

OKASAN ONLINE SECURITIES TURNS TO APAMA FOR PRE-RISK TRADE



Customer

Online securities investment business

Industry

Financial Services

Opportunity

- Selecting an event-processing platform to serve the business needs of a customer-oriented securities business

Solution Set

Apama Platform for Capital Markets

Key Benefits

- A single platform for company-wide use in promoting agility, efficiency and strategic differentiation

A SINGLE PLATFORM

for company-wide use in promotion

**AGILITY, EFFICIENCY
& STRATEGIC
DIFFERENTIATION**



According to an old Japanese proverb, “A poor farmer grows weeds, a mediocre farmer grows crops, and a good farmer grows soil”—meaning, a good farmer cultivates soil that will always be fertile. This ancient wisdom can also be applied to information technology, where expedient choices today can limit strategic options tomorrow. It was in this spirit that Okasan Online Securities set

about selecting the right event-processing platform for its business. The company faced a choice between a respected, reliable toolset that could serve the needs of one division and Apama, a platform that offered similar benefits but could be adapted to a myriad of uses across the entire Okasan business. The decision was far from simple.

The IT Foundation of “Every effort for the sake of customer satisfaction”

Okasan Online Securities, part of the Okasan Securities Group, is committed to a wide spectrum of online securities investment businesses. Since its beginning, Okasan Securities Group has built customer confidence by emphasizing “face-to-face” consulting sales and holding by a basic motto, “Be Sincere.” Okasan’s underlying corporate philosophy has always been, “Every effort for the sake of customer satisfaction.”

As part of its continuous drive for customer satisfaction, Okasan Online Securities is willing to investigate more challenging operational options if those options can deliver long-term rewards. This was especially true when the impending merger of the Tokyo Stock Exchange (TSE) and Osaka Stock Exchange (OSE) required Okasan Online Securities to replace its securities order processing system.

Okasan Online Securities’ major customers are Internet-based retail (personal) investors. One of Okasan’s main services to them is to provide online margin trading services to trade derivatives such as futures and options that are listed on the TSE and OSE. Such margin trading services are based on deposits from each investor. Okasan Online Securities had managed those deposits separately to enable investors to trade on TSE and OSE. However, with the merger of the exchanges, it is pushing the requirement to refine management of each investor’s deposit to meet new consolidated margin trading requirements.

Okasan Online Securities is also taking advantage of the order management system replacement as an opportunity to update its risk management functionality. The decision to replace the risk management system was based on the experience of the Japanese securities industry in the aftermath of the 2011 Great East Japan Earthquake. The disaster caused a level of volatility in derivatives markets that put several securities firms out of business. Against this background, Okasan Online Securities recognized the importance of risk management not only their retail investors but also for their own business.

Learning a critical lesson about risk in the process, Okasan Online Securities wanted to offer its customers a better, more sensitive awareness of risk to avoid exposure to market fluctuations that can be caused by any number of factors. Okasan considered, but then rejected several off-the-shelf risk management solutions due to being too narrow in scope and lacking the flexibility to extend and create value across the broader organization. Okasan has an expectation that the risk management solution will notify its investors of change of risk value in a timely manner and enable every investor to do “what-if” type of simulation for individual portfolio, and then to find an opportunity to take a control of risk and maintain required margin deposit while also make a profit through trading.

“We had to anticipate diversified customer needs in future,” said an executive at Okasan Online Securities. “An off-the-shelf solution would not help in this goal. This conclusion led us to look at more platform-type solutions.”

Okasan management understood the need for a platform that could handle the event-processing aspects of risk management, as well as be scalable and extensible across a range of use cases including asset management, IT services and online securities brokerage as well as the broader strategy to support company-wide IT agility. Above all, the platform had to enable Okasan to pursue its continual vision of “every effort for the sake of customer satisfaction.” This approach to business had always been Okasan’s strategic differentiator in the marketplace.

The total decision-making process

Okasan Online Securities reviewed its options for a platform that would suit the immediate order processing and risk management systems but also serve the long-term needs of the entire company. One candidate was a respected event-based platform from global IT vendor. While this option had its advantages, a thorough analysis of technical, organizational and commercial factors determined that Apama would be better for Okasan due to:

- The role of partner companies in the fulfillment of the platform-based solutions and post-project work such as training and professional services. Apama’s partner ecosystem was viewed as more favorable in terms of cost and quality.

- Apama also offered the option to provide vendor-direct support when needed, which was considered valuable by Okasan.
- Though Okasan liked the idea of using a development environment to create a scenario graphically, which both Apama and the competitor could do, the company understood that hard coding is often required for the best results. The Apama developer tools were viewed as superior.
- Communities such as the Apama User Committee offer benefits for both users and vendors.

Okasan Online Securities has embraced Apama as its common Complex Event Processing (CEP) platform to deliver multiple use cases from a single investment in technology thereby driving significant gains in efficiency and agility. “We knew we were going to have to live with this platform choice for a long time, so we had to consider all factors,” said an executive at Okasan Online Securities. “In the end, we went with Apama—a choice which actually created more work for us in the beginning but which is already starting to pay off for us in long-term business value. It’s so tempting to take the easy way, but that’s not the Okasan way.”

Entering the tiger’s cave

Putting Okasan’s major IT initiatives on the Apama platform has been the corporate equivalent of the good farmer “growing soil.” The company is unifying its IT operations and personnel on a single standard that will enable IT to be a driver of strategic growth. The Apama selection process, however, reminds an executive at Okasan Online Securities of another well-known Japanese proverb: “**虎穴に入らずんば虎子を得ず**” or “Koketsu ni irazunba koji wo ezu.” Literally, this means, “If you do not enter the tiger’s cave, you will not catch its cub.” Loosely, this is equivalent to the English, “Nothing ventured, nothing gained.”

“When it comes to finding the best ways to satisfy our customers,” an executive at Okasan Online Securities said, “we are not afraid to enter the tiger’s cave.”

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