

# Codefarm licenses new generation optimization on demand to investment banks

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Financial portfolio optimization evolves

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A new generation of portfolio optimization software is now being made available on licence to the wider investment community following its exceptional performance with a select group of global investment banks. Higher returns accompanied by time and resource savings have resulted from early commercial deployments of Galapagos software developed by evolutionary computing specialists, Codefarm.

Codefarm Managing Director Jeremy Mabbitt commented: "This first application of our technology to credit portfolios is a fresh approach which has now proven its commercial value and is ready to be licensed. The response from financial organisations is extremely enthusiastic and we anticipate rapid take-up."

Evolutionary computing provides a radical way to solve highly complex numerical and combinatorial problems without needing to make unrealistic simplifying assumptions. It mimics the processes of biological evolution by trialling solutions in the target environment – in this case portfolio optimization – selecting the fittest candidates and using techniques analogous to genetic recombination and mutation to evolve next generation solutions towards optimal performance. Making performance the fundamental driver in software development has enormous appeal in financial and other industries where objectives, such as maximising portfolio returns, can be met within the required timescales. This gives a real competitive edge in an environment of increasingly pressured deadlines and tight profit margins.

Mabbitt explained: "Credit derivatives groups within investment banks need to respond rapidly to their clients' requests, and be able to structure high-yield products which take into account a range of complex constraints. Harnessing the power of a bank's compute grid, Codefarm's Galapagos platform is capable of automatically structuring live trades with higher returns than those achieved with manual methods. Galapagos can deliver optimal products within intraday timescales – a task that previously took highly skilled structuring staff several days."

Codefarm's technology is readily scalable on any compute grid and is designed to work with existing models and processes without disrupting or modifying them in any way.

Notes To Editors

1 About Codefarm Software Limited

Codefarm Software Ltd is a specialist in evolutionary computing providing products and services for organisations seeking solutions to intractable optimization problems.

Codefarm's product range is based around Galapagos, its software platform for evolutionary computing. Galapagos harnesses the power of grid computing to deliver optimal solutions within the timescales customers require.

Codefarm has expertise in adapting evolutionary computing techniques to different domain areas and can rapidly tailor its products to meet customers' needs.

Galapagos-based solutions are being increasingly used by global investment banks to automate manual processes and directly maximize returns on portfolios and financial products.

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