

Daiwa Securities Transitions to MXSaaS on AWS



EXECUTIVE SUMMARY

Daiwa Securities Group, one of Japan's largest securities houses, has successfully transitioned its MX.3 enterprise risk management system to MXSaaS running on Amazon Web Services (AWS) with Murex.

This transition is a key component of Daiwa's organization-wide digital strategy. As a domestic systemically important bank (D-SIB), Daiwa aims to improve agility, enable the creation of new business opportunities and optimize operational excellence. Concurrently, the initiative strengthens security, reduces costs and ensures compliance in a rapidly evolving regulatory environment.

MXSaaS: IT complexity turns into opportunity.

The financial sector faces mounting pressure. It must accelerate financial product delivery, manage new associated third-party and financial risks, meet stringent regulatory deadlines and account for IT talent shortages amid rapid technological advancements. For Daiwa Securities, IT landscape optimization is critical to achieve scalability, improve operational efficiency and reduce internal team burden.

In 2016, Daiwa Securities partnered with Murex, the global leader in trading, risk and processing solutions for capital markets, to leverage the MX.3 integrated platform's Enterprise Risk Management solution for market and credit risk management and ensure compliance with internal standards and regulatory requirements.

Over the years, while operating MX.3 on-premises, Daiwa sought solutions to address the complexity of middleware dependencies and alleviate the increasing management burden and costs associated with infrastructure and middleware, including the end of life of operating environment components. Daiwa also needed to enhance vulnerability and business continuity planning (BCP) measures. Tackling these challenges in a mission-critical system used daily by Daiwa risk managers required a broad range of expertise across the entire technology stack.



"Our decision to evolve our MX.3 enterprise risk management solution from an on-premise setup and transition to MXSaaS was driven by the need to prioritize cost optimization and regulatory compliance. By leveraging MXSaaS's white-glove service, we reduced operational overhead and overcame the challenge of sourcing specialized resources to support the platform. The streamlined support process gives us direct access to Murex experts who understand our business and history."

- Naoyuki Murakami, Head of Risk Management, Daiwa Securities

Daiwa Securities adopts MXSaaS for a future-ready capital markets platform.

In 2021, Daiwa Securities decided to transition to Murex's MXSaaS, adopting a software-as-a-service (SaaS) model to accelerate technology adoption, enhance business efficiency, optimize costs and strengthen security. This move enables a more agile platform and a closer partnership with Murex for streamlined support management.



"We are observing a growing shift among APAC clients toward the SaaS model leveraging the public cloud. To address this demand, Murex offers a comprehensive SaaS solution that encompasses onboarding, support and evolution. With our deep understanding of client business and platform usage, we provide a fit-for-purpose, efficient and cost-effective managed service, MXSaaS. This allows clients to concentrate on their business development while we handle application management and evolution."

- Daijiro Morinaga, managing director, APAC regional co-head, Murex

Through the shift to MXSaaS, Daiwa entrusted Murex to manage infrastructure, application and third-party software. Murex experts maintain the MX.3 instance's production and preproduction environments, and swiftly address incidents and evolutions for maximum operational resilience and regulatory compliance.

To facilitate the transition of the existing MX.3 platform to the AWS cloud and fully realize the benefits of a modern cloud architecture, Daiwa and Murex experts optimized existing processes, refining configurations based on best practices and reducing legacy workarounds.

Thanks to effective collaboration, the project was completed on time and within budget, successfully navigating Daiwa's complex IT landscape, including third-party connectivity challenges.

KEY BENEFITS DELIVERED BY MXSaaS

OPERATIONAL

- **Uninterrupted service:** Maximum availability experienced since go-live, with significant improvement in platform uptime
- **Optimized processes:** End-of-day SLAs were secured on a significantly reduced infrastructure
- **Accelerated incident resolution:** Secured by dedicated Murex experts in capital markets, technology and DevOps with a deep understanding of Daiwa's unique business and technical requirements
- **Enhanced disaster recovery:** Near-zero recovery point objective (RPO)

FINANCIAL

- **Predictable financial planning:** Simplified budgeting with a fixed annual fee
- **Eliminated hidden costs:** No need to manage databases, operating systems and middleware

BUSINESS

- **Accelerated time-to-market:** Frequent release cycles enabling the delivery of new requirements and configuration adaptations
- **Strengthened partnership:** Closer collaboration between Murex experts and client end users from daily operations to long-term strategies

SECURITY AND RESILIENCY

- **Robust security practices:** Regular vulnerability assessments and penetration testing by independent market experts, and AWS best practices for continuous security enhancement and comprehensive MXSaaS monitoring
- **High availability:** Highly resilient infrastructure, with native disaster recovery and multi-zone deployment across multiple AWS availability zones in Tokyo
- **Proactive monitoring:** Real-time system monitoring and alerting using market standard tools



“The SaaS implementation has been a resounding success at Daiwa and the people involved received internal recognition. Since the go-live, we’ve seen tangible improvements, including predictable end-of-day timing, ease of evolution and faster incident resolution. Our production environment has been very stable, even amid frequent deployment of business and technical changes. This testifies to the high quality and consistency of Murex support standards. MXSaaS has alleviated the operational burden and cost associated with managing an increasingly complex technical stack. We are confident that the SaaS model will empower us to evolve our business and effectively tackle the technology and regulatory challenges of tomorrow.”

- Nobuhiro Shirakura, Head of Market Risk,
Daiwa Securities

Our SaaS solution’s robust monitoring and rapid incident response capabilities were proven during a third-party global outage incident in 2024. Murex experts swiftly detected and addressed the issue. Thanks to MXSaaS’s infrastructure resiliency and monitoring tooling, Murex restored affected functionalities, ensuring minimal client impact and avoiding business disruption, significantly outperforming industry peers.

By leveraging public cloud infrastructure and Murex expert support, Daiwa Securities has optimized costs, enhanced security and improved overall system performance. The client IT team can now focus on its core business while Murex handles the complexities of IT operations.

What’s next for Daiwa and Murex?

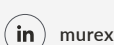
By partnering with Murex to adopt MXSaaS, Daiwa Securities is well-equipped to navigate future market challenges, including compliance with regulatory frameworks like the Fundamental Review of the Trading Book (FRTB). The transition has ensured streamlined operations, enhanced platform uptime and introduced a predictable cost model.

With MX.3 now running in-production on the cloud, Daiwa continues to strengthen its cloud strategy by migrating other applications to AWS.

Looking ahead, Daiwa is exploring opportunities to further optimize and digitize business processes, leveraging MX.3’s advanced capabilities, such as REST APIs and cloud-native capabilities.



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