

Current Market Trends and Opportunities

Over the past several years, the financial landscape as we know it has changed dramatically. We have seen reductions in staff, increased capital needs, increased government regulation, increased internal and external reporting, thorough and more frequent regulatory audits, increased demand for transparency, and managements need to know, at a moment's notice, what their exposure to a particular stock, bond, commodity, and sovereign nation.

Business models are evolving at a rapid pace. This creates opportunities for firms best suited to capitalize quickly and effectively.

We see three key imperatives driving the market today.

Key Market Drivers:

- Cost Reduction
- Risk Mitigation
- Increased Efficiency

Most clients are not looking for software packages or system development initiatives but instead are looking for ways to make what they have work well together. Relating to those market drivers, there are a number of key initiatives that MHC has direct and relevant experience:

Key Initiatives:

Apply industry Best Practices to the following:

- Business Process Optimization, state transition (Straight Through Processing)
- Data warehousing, data marts, meta data
- Data (quality, storage, transformation, dissemination)
- Rules Engines, ETL tools
- Risk Management, Collateral Management
- Operations, Exposures, Limits

Each of these initiatives would produce exponential benefits to the business as follows:

Business Benefits:

- Standardization – normalize data allowing for greater reporting flexibility and consistency
- Able to view positions, exposures, limits, etc across multiple Lines of Business
- Scalability – able to start small but expand in a controlled manner. Don't need to boil the ocean.
- Extensibility – as these initiatives are implemented they can be extended to other LOB's

The issues today are the same as they have been over the past ten years; multiple disparate systems, numerous workarounds, manually intensive processes, complex and expensive product suite, fragile infrastructure and globalization challenges. With the implementation of one or more of the above initiatives you are able to create a variable expense model that can be quickly correlated with shifting revenues.