

# Success story

## *Building a large scale independent investment account platform*

### **Banking and securities services, Enterprise Partnership**

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#### ***The business challenge***

In a highly competitive environment, financial institutions have been looking for ways to drive their efficiency and focus on product innovation and customer service – something that can only be achieved through economies of scale.

One such bank, that sought to consolidate and focus on process efficiency, recognised the need for a single platform for the back-office processing of large European retail investment banks. However, they required expertise in how to make this happen.

#### ***The requirement***

Market participants had been looking for a neutral provider who could drive economies of scale, but would not pursue any company or product interests. It was vitally important that the neutral provider would be fully focused on operational and cost efficiencies whilst ensuring an exceptional quality of service.

#### ***Why Xchanging was chosen***

Xchanging's goal in the European financial market was to be the neutral provider of choice for retail investment account management services – a provider that can generate third party sales in the European asset management community and actively drive the consolidation of the market.

With a proven track record in both lean processing and the financial services industry, Xchanging was perfectly positioned to build a strong market platform. Xchanging was able to play an active role in the consolidation of the retail investment account management market, whilst remaining neutral and concentrating on service delivery.

#### ***The solution***

In 2007, Xchanging launched an Enterprise Partnership (EP) with its partner in retail investment account management. The EP took the partner's existing back-office function (including people, buildings, IT and processes) and combined this with Xchanging's world-class knowledge of back-office process optimisation.

Xchanging took operational control of the EP and instilled its service-driven culture and methodology in order to optimise operations and to embed the entrepreneurial thinking that drives growth through sales. Neutrality in the market ensured that banks in the market were happy to use the EP as a processing platform of choice.

The EP board focused on expanding its business with independent financial advisors and broker pools. This targeted selling strategy, coupled with quality service, helped to strengthen and grow the position of the EP, and develop the partnership into the high-capacity, neutral provider in retail investment account management that the market required.

#### ***The benefit***

Xchanging delivered a number of clear benefits to the partner including:

- an efficient approach to production that optimised existing processes and delivered productivity improvements
- cost savings and service improvements throughout the life of the EP contract, as well as clearly defined service targets for each customer of the platform
- significant investment in process, service, quality and IT infrastructure and the delivery of multiple complex IT projects, including the implementation of a system to cope with new regional tax laws
- a management team trained by Xchanging's Lean Six Sigma team to identify both existing and future opportunities to drive process improvement and efficiency throughout the business
- the separation of the different elements of the back-office process in order to turn them into standard services that could be taken to market in a targeted manner
- a 50/50 share of the benefits derived from growing the partnership through third party business.

Since its launch in 2007, the partnership has successfully targeted additional investment account administration and generated third party revenue for its open architecture business.

Below are listed some key milestones:

- the acquisition by the EP of a financial institution. As part of the deal, the EP had the potential to take over all distribution partner contracts and over 400,000 customer contracts relating to the safekeeping and administration of investment fund accounts. The migration of the accounts onto the platform was successfully completed on time and on budget in April 2010
- the taking over of business-to-business investment account administration for a further three banks
- the signing of agreements with four additional distribution partners for its open architecture business.

At the launch of the partnership in 2007, the EP managed approximately 1 million accounts with an asset volume totalling almost €19 billion. By the end of 2010, the EP will be the largest independent investment account processing platform in its market – the EP will manage approximately 1.7 million investment accounts and a further €31 billion of assets under administration.

### ***About Xchanging***

Xchanging is one of the largest and fastest growing business processors. With a wide range of multinational customers in 42 countries and employing over 8,000 people, we are a truly global company. Our aim is simply to provide business processing services better, cheaper and faster.

### ***Contact us***

For further information or to discuss how Xchanging can help, please contact our Group Sales team.

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