

Friends First financial services is a provider of protection, retirement, wealth management, pension investment, protection product and specialist investment products. Based in Dublin, Ireland, they have 250,000 customers with a diverse range of protection and investment products offered to the Irish market. It is part of the Achema Group. In 2012 Friends First implemented the Invest|Pro™ system to support all the investment functions of the company.

Summary

The core aspects of this project were as follows:

- Reduction in the number of systems
- Increase in operational controls in the finance and investment administration departments
- Automated bank reconciliations
- Automated corporate actions
- Reduction in operational costs

The challenge

The priority for Friends First was to replace an existing legacy fund accounting and back office investment systems. In doing this the aim was to improve staff and management efficiencies, reduce operational risk and improve timescales for back office processing. In addition the new systems needed to support the latest regulatory reporting changes that are currently being introduced in the EU, namely Solvency II. Above all, costs of running and licensing multiple systems for the investment functions needed to be reduced.

The market for Friends First products had changed due to the financial crisis. Consumers had a reduced appetite for investment products due to higher taxes and lower incomes. Changes to the taxation treatment of retirement funds and future uncertainty put pressure on the pensions market. For this reason any project involving change in the company's systems needed to

have a strong underlying economic argument.

Friends First's investment functions are complex and reflect the large range of investment products in the company's portfolio. Key to achieving efficiency and success was the ability to link directly to the markets and investment managers in order to transform policyholder transactions directly into trade notifications.

The solution

In 2011, Friends First decided to start a project in order to select one core investment solution. The company created a comprehensive requirements matrix for each business area affected by the investment functions. Core functions underlying the requirements were:

- Fund Valuations
- Fund Accounting
- Unit Accounting
- Asset Trading
- Investment Manager Links
- Bank Reconciliations
- Market Data Link
- Custodian Reconciliations

The selection process was thorough. Once selected FRS worked with Friends First to analyse each of the investment business processes within the company to see how the

Invest|Pro™ system, with its core functionality, could improve the efficiencies of the work carried out and introduce better controls over the operational risk. This analysis was carried out with FRS senior consultants and Friends First management and senior staff. The result was a system framework to support the future business and a defined project plan for its implementation.

Implementation

The project was governed by a steering committee of Friends First management and senior FRS executives. Day to day management of the project was carried out by an experienced project manager from Friends First. FRS provided full time resource to the project during the duration of the implementation and test period.

Go-live was set at a single point in time rather than a phased approach. A controlled set of acceptance test mock go-lives were carried out in the period prior to go-live and a defined test plan ensured all areas of the system were operational prior to go-live. In September 2012, over a single weekend, all investment activity was converted onto the new Invest|Pro™ platform. The process started at close of business on Friday night. The conversion took a full history of the investment transactions of the company over the previous 20 years and recreated a full accounting ledger for that period also. By Saturday afternoon, the business processes that were to take place on Monday morning were completed 36 hours ahead of normal time.

“FRS is unique in that they are specialist providers of investment administration software to the life and

pensions industry, so they truly understood what we required as a business. This was apparent in the successful implementation of the Invest|Pro™ software. And with more robust technology and fewer systems now required for our investment accounting function, we continue to achieve operational efficiencies as we move our business forward.”

John Harris, Software Development Manager, Friends First Group

Conclusion

In conjunction with FRS, Friends First have implemented the Invest|Pro™ System to reduce costs, consolidate multiple systems into a single platform. Business processes are now faster, cost less, and are carried out in a more controlled environment using proven modern technologies.

“The installation of the Invest|Pro™ system has allowed the Investment function in Friends First provide a superior service to all business areas at a reduced systems cost. Specifically a 35% cost reduction from replacing two Investment systems with Invest|Pro™ and eliminating IT license costs from a legacy provider.”

Oonagh Sower, Head of Group Finance, Friends First Group

