



OLYMPIC[®]

BANKING SYSTEM

CASE STUDY
THE OLYMPIC BANKING SYSTEM
AT ERI CLIENT:

capital at work
Wealth Management  Foyer Group



Expertise and collaboration from a trusted IT provider

Case Study: ERI's flexible, reliable OLYMPIC Banking System in action

INTRODUCTION

Independent wealth manager CapitalAtWork, part of the Foyer Group, first selected and implemented the OLYMPIC Banking System in 2007. Over the years, the technology solution has grown with the company and, in the view of CapitalAtWork, has successfully accommodated major strategic moves, delivering on all key expectations, including new functions, implementation timelines, budget considerations and full service support.

The result of what has become a trusted, collaborative relationship is an efficient, integrated platform with rapid go-to-market times and massive scalability. IT costs as a percentage of total operating costs have been held down, providing value for money for the client. Business relationships both internally and externally have grown in the knowledge that complex systems are secure and reliable, minimising a range of business, investment and regulatory risks.



THE CLIENT

CapitalAtWork, founded in 1990, is an asset and wealth management firm which since 2009 has been part of Foyer Group, a major Luxembourg-based pan-European insurance company. CapitalAtWork's fast-growing private and professional client base is comprised of high net worth investors, family offices, insurers and pension funds worldwide; 95% of the business revolves around discretionary asset management.

The firm has more than €6 billion in assets under management, about half of which is derived from 'internal' Foyer Group business. It has 120 staff, and is headquartered in Luxembourg, with other offices in Belgium and the Netherlands. It runs two Luxembourg SICAV funds with 17 sub funds.

CapitalAtWork is known for its independent and disciplined Value Investing philosophy, the basis of a rigorous methodology for selecting assets for its funds. Comprehensive, flexible and ever-improving technology, underpinning a commitment to transparency, is vital to the smooth running of the business.

The internal IT team comprises about 10% of the firm's workforce, working with a budget of some €8 million a year. Of that, a significant element is spent on ensuring the (web) platforms serving wealthy clients are kept updated, as the clients expect highly interactive iPad and mobile versions to consult their portfolio and portfolio statements. For this the OLYMPIC Banking System web-services are very convenient.

"Effective IT can actively generate business or help retain a client," notes CapitalAtWork Foyer Group Head of IT, Filip Vandorpe. "It is important for client access; we are always looking for ways to integrate all these channels."

All client data is held within the OLYMPIC client area, which can be accessed anywhere and anytime through the 'My Capital' tool, and which records all transactions, portfolio and regulatory actions.



Filip Vadorpe, CapitalAtWork Foyer Group Head of IT

THE IT PROVIDER

“We are not the asset manager or the bank. But we need to think like the asset manager or the bank, to deliver exactly what they need for their business.” – ERI

The OLYMPIC Banking System is offered by ERI, an international company with offices in Geneva, London, Lugano, Luxembourg, Paris, Singapore and Zurich. It specialises in the design, development, implementation and support of the OLYMPIC Banking System, a real-time banking and investment management software package chosen by over 300 banks and financial institutions in more than 50 countries. ERI is a market leader in many countries, including Luxembourg.

The conceptual design of OLYMPIC Banking System is based around a core system which groups all centralised functions, and offers a wide choice of fully integrated optional modules. Browser-based, the system meets the latest technology standards: Service Oriented Architecture (SOA), N-tier architecture, database independent and available on various operating systems. It is highly parameter-driven, allowing rapid changes to be made to the product and its processes.

The application covers multi-currency, multi-country, multi-entity/branch and multi-time-zone requirements, enabling the straightforward setup of processing hubs. Within each business line, it covers the complete front-to-back cycle through native workflows and/or client-defined conditional business processes. This enables customised levels of automation and interaction with third party systems, as well as reducing the need for extra software modifications which may introduce further risk, complexity and cost.

The OLYMPIC Banking System is available with a best practice-based Model Bank which comprises standard

pre-defined input screens, enquiries, menus, 360° client views, portfolio displays, reports, pre-parameterised system tables and business processes. This approach significantly decreases implementation time and the related costs, as only existing components need to be adapted to meet a bank's specific needs.

ERI has built OLYMPIC Banking System's reach on functionality and client service. The firm offers all services necessary to run successful projects, including consulting, project management, customisation analysis, development of software modifications, training, and maintenance.

