

Deal Structuring

Solution overview

Create customised payoff functions for any complex derivative by applying mathematical functions to the underlying spot or forward curve of any number of available commodities.

Lacima's solution for deal structuring provides structuring and valuation teams with the ability to analyse and price the most complex baskets, indexation contracts or any structured deals, quickly and efficiently and on an ad hoc basis, and to ultimately shorten the negotiation process for traders.

Business benefits and key functional features

- **Value structured contracts** accurately to optimise trading outcomes
- **Hedge structured contracts** using what-if contracts or include the complete portfolio for a clear view of risk exposure
- **Calculate daily support decisions** for traders and risk managers to assess newly traded complex products
- **Price or mark-to-market** a single structured contract or a whole portfolio
- **Create user defined custom payoff functions** including any number of risk factors to accurately model any indexation contract
- **Utilise a large set of available standard operators** within the payoff function:
 - Arithmetic Operators: +, -, /, *, ^
 - Boolean Operators: <, >, =, &, |, !, <>, >=, <=
 - Standard mathematical functions: SQR, EXP, LN, LOG, SQRT, TRUNC, CEIL, FLOOR, MIN, MAX, COUNT, IF
- **Manage the rapid development of new deals** with easy to adjust payoff function formulas
- **Implement with no costly replacements** of existing deal capture systems and databases
- **Achieve full transparency** with published analytics methods readily available to clients
- **Enjoy simple and efficient data management** to ensure unambiguous use of curves
- **Perform operations on single data points**, across curves, and also include any amount of time lag
- **Perform operations on any combination** of spot prices and forward curves

Structure, value and analyse complex ad-hoc deals quickly and efficiently for effective trading strategies

Manage the rapid development of new deals without having to scale up your internal analytics resources

- **Perform averaging over** historical and simulated spot and at any maturity of available forward prices

Key systems features

- Integrate easily with any energy trading and risk management (ETRM) system and benefit from seamless data transfer and consolidated reporting
- Upload data (including market curves, historical data, valuations and previous runs) automatically and quickly
- Manage all your data - any previous results can be recreated as all data is saved
- Manage forward quotes and create forward curves
- Export results and analyse risk factors with ease
- Take advantage of extensive report building and processing capabilities
- Enjoy the flexibility of a spreadsheet within an application environment providing all the security and controls for good risk management practice and auditability

Models and methodologies

Lacima's models are developed and implemented by peer recognised experts. All standard valuation methodologies are available:

- Choice of using a range of single factor and multi-factor models.
- All parameters and forward curves can be easily and efficiently managed.
- All models can be auto-calibrated to historic spot or forward prices

Deal structuring is a solution in the Valuation & Optimisation Suite within Lacima Analytics - Lacima's groundbreaking application for energy risk management, valuation and optimisation. Each suite or single solution can be delivered individually or combined seamlessly with other suite(s) and solution(s) in Lacima Analytics to create an answer tailored to your specific needs.

About Lacima

Lacima is a specialist provider of software and advisory services dedicated to valuation, optimisation and risk management for global energy markets. We help you to maximise your profit potential and make more informed decisions by providing tools that yield more accurate valuations, hedging analysis and risk exposure analysis for portfolios of financial contracts and physical assets.

Clients of our software and services include structuring, valuation and risk teams in vertically integrated energy companies, energy retailers, financial institutions and large energy consumers in Europe, North America and Australasia.



Lacima Analytics > Valuation & Optimisation Suite> Deal Structuring

Our software solutions have been developed and implemented by peer-recognised experts in energy analytics, offering an unparalleled level of expertise and personalised support.

For further information, visit www.lacimagroup.com or email info@lacimagroup.com

