

The benefits of business process automation

BUSINESS PROFILE

Irish Life Investment Managers (ILIM)

Irish Life Investment Managers (ILIM) is the investment management subsidiary of Irish Life & Permanent PLC

INDUSTRY

Investment Management

PROGRESS SOFTWARE PRODUCTS

Orbix®

BENEFITS

- > Improved customer service
- > Improved process efficiency
- > Higher analytical accuracy
- > Complete data integration
- > Portable solution

CASE STUDY

IRISH LIFE INVESTMENT MANAGERS

Irish Life Investment Managers (ILIM) is the investment management subsidiary of Irish Life & Permanent PLC. Based in Dublin, Ireland, ILIM provides a full range of investment products to meet its client's requirements, including investment funds, pension funds, and savings plans. ILIM manages assets of around 15 billion euro, with pension funds representing over 50% of this figure. In excess of 4.2 billion euro is managed on an indexed basis. ILIM has been using Orbix in production for 3.5 years, having spent one year prior to that implementing an infrastructure and the first Orbix-based application.

THE NEED FOR PROCESS CONTROL

ILIM responded to the changes in the Fund Management business with a fundamental redesign of its investment strategies. Having made the decision to change its investment process, it was important to have consistent systems in place to support the process, to ensure it was repeatable and to automate the potentially time-consuming, labor-intensive, and inefficient tasks. In addition, the Fund Management business is becoming more global in scale and margins are dropping. The previous process was supported by various third-party and EUC-type applications, which had issues with disparate data sources and a lack of automation and scalability.

"To address the challenge of process and scale, we had to automate our Fund Management processes and become more volume indifferent. In addition, management of data and its quality had emerged as a critical issue for the Fund Management business and we saw it as a key to achieving discipline and control in our processes and an enabler for straight-through-processing," said Colin McCarthy, ILIM Technical Architect.

AN INTEGRATED, STRAIGHT-THROUGH PROCESS

There were three major criteria for the process: it had to integrate all parts of the front-office process; the solution needed to be volume indifferent; and there had to be one central data store. The solution needed to automate all the labor-intensive and errorprone aspects of the Fund Management process.

ILIM's solution was to integrate all its existing front-office processes into a series of decision support systems. The new process took away the inefficiencies and limitations of the previous investment process and means ILIM's staff are able to use more of their time to apply their expertise to their clients' needs.

The process has many parts to it and links the activities of many teams across the business:

- > It is an iterative process and the first step involves updating the central database with data from sources such as Bloomberg and FT ExShare on a nightly basis.
- > A team of Research Analysts, who are experts in various industry sectors, then identifies potential investment opportunities and, based on their knowledge and some proprietary ILIM algorithms, they recommend that various assets be bought or sold via a “recommendations update” system.
- > These asset recommendations are fed into the Portfolio Construction system along with various other inputs such as client mandate requirements and benchmark details, which the Portfolio Construction team uses to optimize the funds that they manage.
- > The fund optimization process then generates a series of suggested buy and sell orders which, if accepted by the Portfolio Construction expert, will automatically feed through to the Order Management system for the centralized dealing desk to manage. This system allows the dealers to plan the way the orders are to be dealt and to track their progress until they are completed.
- > The system then generates deal execution details for input into third-party back-office systems that enable automatic confirmation of deals.
- > Funds are then repriced overnight based on the details of the previous day’s deals.

From the nightly data feeds, to the final execution of the transaction on the Stock Exchange, all the steps of the process are completely integrated. Updated fund positions are then viewable by the appropriate people across the enterprise using the Portfolio Position Keeping system.

“Automating the business process has enabled us to achieve much of the volume indifference we sought. The improvement in operating efficiency means we can now take on more clients, optimize our funds more efficiently, and achieve straight-through-processing from the front to the back office to a level that was never previously possible,” said McCarthy.

THE BENEFITS OF A STANDARDS-BASED SOLUTION

Initially ILIM was considering implementing a COM solution, but decided that CORBA matched exactly its three main requirements:

- > ILIM wanted a three-tier solution – presentation, middle, and data tiers.
- > The solution had to be standards-based.
- > ILIM wanted to build a library of business logic that could be reused by other applications.

Once ILIM decided to use CORBA, Progress Software was the obvious choice due to its expertise and dominance in that space.

“The nature of the Fund Management business was changing to become more process-based and disciplined. ILIM responded to this with a fundamental redesign of our investment strategies. We needed to eliminate duplication and reconciliation of data and the problems caused by disparate and inconsistent data sources. We wanted a solution that would transform the business data from a problem to an asset that could be harnessed.”

Colin McCarthy
Technical Architect
Irish Life Investment Managers

“We chose CORBA because it was a scalable, non-proprietary and open standards-based architecture that allowed us to distribute our multi-tiered applications on multiple operating systems. CORBA was an emerging technology at that time for which skills were available in Ireland. We went with Orbix as our CORBA implementation because Progress Software was the leader in the CORBA space at that time. Progress Software’s (IONA Technologies acquisition) Irish background had an impact on the decision too.”

This standards-based solution allowed ILIM to offer an additional service to its clients. The Portfolio Position Keeping System, an internal business intelligence tool, was very well received within ILIM. ILIM decided to offer this service to their clients over the Web so they could look into ILIM and watch their funds being managed. The standards-based architecture allowed all the server-side code to be reused to communicate with a lightweight Java ORB. As Orbix is CORBA 2.4 compliant, it integrated seamlessly with the Java ORB. ILIM is able to offer this service to its customers quickly, as the development time was reduced significantly due to the amount of code reuse. This system is being rolled out to major clients.

REAPING THE REWARDS

By automating the time consuming aspects of the process, ILIM has been able to decrease the transaction time from research to deal execution. This is the volume indifference they sought. ILIM’s process is no longer a limiting factor in the amount of business it can handle.

The integration that ILIM has achieved has allowed for a single data repository. There is no problem with synchronizing disparate data sources. There are now multiple applications working from a single database that gives consistent views of individual data items across the business. All customer-facing staff now have access to current, accurate data with which to give their clients a higher level of service than previously possible.

The standards-based CORBA solution that ILIM has implemented has already benefited its business. ILIM has been able to offer its clients their own web view of their funds being managed within ILIM. CORBA allowed ILIM to develop this new service faster and at a lower cost than with other technologies.

“Our vision was to implement a single data and application architecture and so, for the first time, we could share a common database across multiple applications, and separate data from logic and presentation. Middleware from Progress Software was the enabler to achieving this vision,” said McCarthy.

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ABOUT PROGRESS SOFTWARE

Progress Software Corporation (NASDAQ: PRGS) provides application infrastructure software for the development, deployment, integration and management of business applications. Our goal is to maximize the benefits of information technology while minimizing its complexity and total cost of ownership. Progress can be reached at +1-781-280-4000.

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