stress testing underlying interest rates. Igor explained that all the results flow into the liability and asset sides of the business, as well as into the company's hedge portfolio.

As a corporate pension fund, TDC is not subject to the same regulatory standards as other financial firms are, such as Basel II or EMIR. However, TDC uses FINCAD for compliance with local requirements for stress testing exposure to interest rates.

*"One area we really appreciate is the responsiveness of the FINCAD Client Services team. When you are in the middle of a new implementation, it is inconvenient to wait for responses to pressing questions. Time is money. It's great having access to knowledgeable and experienced support personnel that are always eager to help."*

*Another key feature of FINCAD Analytics Suite is the documentation. It offers a thorough range of reference materials that we use to back up our underlying functions—both in a mathematical way and also in a usability way, such as tips on how to input variables and other key functionality."*

Igor Baranovski, Risk Manager

**"FINCAD Analytics Suite  
is comprehensive, but  
at the same time easy  
to use."**