THE CHALLENGE

**“I want a trusted IT provider that has my back.”
– Asset Manager**

IT operations at CapitalAtWorkFoyer Group are under constant scrutiny, but every three years the company undertakes a major Review of all its IT systems, including an assessment of the suitability of the present structure's capabilities for future corporate expansion plans and a revision of operational priorities. The last major 'road map' Review was end 2014.

The firm has a range of sourcing options available, from commissioning an entirely new system to maintaining existing solutions. Critically, it looks to upgrade its systems in the knowledge that the IT architecture can grow with the business. Important factors are time to market across multiple sites, new capabilities, scalability and onsite support, all within ever-present cost constraints.

Typically, each Review poses two major questions to be addressed. The first is whether to retain the existing core IT system, or whether to change it. The second concerns future web development and time to market for the client.

Within the first question, there are two further considerations: how to maintain a stable back office system whatever decision is ultimately taken, and how best to integrate feedback from client-facing account managers into any new solutions proposed.

Vadorpe notes: “For us, the advantage of OLYMPIC Banking System has been the specialist expertise that is with us all the way. They know our business, so instead of coming to present their product to us, they work with us to make our product better. That means testing new capabilities, implementation, maintenance and of course regulatory compliance at each step. It is an immensely complex business, before you get anywhere close to starting business development.”

"The biggest challenge for a business like ours is to maintain the C-I-A of the system: Confidentiality, Integrity and Availability. When IT systems are set-up carefully and correctly, they will generally work reliably. It is when the set-up is poor or incomplete that hiccups occur."

CapitalAtWork uses the OLYMPIC Banking System solely for background business processes, so it is not visible to their clients. However, it is absolutely essential that those clients are confident in the integrity and reliability of back office systems.

Routine maintenance has to be conducted while the system is still supporting the business, so the internal IT team ensures minimal disruption by collecting up the required changes and implementing them altogether, usually every six months.

The normal business cycle has identifiable pressure-points and key periods, such as year-end, when any support and technology systems must, first and foremost, be reliable and stable. Detailed planning ensures that when changes are made, there is a skilled and experienced adjustment team on 'close stand-by' to deal with any glitches. For the past two years at CapitalAtWork, that resource has not been called upon – evidence of the rigorous preparation and management of the IT team.



KEY FACTORS IN IT SYSTEMS SELECTION

Multi-location Reach

An Important feature of the OLYMPIC Banking System for CapitalAtWork is its multi-location facility. "In our business it is extremely important to have local knowledge and a local presence," says Vandorpe. "Without it, any business development is undermined because of the time and considerable costs involved in setting up in a new market. But OLYMPIC Banking System enables us to extend our reach into a new country, or another base within a country, very quickly."

The hub-and-spoke system retains security and integrity at its core, but expands all capabilities to the new location. The business is tightly controlled with reports separated by organisational unit, by client, by currency or other parameters. Complexities, especially on fiscal issues, can severely disadvantage clients if not handled accurately, securely and sensitively. OLYMPIC Banking System's flexibility is critical in this respect.

Scalability

Another important factor is scalability. "We don't want to pay for an 'all-singing, all-dancing' IT system where we are only using 30% of its capacity. But we do want one that can keep up with our growing business, which is driven by what are clients are seeking," says Vandorpe.

"That means our technology provider needs to understand what we do, and what we need to undertake new projects. They have to 'speak our language', literally and figuratively. We don't want to be 'sold' an IT product. We want a solid, trusted partner in business that can grow and commit to us with an onsite presence."

THE PEOPLE FACTOR

Any IT system has to deliver and stand alone, but 'the people factor', often not overtly acknowledged, makes a major difference in selecting IT providers. "Of course the first consideration is competency in our business process and general dynamism of the service provider, but we have to personally get on with external support and maintenance staff, and know they will go the extra mile to sort out problems, whenever and wherever they occur," says Vandorpe.

"We are in constant dialogue about our mutual visions and strategies, and how they may develop together. Onsite support is central to any ongoing relationship. External support may take up to three days to get onsite, while instant responsiveness minimises risk for both our clients and our own business."

THE SELECTION PROCESS

IT beauty parades are generally conducted with the help of external consultants who will present the company management with a shortlist of systems considered suitable for the client's specific mandate.

The Review approach at CapitalAtWork is both top-down and bottom-up. "We look at the business process we have, and decide if it does what we want it to do."

"Then we consider alternatives to what we have, what it might cost to change, and what extra functionality a new system might provide over our existing set-up. We don't just want matching functionality – it has to be better by a convincing margin, and also at the right cost."

