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WHAT'S YOUR POSITION?



A View Through The Cloud

Achieving Operational Transparency

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Agenda

- Proprietary customer insights
- The importance of oversight
- Nature of key performance indicators
- Data through the cloud
- Asset Arena Control Center
- Q & A

Insights

Input from 50
1-hour interviews
distilled into 200-
key insights

1. General agreement on the long-term
 - a. More emerging markets & derivatives
 - b. Spending concentrated in alternatives
 - c. More complexity, interdependence & speed
2. Great interest in BPM throughout
3. Focus on serving value creators:
 - a. Alpha-generating managers
 - b. Revenue-generating servicers
4. Facilitate more extensive and flexible client reporting
5. Support multiple distribution channels in structures (eg ETFs) and forms (eg TAs)

Summarized into
50 core themes

Customer feedback on the expected benefits of BPM

○ Efficiency

- Important objective
- Needs a lot of time and investments
- Must be a highly strategic project with management buy in and change of culture

○ Control

- Nice to have

○ Transparency

- Great interest for operational risk management
- Dashboards are requested by customers

**Processes need to be easily changeable
Paper-based and electronic checklists are utilized extensively**

The pressure is on

“It is estimated that 85% of fund managers have outsourced some or all of their fund accounting, fund administration, or middle office activities.”

