



Safe Bulkers Selects FINCAD to Automate Valuations and Control Operational Risk

Highlights

Client

Safe Bulkers, Inc.

Business objectives

- Automate valuations
- Accurately price rates portfolio
- Hedge rates exposures

Requirements

- Solution which integrates easily with existing technology
- Easy-to-use valuation functionality
- Competitively priced technology

FINCAD solution

- Fair Value Insight

FINCAD features

- Automated and affordable web-based valuation platform
- Accurate mark-to-market valuations
- On-demand risk with Universal Algorithmic Differentiation™

Success factors

- Instilled greater confidence and accuracy into pricing calculations
- Eliminated the need to perform time-consuming manual valuations
- Gained ability to successfully meet quarterly reporting requirements
- Gained ability to rapidly validate broker pricing

The Challenge

With its head office in Monaco, Safe Bulkers, Inc. is an international provider of marine drybulk transportation services. The company is publically traded, having listed with the New York Stock Exchange (NYSE) in May 2008.

After Safe Bulkers listed with NYSE, it was required to generate quarterly reports showing the market value of its positions. The transportation provider had initially been relying on the banks to supply this information. However, for the sake of confirming fair market values, its auditors suggested that the company consider doing valuations in-house or otherwise by leveraging a third-party.

Safe Bulkers' auditors recommended FINCAD as a trusted partner that could support the company in covering its valuation requirements. Specifically, the company needed a solution that could help it both accurately price its interest rate derivatives portfolio, and effectively hedge interest rate exposure. The solution would need to be competitively priced and integrate with Safe Bulkers' existing technology.

FINCAD's Solution

Safe Bulkers researched several different options but ultimately selected the solution originally recommended by its auditors – FINCAD's Fair Value Insight.

An automated and affordable web-based platform, Fair Value Insight helps organizations perform mark-to-market valuation and calculate on-demand risk on derivative portfolios.

Safe Bulkers enlisted the services of the Dublin-based FINCAD support team, and sought insight from its auditors in order to help get the solution up and running successfully. Constantine Adamopoulos, CFO of Safe Bulkers, is the primary user of Fair Value Insight.

"I find the product to be very straightforward to work with and reliable. I like the fact that it is based on an online platform that gives us the option to refer back and see the historical changes in the price of assets."

Constantine Adamopoulos, CFO, Safe Bulkers

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.

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The Results

Implementing an automated solution for performing valuations has been a strategic move that is helping Safe Bulkers stay focused on its core business.

"Going with FINCAD has been an excellent decision in my view. Without it, we would have been left with two less favorable options. One would have been to spend a tremendous amount of time performing valuations manually every quarter. The other would have been to devise our own system for this, however financial technology is not our area of expertise. Shipping is, and that's where we need to keep our focus."

Constantine Adamopoulos, CFO, Safe Bulkers

Safe Bulkers is currently using the FINCAD solution to hedge rate exposure on loans and generate valuations on a small book of 12 derivative products. Valuations are carried out quarterly to meet reporting requirements. On an ad-hoc basis, Adamopoulos also utilizes FINCAD to validate broker quotes and other counterparties.

The transportation provider was pleased to find a cost-effective solution that supported its rather straightforward valuation requirements.

"We looked into a couple larger-scale valuation systems, but ultimately they didn't make sense for us. Many of these systems were too expensive, and had functionality that was above and beyond what we really needed. The FINCAD solution was a good match for our use cases and goals."

Constantine Adamopoulos, CFO, Safe Bulkers

Safe Bulkers has also been happy with the level of support provided by FINCAD. "The FINCAD support team is always very responsive and insightful," commented, Adamopoulos. "A couple years back I had questions regarding how to generate credit valuation adjustments (CVA) and debit valuation adjustments (DVA) and the FINCAD team immediately prioritized my needs and show me how to run the calculations."

Also, operational risk control of valuations no longer worries the Safe Bulkers team.

"As a CFO, one concern that 'keeps me up at night' is the potential for errors to creep into our valuation numbers and data. This type of thing can be shattering for any firm, but especially a listed one. Using FINCAD automation gives our firm the confidence that our results are going to be accurate every single time."

Constantine Adamopoulos, CFO, Safe Bulkers

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