Even established systems need to remain competitive in both product and service. There are always new IT providers developing extraordinary applications and software. Firms with mission-critical IT systems are usually very willing to hear about them and keep in contact. "The world changes and we need to know what is possible," notes Vandorpe. "Open architecture is always important. It is increasingly difficult and costly to go with a silo system that doesn't interface anywhere else, so integration with industry standards like SWIFT is essential."

However, there is also undoubtedly a comfort factor associated with established systems. Much has been made in the industry of the rise of "robo" asset management and associated automated systems, and the challenge they may pose to existing suppliers, both in capabilities and cost. Vandorpe is clear: "Their functionality doesn't come close to the granularity embedded in OLYMPIC Banking System, which has taken time to develop, and where there is an intelligent commitment to maintain expertise and collaborate, incorporating new requirements as they evolve."

Most new IT solutions claim international capabilities. "That sounds good," comments Vandorpe, "except that in actual fact, clients – and regulators – need that specific, local fiscal filter. Mass order generation is pretty standard, but local compliance screening is real value-added. We have found that regulators are comfortable with the tried-and-tested OLYMPIC Banking System, and that consistent verification gives extra assurance to all the parties involved."

THE SOLUTION

After its last major review, CapitalAtWork selected the OLYMPIC's module called the Portfolio Management System (PMS), an upgrade of the previous system. Work on implementation started in April and the transition was completed within five months, an exceptionally rapid delivery time in industry terms.



Critically, the OLYMPIC Multi-Centre system has been able to span both the Luxembourg and Belgian offices of the CapitalAtWork Foyer Group, with the extension of the system introduced quickly and 'virtually', ensuring ongoing compliance and smooth implementation for both asset managers and clients, without having to first complete the physical establishment of the new office.

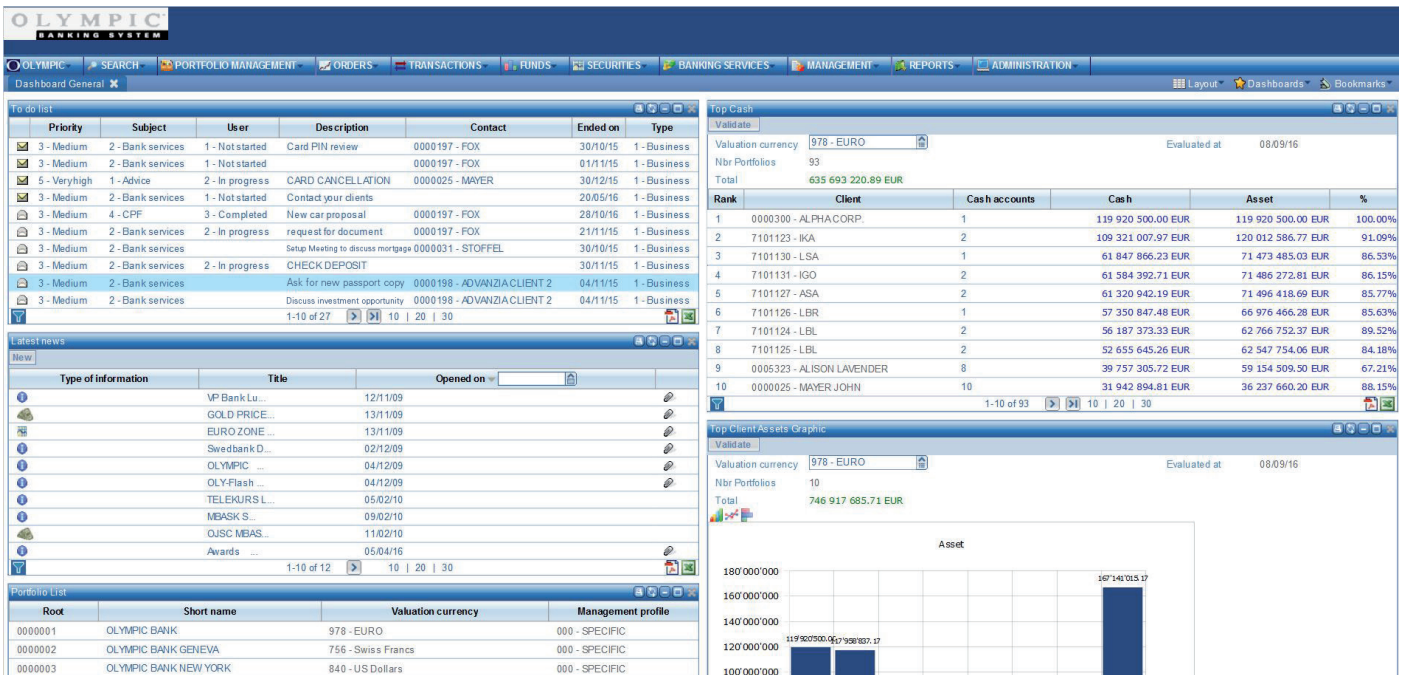
The specific challenge was to on-board on to the Luxembourg environment four new branches and clients in Belgium, connecting 85 users in Luxembourg with 40 additional users in Belgium. This is a single instance of the OLYMPIC Banking System in a Multi-Bank set-up.