- Beacon Consulting Group

Regulators  Asset Managers  Servicers

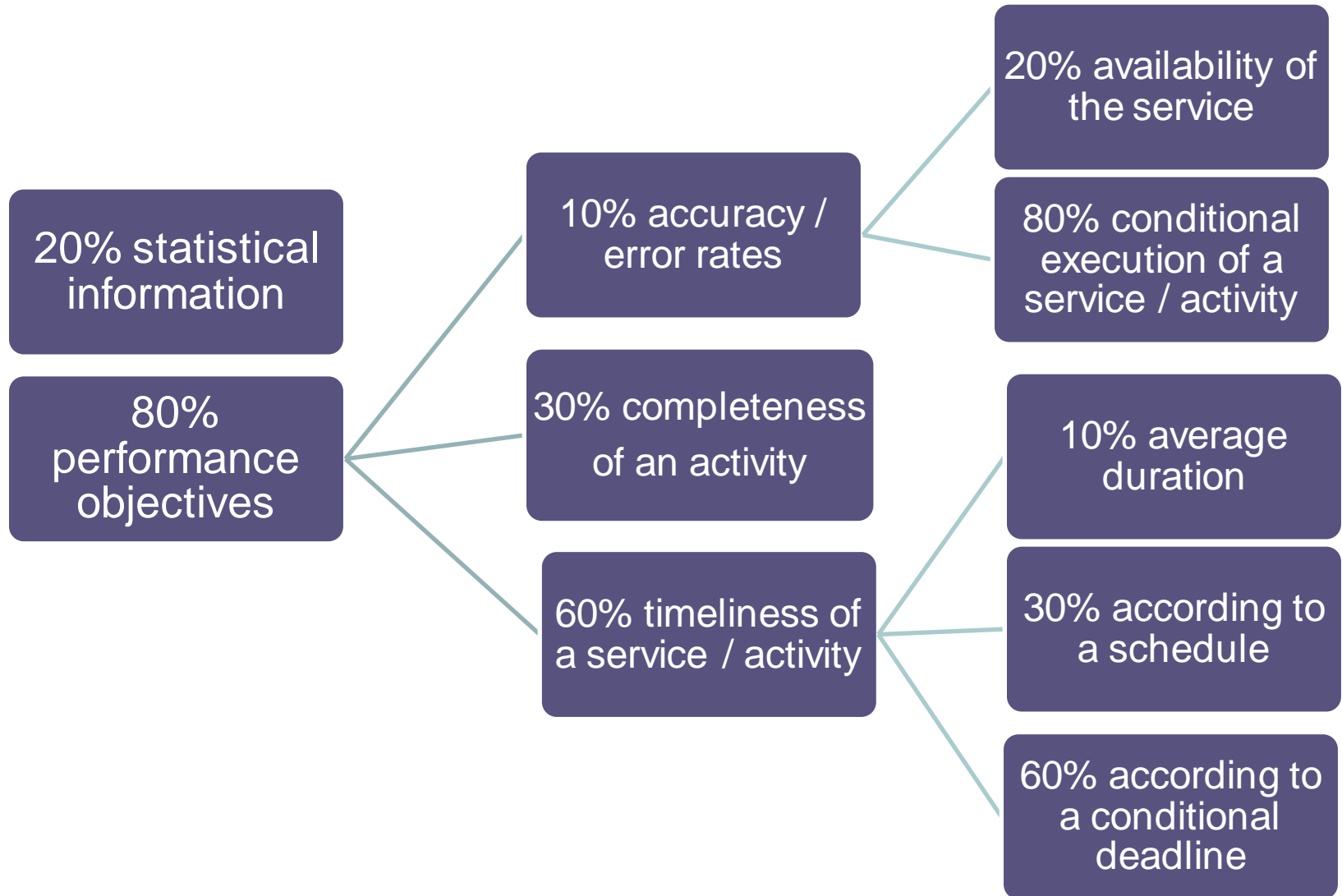


Best practices to implement oversight function

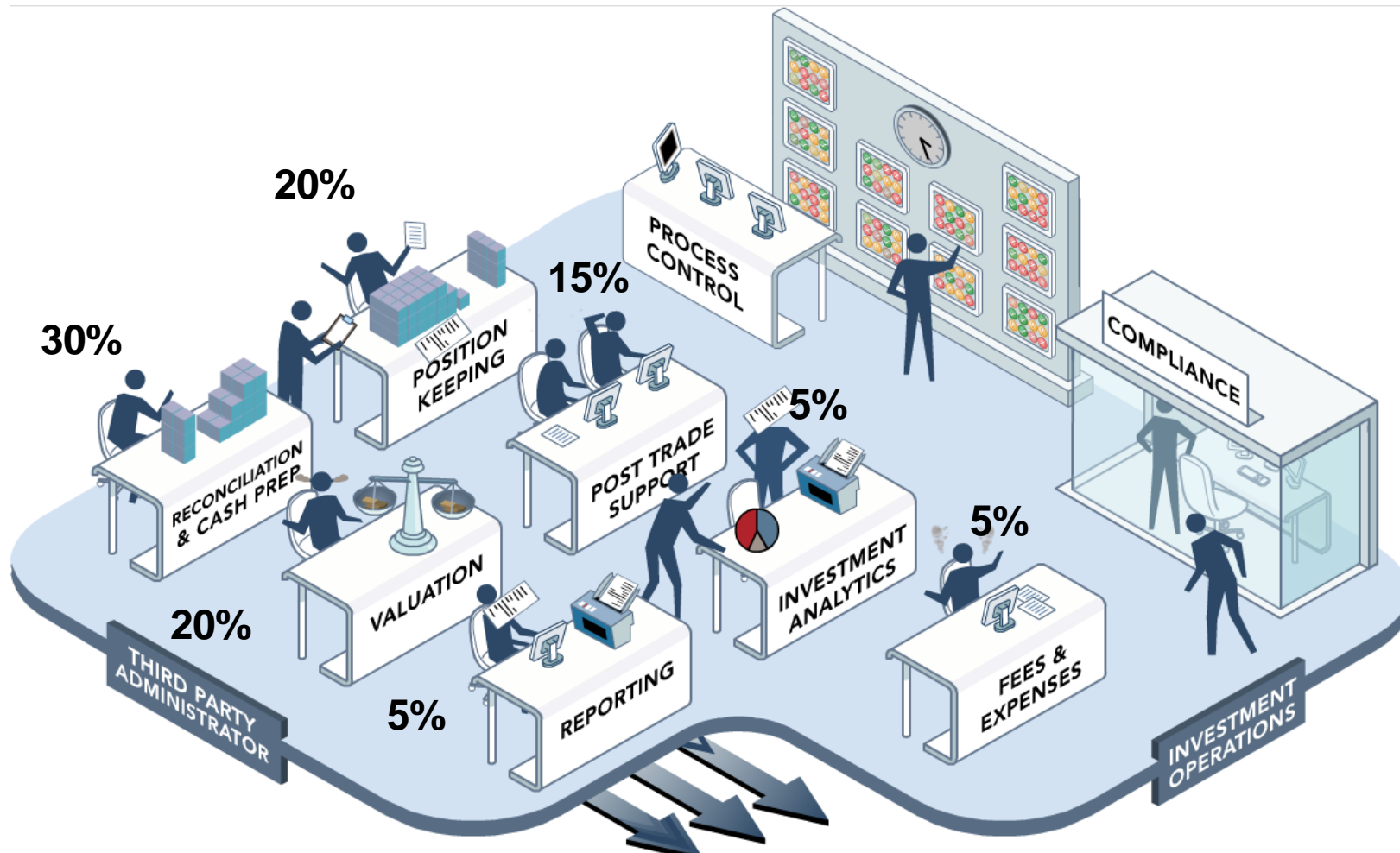


Source: Beacon Consulting Group, "Oversight: Getting It Right with Your Service Provider"

Nature of key performance indicators



A typical fund administrator and its departments



Other interesting feedback from market survey

- “Higher complexity and volatility are increasing the cost of operational errors. Data quality and process control are key to limit operational losses – and they can significantly reduce reported alpha .”
 - Global head of trading, large world-wide asset manager
- “The increased complexity drives the need for more quality in the operations as errors are becoming a significant cost. As a consequence there is more interest in operational risk management. “
 - CEO, U.K.-based consultancy firm

