



Knowledge based software

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RL 360°
Invest | Pro™ Case Study



Case study: FRS Client Success Story

How Invest|Pro™ changed one insurance company's business

Highlights

- Almost 20% reduction in the costs of the investment administration and investment accounting departments
- The investment data is now contained in a centralised cross-functional database serving financial reporting, client reporting, compliance and risk management, custodian reconciliations and cash reconciliations functions
- Overnight batch processing time on the policy administration systems has been halved
- c) Introducing a single database for investment transactions, unit pricing and investment accounting
- d) Creating seamless integration between Invest|Pro™ and the two policy administration systems and the RL360° extranet

Background

RL360° is an international life assurance company based in the Isle of Man, managing in excess of £5 billion in assets. It markets both single and regular premium investment products and regular premium risk products to the Far East, Africa, the Middle East and other international markets. It offers an open architecture investment proposition, including equities, bonds, collective funds, deposit accounts etc., through its portfolio bond products, in addition to over 1,000 internal unitised funds.

Following a rigorous tender process, RL360° chose to implement FRS's Invest|Pro™ system to create a single investment platform for the company.

The challenge

RL360° was created by the merger of Scottish Life International and Scottish Provident International. This meant there were two distinct books of business with two separate sets of investment systems and different practical approaches to managing similar business processes.

The challenge for FRS was to consolidate and manage the range of investment management processes from the five existing systems - investment deal creation and validation, automated trade order management, portfolio valuation, policyholder reporting, unit pricing and fund accounting. The major objective was to introduce a single system to allow RL360° to scale business volumes without scaling costs by:

- a) Creating efficiencies in staff operations using straight through processing
- b) Reducing risk and errors by having a single operating procedure

The solution

As RL360° is very much a global business it has complex investment products which involved a considerable amount of investment processing. A high priority in the implementation was the inclusion of straight-through-processing particularly where high frequencies of trading and management of instructions from policyholders were involved.

RL360° has two policy administration systems and part of the Invest|Pro™ project was to use the same set of web services to integrate with both policy administration systems. Web services were also to be used to communicate with the RL360° extranet which is used by RL360°'s brokers and clients for portfolio valuations, transaction statements etc.

Consultants from FRS rigorously mapped out every aspect of RL360°'s existing business processes and how Invest|Pro™ could help improve, re-design and in some cases eliminate these excess processes. This developed into an extensive framework covering every aspect of their business including:

- Collective Fund Valuations and Unit Pricing
- Portfolio Valuations
- Fund Accounting
- Asset Trading (manual and electronic)
- Market Pricing Data Links
- Custodian Reconciliations
- Charging Structures
- Policyholder Instruction Links
- Corporate Actions Processing
- Communication with Policy Administration Systems
- Communication with the RL360° extranet

This allowed the full 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 this project plan:

Data Conversion

The data conversion process involved compiling all historic transactions on every portfolio bond, since inception of the bond, from the five existing systems, loading this on to the Invest|Pro™ database and reconciling the Invest|Pro™ valuation to the valuation from the existing systems. This was done for all 12,000 portfolio bonds and over 1,000 unit-linked funds.

The trial balances from the Invest|Pro™ general ledger (generated by Invest|Pro™ from the primary transaction records) were also reconciled with those from the existing accounting systems.

It was decided to convert the two existing books of business on to Invest|Pro™ in a phased approach as part of the wider group of projects being run by the RL360° programme management team. The initial phase was set to coincide with the financial year end. Over a three day period this work was successfully completed and this ensured that the company was ready for business processing in the new financial year.

Shortly afterwards, the second book of business was converted to Invest|Pro™ giving RL360° the single investment platform they needed.

Systems Integration

RL360° needed robust controlled communication between their policy administration systems and Invest|Pro™. This was addressed by using the Invest|Pro™ suite of web services to manage policy creation, premium application, claim and surrender requests.

Communication between the RL360° extranet and Invest|Pro™ also used the Invest|Pro™ suite of web services to make available client portfolio valuations, full transaction histories and other client facing reports.

Training

FRS provided full time, on-site consultants who worked closely with an experienced RL360° project team. During the UAT phase of the project, FRS delivered 'train the trainer' courses to the project implementation team to enable them to subsequently train the wider user group.

The results

By creating a single platform for investment operations and accounting requirements, FRS have delivered a number of key benefits to RL360° including:

- **Policyholder reporting improvements on the RL360° extranet**
- **The ability to share knowledge of complex products among all staff through clear operating procedures on a system familiar to all**
- **Seamless integration of systems resulting in a 50% reduction in overnight batch processing time**
- **Significant improvements in efficiency and operational controls through using Invest|Pro™ for unit pricing**
- **A significant reduction in reporting timescales**
- **Increased staff productivity**

Introducing Invest|Pro™ has also enabled straight-through-processing for trade order management with Citi, AllFunds, Capital International, Morgan Stanley and RL360 Asset Management for the full range of collective funds, bonds, equities and derivatives.

"Prior to the implementation of Invest|Pro™ the preparation of a set of investment accounts from multiple systems was quite inefficient. Having a single database of investment transactions and a single Invest|Pro™ general ledger from which to extract a trial balance has significantly reduced timescales and greatly improved the robustness of the process. The automated reconciliation between the Invest|Pro™ general ledger and the primary investment records in the Invest|Pro™ database ensures that the valuations shown to clients are entirely consistent with the financial accounts produced by RL360°. Invest|Pro™ has completely transformed our operations."

**Sarah Knipe,
Financial Controller,
RL360°**

About Financial Risk Solutions (FRS)

Founded in 1999 by actuaries and IT specialists, Financial Risk Solutions Ltd (FRS) is a leading provider of unit pricing, investment administration, asset reporting and compliance oversight software specifically designed for the Life Assurance and Asset Management industries.

FRS offer a proven range of modular, intuitive technology solutions which allow customers to pro-actively monitor and administer investments as well as mitigate risk by continually monitoring breaches and exceptions to critical investment processes. These solutions include:

Invest|Pro™ securely automates multiple complex fund administration processes within a single application.

Invest|Pro™ unit-pricing and investment administration software is scalable, modular and flexible.

Invest|GRC™ empowers insurers and asset managers to meet Pillar III asset reporting standards in the Solvency II world via a single, analytics-driven database, combining data from internal and external sources.

Invest|OPS™ automates the validation of operational activity performed by outsourcing partners, enabling firms to supervise outsourced functions, data and to manage the associated risks.

For more information visit <http://www.frsLtd.com> or follow FRS on LinkedIn at www.linkedin.com/company/frs-ltd

"Following a tendering process it became clear that FRS's Invest|Pro™ system, which is specifically designed for the life industry, was the best proprietary solution for the complex set of requirements of an international life company like RL360° which administers both portfolio bonds and unit linked funds. FRS's staff demonstrated an understanding of these requirements which was unrivalled among other bidders, reflecting their unique experience and focus on the life assurance investment administration market.

RL360° is now enjoying the expected benefits of Invest|Pro™ as a single investment system and a single investment database. The costs of the investment administration and investment accounting departments have reduced by almost 20% and we are confident RL360° can now write increased volumes of business without a proportional increase in staff head count in these areas."

**Denzil Williams,
Director of Infrastructure,
RL360°**



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