Among other capabilities, it handles centralized financial products management, automated securities pricing, product definition, fees, conditions, rates management and consolidated reporting in Luxembourg for the Head Office, based on a Group structure and reporting currency. An OLYMPIC e-Banking application is available, although not installed in the CapitalAtWork environment.

Updated PMS functions include Portfolio Management, with the creation or addition of Investment Strategies by geography, asset class, structure or currency, portfolio modelling and rebalancing, bulk order management by amount or quantity, selective order processing, investments and disinvestments, pre-trade checks, derivatives coverage and benchmarking.

The team is now working with ERI on the installation and configuration of functionality to meet the requirements of the Common Reporting Standard. Indeed CapitalAtWork was one of the clients who worked with ERI's specialists in defining what to include in the application to be able to manage the Common Reporting Standard requirements.

In fact, the CapitalAtWork Foyer Group does not use all the modules available from OLYMPIC Banking System, preferring to develop some items in-house to suit the firm's own business model. "We consult with OLYMPIC and sometimes we come up with a better or more cost effective process. They have never refused to help us," notes Vandorpe.



OLYMPIC Banking System's dashboard

VALUE ADDED

When Vandorpe joined the CapitalAtWork Foyer Group in 2012, the company had already been using the OLYMPIC Banking System for five years. His first task as IT auditor was to understand the capabilities and demands of the architecture, and the scope of the service provider.

When he became head of the company's IT division, Vandorpe set about embedding collaboration with OLYMPIC Banking System's provider ERI to ensure an even greater degree of reliability and responsiveness.

New installations carry a high degree of financial, operational and ultimately reputational risk for both the asset manager and their clients. After selection, an initial phase involved working with external technical managers experienced in the transition and migration of the OLYMPIC Banking System. This team remained in place at CapitalAtWork for some time after the system was installed.

"It was an important part of the smooth transition, and the benefits of working with OLYMPIC product specialists became clear in the speed and efficiency with which any issues were resolved," noted Vandorpe. "While external consultants have a wide range competencies they may not always be up to date on a particular system and it is faster to work with the product teams from the vendor."

The strong relationship continues. Each week Vandorpe's team meets to discuss the working of the entire system. There is always an OLYMPIC Banking System technician onsite, one of the major reasons the firm ratified the solution. It is critical for the firm's operational managers to be close to the business so that they can both order priorities and cope with changes as they occur.

"All points are followed up after each weekly meeting," explains Vandorpe. "The kinds of issues that arise are 'bug fixing' – usually the result of the wrong input of data, or regulatory changes that require tweaks to the system. The 'localness' of the relationship is vital, as well as the fiscal set up of your clients."

While a reliable back office system is crucial for portfolio managers, it is largely invisible to most end investors. Clients want an explicit assurance of a secure, liquid and accurate support system, but mostly they do not want or need to know precisely how it works.

"They focus on performance rather than risk, but they do want proof that any reporting system is transparent and can offer immediate 24/7 access," says Vandorpe. "Clients may only meet their portfolio managers once or twice a year, but through the OLYMPIC Banking System interface they are able to customise and check their portfolio reports at will."

**INFORMATION BOX**

Functions of the OLYMPIC Banking System present in CapitalAtWork Foyer Group

- Centralised Operations
- Portfolio Management System
- Securities and Derivatives
- Corporate Actions
- International & Local Payments
- SIX Telekurs Securities Prices & Automatic Securities Opening
- Reuters FX rates
- Treasury and Forex – Liquidity Management
- Credits – Collateral Management
- SWIFT messaging
- Client Reporting
- IFRS accounting
- Private Client Fiscal Reporting and Taxation
- Regulatory reporting based on local requirement
- Common Reporting Standard

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