Operational risk management helps to protect the alpha

Alignment of operational risk management and process management technology

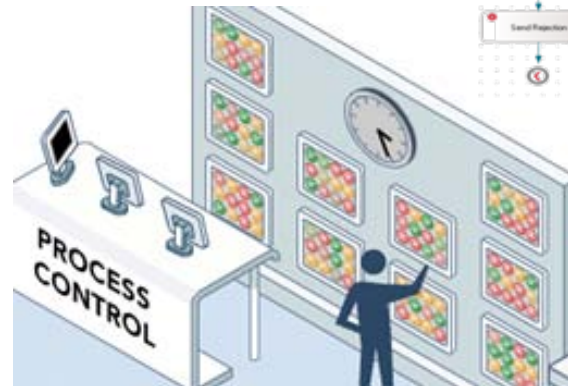
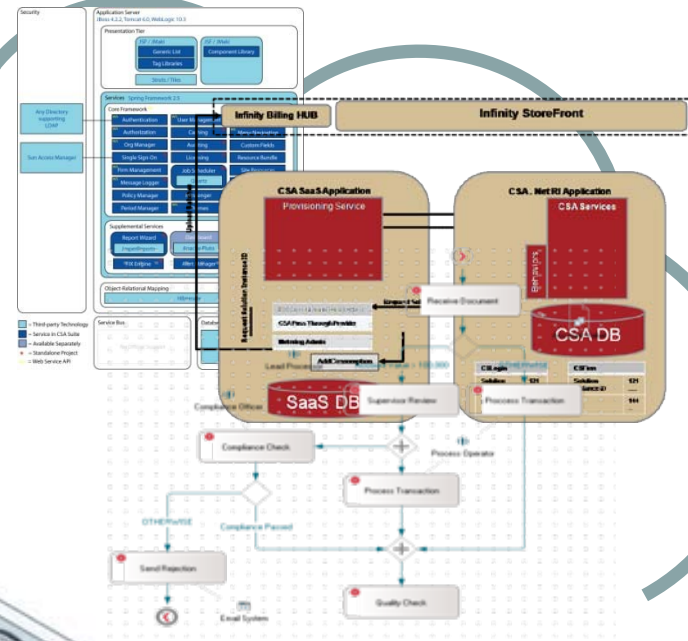
- Operational risk management is about managing the risk of losses resulting from failures of people, systems or processes
- BPM is about aligning the processes in an organization to maximize operational performance
- Aligning the two allows risk managers to advance from a statistical post event incident and loss management to a proactive prediction and management of risk
- The process context is very powerful information to the risk manager because it allows a better understanding of the correlation of loss events with particular business process patterns
- In addition, it is easier to comply with regulations and provide the transparency regulators are expecting today

Source: Victor Pennington, *OpRisk & Compliance*, August 1st, 2009

So, what did we do?

