

CASE STUDY

THOMSON REUTERS OUTSOURCING SERVICES

New York based RIA uses Thomson Reuters Outsourcing Services to handle critical middle-to-back office operations.

SITUATION

In the mid 2000s, the client was outsourcing their middle-to-back office operations when their provider exited the outsourcing business. As a result, they had a decision to make – should they find a new provider or bring some or all of the work in-house? Since they were already realizing the many benefits of outsourcing, they looked to find another provider. They chose Thomson Reuters Outsourcing Services for the following reasons:

Business Expertise. Not only does Thomson Reuters have extensive experience with outsourcing, but also depth and expertise across the entire asset management middle-to-back office operations. The services provided by Thomson Reuters span the needs of the asset manager, from investment accounting and client reporting to complete facilities management including disaster recovery. In addition, Thomson Reuters owns one of the key applications used in the solution (PORTIA), providing control over the technology and its advancement. The client felt strongly that investment technology is at the core of their business and recognized Thomson Reuters leadership in this space.

Leverage of existing solutions. Thomson Reuters would not require the client to convert from their Order Management System (OMS) since the integration could be maintained at the Thomson Reuters data center. In addition, Thomson Reuters deployed systems to handle reconciliation, performance, website hosting and management reporting – all of which were key to the client's business requirements.

Flexibility. The client looked to alternative outsourcing solutions, such as banks, and found many were a "one-size fits all" solution, providing many services not needed by the client and making the offering cost prohibitive. The client needed a provider with a flexible solution that allowed them to choose the services required. Thomson Reuters worked with the client to understand their organizational priorities, providing options and developing a solution to help the client achieve their business objectives.



A COMPLETE ANSWER TO MIDDLE-TO-BACK OFFICE OPERATIONS

The client fully utilizes all that Outsourcing Services has to offer, allowing Thomson Reuters technical staff to handle all facilities management and the operations staff to outsource components of their business processing to best fit their business model.

By working with Thomson Reuters to host their technical infrastructure, the client minimized the risk associated with managing technology in-house. The agreement had Thomson Reuters handle disaster recovery, server management, database administration and infrastructure hosting (including automated workflow/batch management). This alleviated the need for the client to maintain staff to deal with issues associated with hosting their own application such as software upgrades, annual failover testing and 24x7 monitoring of all workflows. Outsourcing enabled the client to focus their staff on key business initiatives rather than technology management.

In addition to the technical expertise at Thomson Reuters, the client also took advantage of business process outsourcing services offered. Key areas for outsourcing were:

- OMS and compliance hosting
- Portfolio accounting and performance measurement
- Reconciliation
- Client and management reporting website



OMS & Compliance Hosting

Thomson Reuters integrated the client's existing OMS and compliance monitoring system, eliminating interruptions during the migration. By hosting the third-party system in their data center, Thomson Reuters was able to simplify the initial transition, and maintain a cohesive technology plan for the OMS and portfolio accounting system including remote access, backup, and disaster recovery while removing the need for technical staff at the client's site.

Portfolio Accounting and Performance Measurement

PORTIA is the underlying accounting system supporting Thomson Reuters Outsourcing Services so, the client can be assured their technology is a best of breed solution in the investment management industry. In addition to technology leadership, the Thomson Reuters Outsourcing Operations team consists of dedicated financial services industry experts with an average of 10 years experience across all components of middle-to-back office operations. The Thomson Reuters team handles all aspects of the client's accounts, including (on average) more than 2,000 trades per day, 1-2 new accounts per month, and 10 new/revised securities per month. Thomson Reuters also processes and manages all corporate action events, monitors pricing feeds, calculates client level and composite performance and produces performance reporting. The staff's tenure and expertise gives the client comfort that the team handling their operations understands their business and has the ability to handle their accounts with a quality of service exceeding their expectations.

Reconciliation

The client contracted Thomson Reuters to automate and service the reconciliation of their accounts with numerous custodians. Thomson Reuters gathers holdings, transactions and cash data from custodians and reconciles it with the system of record. Operations staff communicate any "breaks" or exceptions to the client and provide detailed reports to assist in the correction. By focusing only on the exceptions, the client uses their resources to resolve issues versus spending time identifying problems.

Client and Management Website Reporting

The client required a system that presented end-client statements via the web. Thomson Reuters provided the answer by creating and hosting the client's internet website. Each month, client-ready statements and holdings information are created

FOR MORE INFORMATION

North America: +1 617 856 2700
EMEA: +44 (0) 20 7542 6960
Asia: +852 3762 3636
Website: thomsonreuters.com/products_services/financial/portia/
Email: PORTIA@thomsonreuters.com

and posted to the site. The high-quality and customized reports allow the client to give their end users the specific information they require with easy and timely access.

In addition to the end-user statements, the client worked with Thomson Reuters staff to create customized reporting to satisfy all their management and regulatory reporting needs. On regular intervals, management reports are created and posted to an internal website or transmitted to the client for timely review. The reports include:

- Over 60 daily reports
- Over 60 monthly audit reports sent to custodians and clients
- Daily reconciliation reports (for all accounts, cash, holdings, and transactions)
- Weekly holdings reports
- Monthly performance requests
- Ad hoc reports on request

Data Security

The client needed to be assured their clients' information was protected. Thomson Reuters Outsourcing Services works with one of the world's largest and most respected auditing firms to maintain a SAS 70 Type II review of its operational and technical controls. SAS 70 is an auditing standard developed by the American Institute of Certified Public Accountants, which sets guidelines for auditors to use in order to fairly and objectively assess the internal controls of service organizations. For the SAS 70 Type II assessment, Thomson Reuters demonstrates the operational effectiveness of its controls over a minimum six-month period.

A TRUE PARTNERSHIP IS KEY

For four years, this New York based RIA has partnered with Thomson Reuters Outsourcing Services, allowing them to realize:

- **Cost Benefit.** Saving time spent on basic transaction processing and managing technology, in addition to saving on the technology itself, made the outsourcing decision financially sound
- **Improved Business Focus.** Outsourcing middle-to-back office functionality and its supporting technology allowed the client to focus on critical, strategic aspects of their business
- **Technology Improvement.** Staying current with and deriving the benefit from the latest technology without having to plan, budget or implement

Thomson Reuters Operational Services team has become an extension of the client's organization. The two organizations work hand in hand to provide the superior level of service that is consistent with the expectations of the client and exceeds the expectations of their end customer.

