



Investment Solutions Invest|Pro™ Case Study

Adrian Swales, CEO Investment Solutions:

“The FRS team and the Invest|Pro™ system have transformed our fund of funds business. Using Invest|Pro™ has allowed us to double our funds under management and expand our range of funds without any increase in staff. It also allowed us to move to a true forward pricing basis for some funds while maintaining the existing processes for other funds. We consider using Invest|Pro™ to be a significant factor in our ability to win new business. The quality of people and level of service provided by FRS is exceptional.”

Key Outcomes since implementing Invest|Pro™

- a) ISL has grown its business without a corresponding increase in costs;
- b) Using Invest|Pro™ is now seen as an aid to winning new business;
- c) The flexibility of Invest|Pro™ allows ISL to manage a complex range of hierarchical fund of structures on different pricing bases;
- d) Operation risk has significantly reduced;
- e) ISL is assured of maintaining its leading edge in technology by availing of the Invest|Pro™ upgrades provided by FRS at no increase in license fee.

Background

Investment Solutions was founded in 1997 to provide multi-manager based asset management solutions to pension clients in South Africa. We have subsequently developed into one of the largest multi-managers in the world, with over £16.6bn AUM and over 1,900 retirement and pension clients (as at March 2012). In the United Kingdom, Investment Solutions Ltd (“ISL”) has evolved to provide a range of services to advisors with a key focus on institutional solutions – see www.isltd.co.uk.

In 2012, following a rigorous evaluation process, ISL chose to implement FRS's Invest|Pro™ system to manage its Fund of Funds (“FoF”) investment administration.

The challenge

ISL was using a number of systems to manage the different parts of the overall investment administration process, i.e. different systems for unit pricing, unit dealing and cash allocation, order management and investment accounting. This combination of systems:

- a) was not scalable without increasing staff headcount;
- b) would require significant investment to allow true forward pricing and to allow end client access;
- c) was subject to significant operational risk which required management time to mitigate.

The challenge for FRS was to convert from the existing systems and business processes into the Invest|Pro™ system with revised business processes designed to improve efficiency and reduce operational risk.

ISL operate a complex range of unit-linked FoF's with nine layers in the fund hierarchy.

The base layer had 130 funds with another 770 funds in the hierarchy.

A fixed deadline was put in place for the go-live of Invest|Pro™ which corresponded with the date, pre-advised to policyholders, that some funds were moving to a true forward pricing basis. Meeting this deadline required very rigorous project management from both the ISL and FRS project teams through weekly project assessment meetings.

The solution

In September 2011 ISL met with consultants from FRS to rigorously map out every aspect of ISL's existing business processes and how Invest|Pro™ could help improve, re-design and in some cases eliminate these processes. This developed into an extensive framework covering every aspect of their business including:

- Data import of cashflows/deals from policyholders
- Configuring the rules for cascading the cashflows down through the fund hierarchy
- Agreeing fund hierarchical rebalancing rules and processes
- Creating trade orders in external assets
- Transmitting orders to the market and importing contract confirmations
- Fund accounting
- Market pricing data links with Telekurs
- Fund valuations and unit pricing
- Custodian reconciliations
- Charging structures
- User groups, user permissions, maker/checker processes etc.

This allowed the project team to have a clear view of the requirements and targets associated with the project and how these targets would be met.

There were three major aspects of the project once the requirements phase was completed:

- a) The data conversion process;
- b) Systems integration
- c) The roll-out of the Invest|Pro™ system into the company including staff training and documentation of new procedures.

Data Conversion

The data conversion process involved capturing point-in-time balances and in-flight transactions from the existing systems, loading these onto the Invest|Pro™ database and reconciling the Invest|Pro™ valuation to the valuation from the existing systems. This process commenced in November 2011 following the delivery of the Invest|Pro™ application with some enhancements agreed in the workshops.

Three data take-on iterations were ran between December 2011 and February 2012 to tidy up data problems and ensure consistent valuations between Invest|Pro™ and the existing systems. March 2012 was used as a parallel run for those funds remaining on the existing pricing basis and also to new test the new forward pricing business processes.

Invest|Pro™ went live on the targeted go-live date of 30th March 2012. FRS staff were on-site in ISL for the first week following go-live. Subsequent support when required was provided over the phone.

Systems Integration

ISL needed robust controlled communication between their outsourced member administration systems and Invest|Pro™. These were managed using the Invest|Pro™

data import tool.

Accounting extracts were produced to feed into ISL's corporate general ledger.

The Invest|Pro™ data import tool was used to import security prices from Six Telekurs and contract confirmations from fund managers.

Training

FRS provided consultants as a full-time resource on-site who worked in conjunction with a team of experienced ISL staff assigned to the project. Staff training was carried out in parallel with the UAT phase of the project. Training was carried out on a 'train the trainers' basis where FRS trained the project implementation staff and the project staff subsequently trained the wider user group.

Laura Catterick, COO ISL, commenting on the project said:

"Following an ISL systems evaluation process it became clear that FRS's Invest|Pro™ system, which is specifically designed for the life industry, was the only potential proprietary solution for the complex set of requirements ISL had for their unit linked funds in a hierarchical structure. FRS's staff demonstrated a deep understanding of these requirements which gave us great comfort throughout the fixed deadline implementation project. The commitment of the FRS team contributed significantly to us meeting our deadline.

The professionalism and quality of the FRS support team matches that of the implementation team on the rare occasions we need to use them.

FRS is committed to developing the

Invest|Pro™ application using leading edge technology for their client base. ISL's our ability to access upgrades for no increase in license fees future proofs our investment in FRS."