Requirements

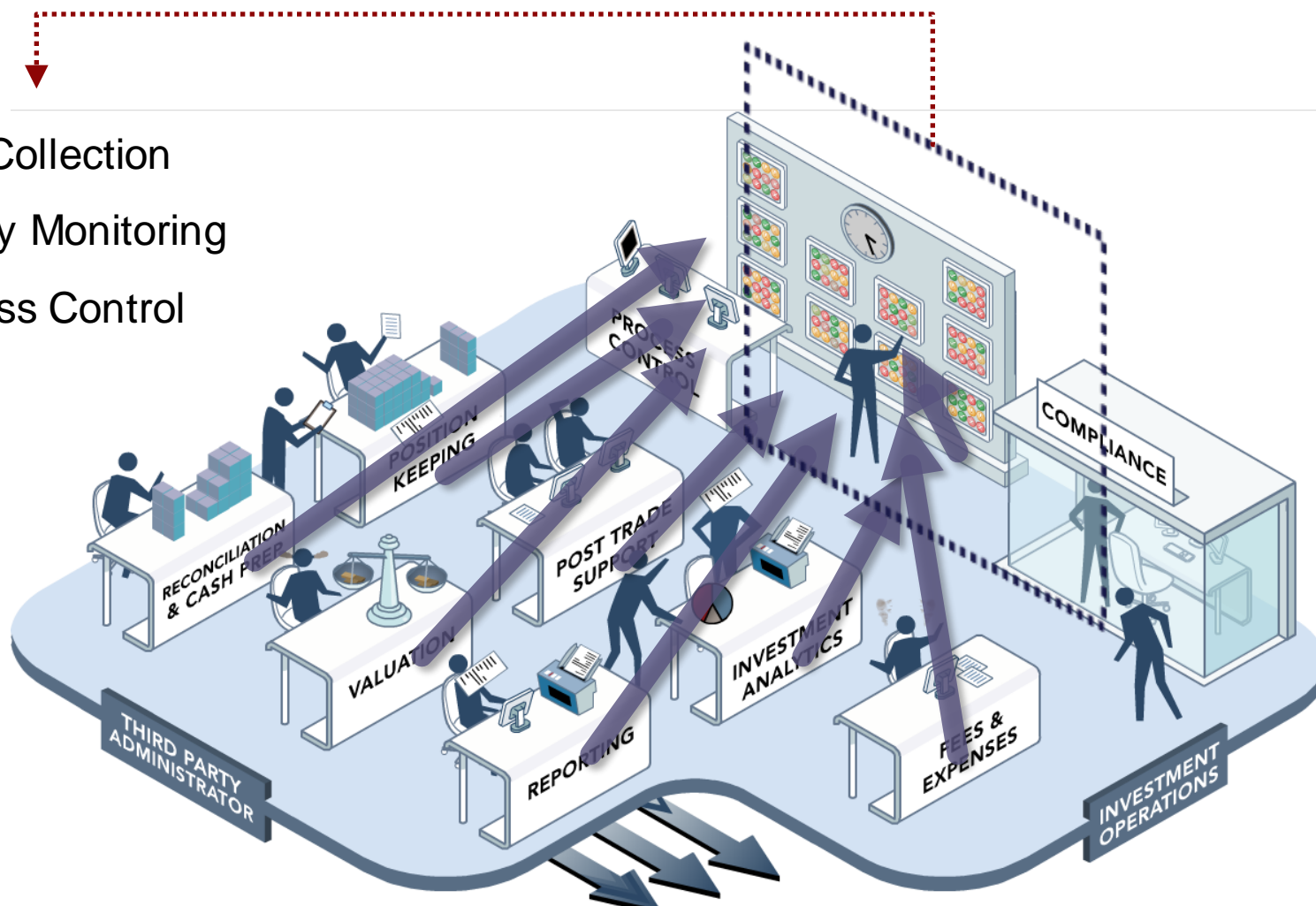
- Process-oriented
- Adaptable
- Allows for action
- Supports oversight function
- Works in highly distributed work environment



