



Knowledge based software

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Invest | Pro[™] on Microsoft Azure[™] Case Study:

Hawthorn Life, Financial Risk
Solutions and Capita Life &
Pensions Services Ireland Ltd.

Background:

Insurance services provider Capita (Ireland) expressed interest in a strategic engagement with Financial Risk Solutions to provide a solution for their client, Hawthorn Life.

Capita is a major supplier of business process outsourcing services (BPO) to the life and pensions industry, providing a range of integrated services that mirror the operations of a traditional life and pensions business including policy administration and investment administration

Hawthorn Life is a Dublin-based life assurance company, which focuses on supporting and managing an existing book of variable annuities (investment and retirement products) for a UK customer base.

Financial Risk Solutions Ltd. (FRS) licences unit pricing, investment fund administration, governance, risk and compliance software to major life insurance companies as well as to a range of outsourcers in Europe. It's software offering Invest | Pro™ industrialises investment administration.

Hawthorn Life outsourced the administration of their unit-linked business to Capita (Ireland). As a trusted supplier to both Capita and Hawthorn Life, FRS were able to deploy their Invest | Pro™ software, implemented with Microsoft Azure™'s hosted services, to automate the following complex and critical business processes for Hawthorn Life:

- **Daily Unit Pricing for Collective Funds**
- **Box Management**
- **Appropriations**
- **Unit Dealing**
- **UK 'I-E' Tax Calculations**
- **Fund and Fund of Funds Accounting (Unit Pricing, Fees & Charges, GL Accounting and Reporting)**
- **Trading**





The Challenge:

Unrelenting challenges facing the life and pensions industry, continue to drive the streamlining of business processes, in the search for efficiencies. As a result, life and pensions businesses find themselves striving to develop more competitive and sustainable service models which are underpinned by advances in technology and effective IT – much of which can be achieved through outsourcing key business processes.

As the major supplier of business process outsourcing services (BPO) to the UK and Irish life and pensions industry, and an emerging major supplier in Europe and Asia, Capita is leading the way in this through a strategic partnership with market-leading software solution provider, FRS.

Invest|OPS™ from FRS is a module within Invest|Pro™ that links the outsourced business processes performed by Capita to the main Invest|Pro™ system operated by Hawthorn Life. It automates most of the validation of operational activity performed by Capita, enabling Hawthorn Life to effectively manage, audit and supervise their outsourced functions, data and the associated risks.

Hawthorn Life has approximately 100 Level 1 unit linked funds which invest directly into external collectives, in addition there are a further 370 funds all totaling GBPE 800 million in assets under management. The challenge was to migrate this entire book of business and all historic records over to Invest|Pro™ in a cloud instance and commence daily unit prices and investment accounting on the new system all within five months.



The Solution:

FRS's actuarial and implementation consultants spent time on-site at Capita assisted by Hawthorn Life. Before migrating from the previous fund administration position Capita and FRS rigorously challenged the existing processes and practices which were used to monitor and manage risk across Hawthorn Life's 370 funds, and GBP£800 million AUM.

They were able to suggest how processes could be improved, re-designed and in some cases eliminated by using Invest|Pro™.

The outcome was streamlined business workflows which met Hawthorn Life's requirements and complemented FRS' proposed multi-tenant instance of, Invest|Pro™. Base components of this project were:

- **Fund Database / Warehouse**
- **Rules and Validations**
- **Data Management**
- **Scheduler**
- **User Configurable Dashboards**
- **Report Designer**
- **Report Production**

"We are delighted with this new partnership between FRS, Capita and Hawthorn Life," says Art Coughlan, Cloud + Enterprise Lead for Microsoft Ireland.

We are seeing customers move to the Microsoft Azure Cloud from every part of the finance industry, and are delighted with the work Financial Risk Solutions are doing by making Invest | Pro available on Azure."



The Implementation:

Invest | Pro™ is an out-of-the-box solution live in thirty life assurance companies, notwithstanding this the software is highly configurable to the needs of each client, resulting in a delivery speed to market that is unparalleled.

FRS, Capita Life & Pensions and Hawthorn Life configured Invest | Pro™ to their specific needs with the following options:

- Unit Pricing
- Fees & Charges
- Fund Blending / Fund of Funds
- Cash Allocation
- Trade / Order Management
- Box Management
- UK 'I-E' Taxation
- Oversight
- Reconciliations

Using Microsoft Azure™'s scalable, secure, performance-efficient storage services in the cloud, FRS was able to design and deploy the Invest | Pro™ solution in under 5 months, including the migration of data relating to 370 funds, going back 11 years. The Hawthorn Life implementation of Invest | Pro™ performs:

- Daily unit pricing for collective funds
- Box management
- Appropriations
- Unit Dealing
- UK 'I-E' tax calculations
- Fund of Fund Accounting (Unit Pricing, Fess & Charges, GL Accounting and Reporting)
- Automated Trading
- Settlement

Microsoft Azure™ is an open and flexible cloud platform that enables quick builds, deployments, and future scalability, hosted across a global network of Microsoft data centres. Key benefits of Microsoft Azure™ are:

- Scalable costs
- Resilient applications
- Geo-redundant storage
- Backed by industry certifications for security and compliance
- SQL AlwaysOn
- High availability
- Built-in network load balancing
- 99.5% monthly SLA

Configuration



In addition to installs at Europe North (Dublin) which include test and live production implementations FRS, Capita Life & Pensions and Hawthorn also have a second replication and implementations for full redundancy at Europe West which is based in the Netherlands.

The Benefits:

- Operational cost reduction
- Built-in UK 'I-E' tax functionality as an integrated part of the daily unit pricing calculations.
- Full Migration and Invest|Pro™ on Azure™ was tested and implemented within five months, enabling Hawthorn Life to administer its entire unit linked business in the cloud.
- Solution uses Microsoft Azure™ hosted services, resulting in scalable, web-based architecture
- Daily critical Investment administration processing run-times decreased significantly
- Light-touch solution, with enhanced controls and automation, scheduled server usage.
- Industry leading analytics using FRS' Invest|Pro™ Rules and Breach Alerts.

"This robust, secure and scalable solution has improved our ability to manage our investment administration requirements from an operational perspective.

The experience of the specialist implementation teams from HLL, FRS and Capita and the deployment in the cloud could enable us to scale up these operations with minimum disruption to our ongoing business."

**Brian Aherne,
Hawthorn Life,
Head of Investment Operations**

"The Hawthorn Life investment administration delivery is a landmark in a new era of cloud based computing.

Capita, working with FRS, is leading this industry and is proud of the delivery of this ambitious project."

**Sean Holland,
Capita Life & Pensions
Services (Ireland) Limited,
Managing Director**

"Our Invest|Pro solution is now live in 30 life assurance companies, and is highly configurable to the needs of each client.

In this instance, we have worked with Capita to help deliver a solution for its client in a speed-to-market delivery that is unparalleled in the market."

**Frank Carr,
Financial Risk Solutions,
CMO**

About Financial Risk Solutions (FRS)

Financial Risk Solutions (FRS) provides technology solutions to the life insurance industry for fund administration, investment accounting, asset reporting, governance and unit-pricing processing.

Financial Risk Solutions was established by a team of actuaries and IT specialists in 1999. Invest|Pro™ clients are some of the most respected brands in the life assurance industry.



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