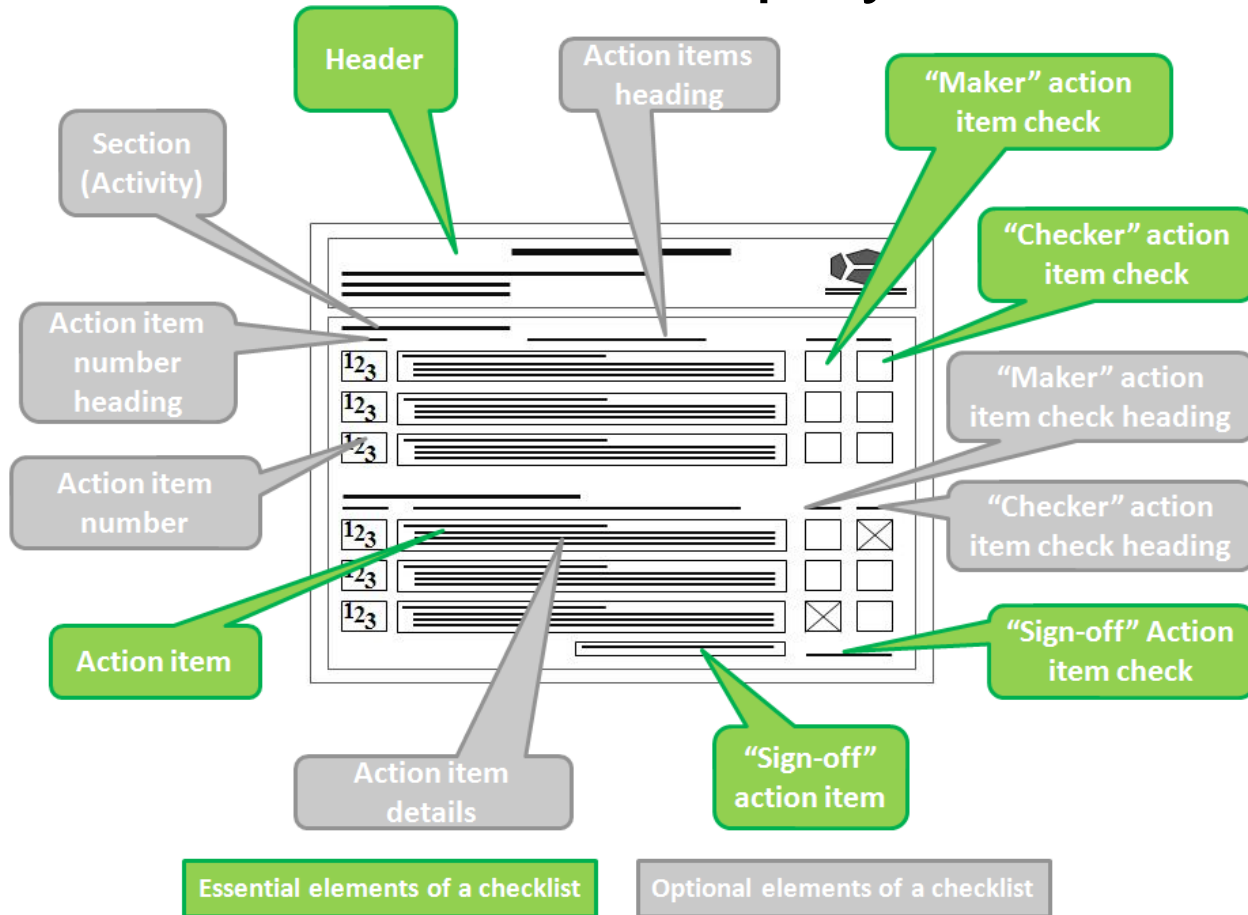
Control Center

Asset Arena Control Center: Enabling the Process Control department

- Data Collection
- Activity Monitoring
- Process Control



Checklists can be quite complex in structure – there are lots of elements to play with ...

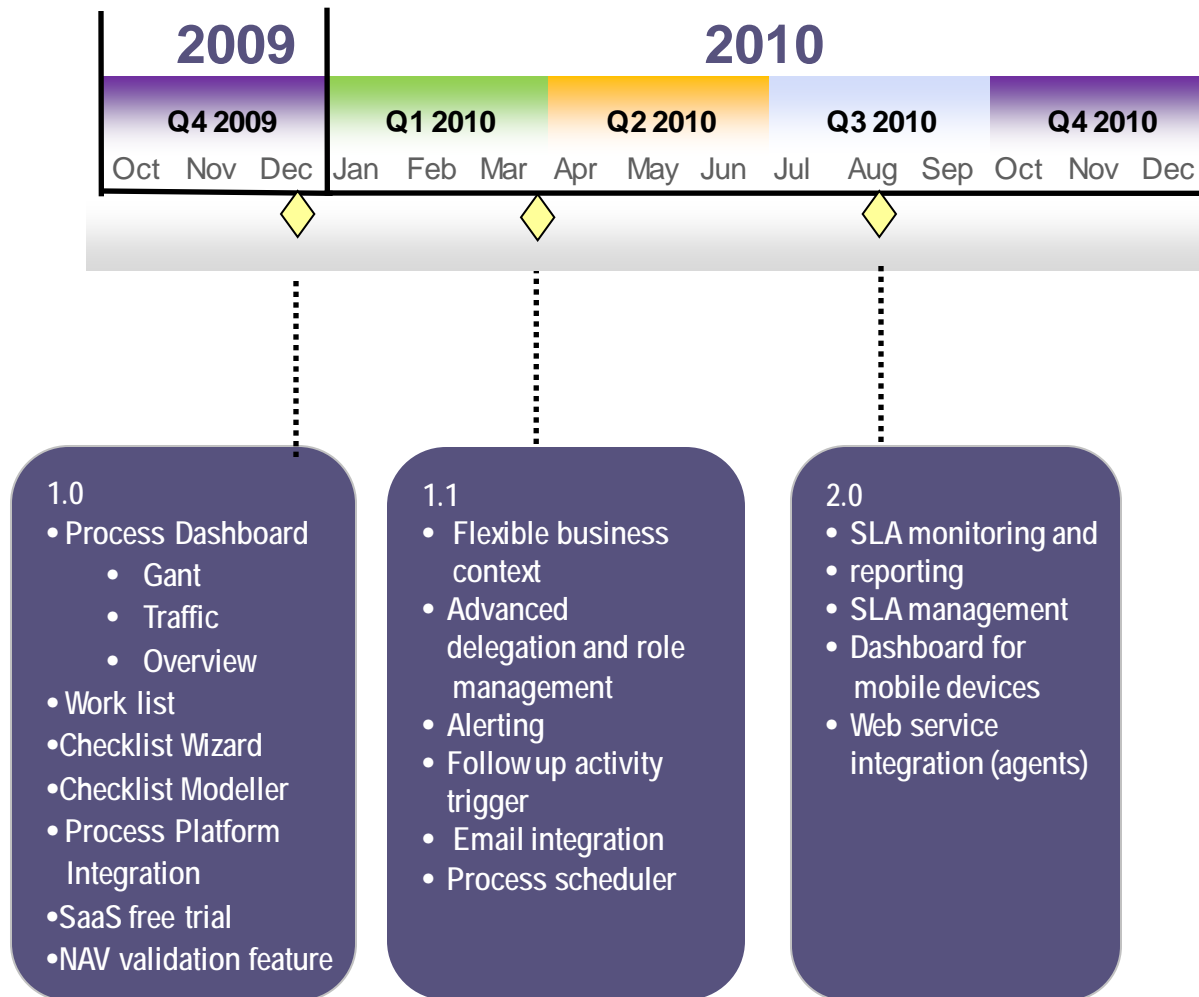


If customers create checklists on their own, they need some sort of built-in assistant to do the job... something like a *Checklist wizard*!

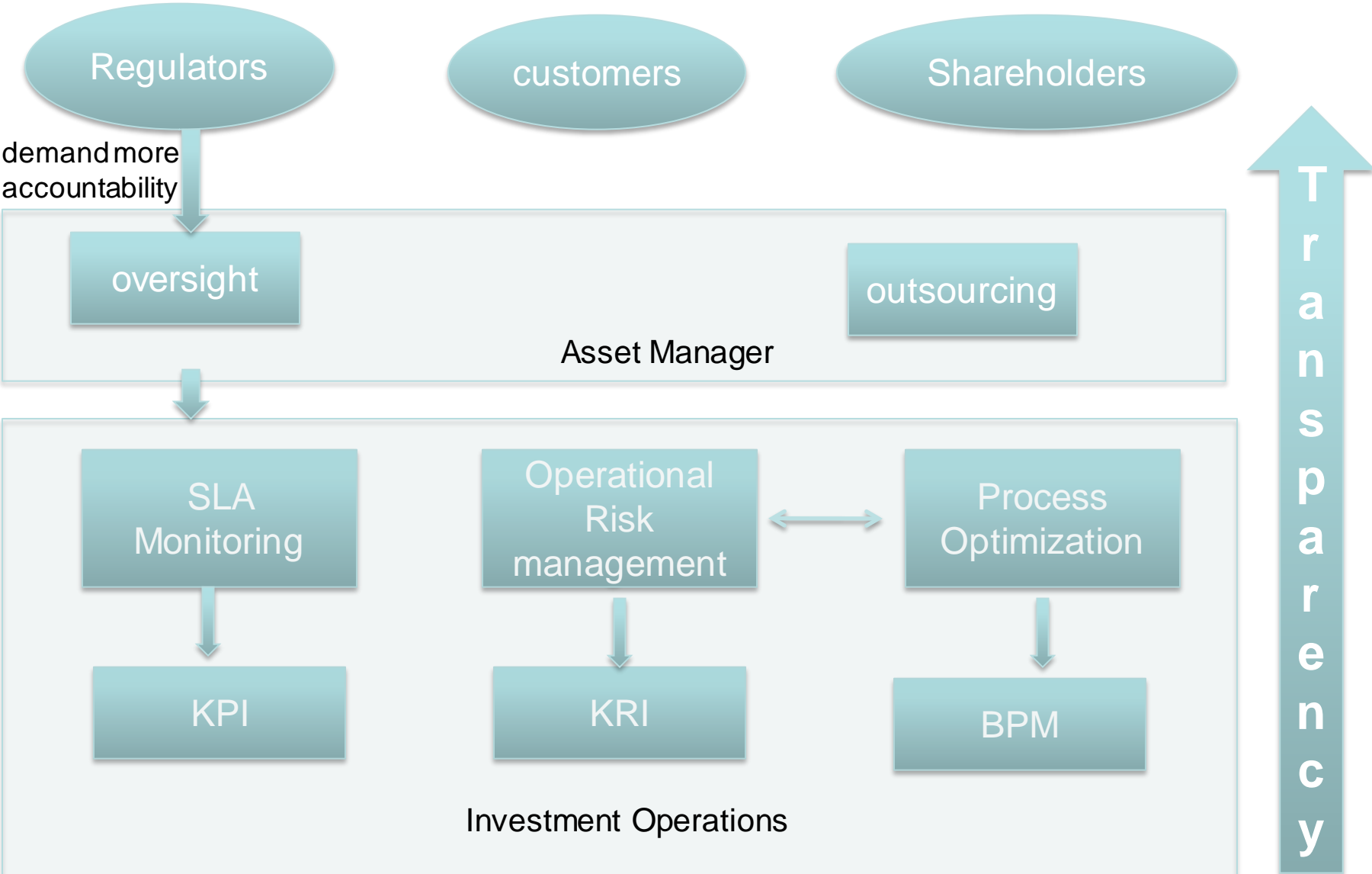


WebEx Demo

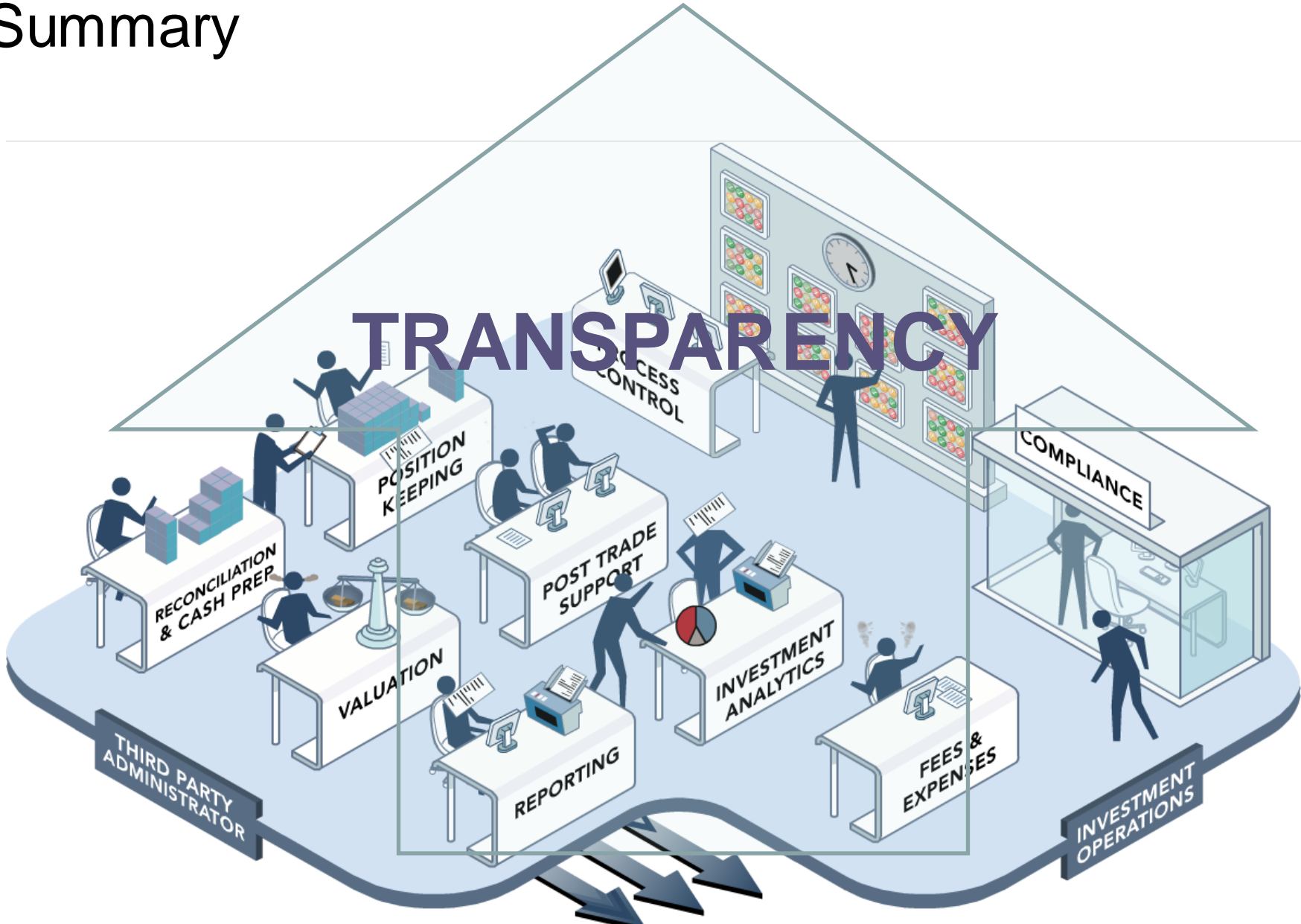
Preliminary Control Center Roadmap



Summary



Summary



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