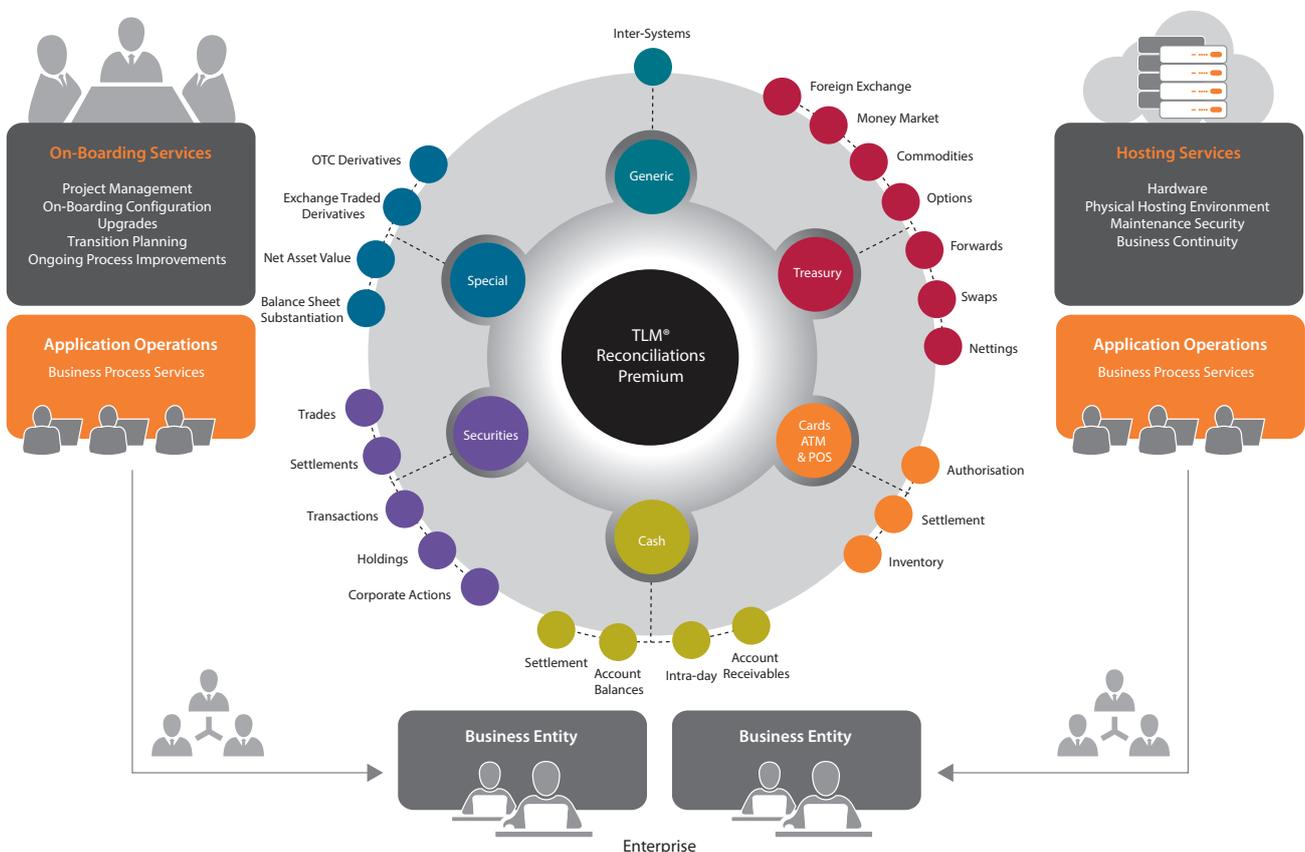


Centre of Excellence (CoE)

Overcoming the complexities of reconciliations processing with a Central On-Boarding Utility and a Managed Service Utility

In today's markets, financial institutions are obligated to perform growing volumes of reconciliations. These are becoming increasingly complex in nature, making processing more time-consuming and costly. Firms must meet this challenge if they are to avoid backlogs arising but

they need to do so without a significant rise in headcount or increased costs. One route financial institutions are exploring is the use of a managed service. This entails working in partnership with a vendor to whom all or part of the reconciliations handling process is outsourced.



In response to clients' needs, SmartStream has set up a Centre of Excellence (CoE), which offers two distinct services, a Central On-Boarding Utility and a Managed Service Utility.

The Central On-Boarding Utility

The CoE offers a reconciliations on-boarding service through its Central On-Boarding Utility (COU) team, aimed at enabling financial institutions to reduce the on-boarding time, as well as to manage the rising volume of reconciliations in the most efficient and cost-effective manner possible.

The COU team is equipped with SmartStream's latest TLM® technology and is staffed by highly experienced resources. These are drawn either from financial institutions or possess a vendor background. Highly trained personnel have in-depth knowledge of middle and back-office processes, as well as having extensive experience of TLM solutions.

COU staff's knowledge of TLM solutions is underpinned by continuous training: resources at the Centre of Excellence are always the first SmartStream employees to be trained in the use of the latest features in new releases. COU resources also have considerable experience of working with third party vendor products, for example, DataStage, Informatica, Business Objects and Crystal.

The COU team assists clients, once all requirements have been received, with the entire end-to-end process needed for a reconciliation to be deployed into production. This includes business analysis, documentation, data gathering, data loading, configuration, as well as support and testing. Its services can be provided on a one-off basis. Alternatively, the COU can continuously assist with the on-boarding of new and future reconciliations.

The COU is able to work with and communicate results to clients through a variety of means. For example, COU staff can work in a client's environment via remote access. Or, a company may prefer to have an identical image installed on the COU's site, which is then delivered back once the required work has been carried out. It is also possible for COU resources to undertake assignments on the client's site.

The COU has experience of working with multiple products and clients. It is capable of handling any size of project and any type of financial institution, including Tier 1, 2, and 3 banks, buy-side (asset managers and hedge funds) and sell-side institutions. The COU regularly manages a wide spectrum of projects with a broad range of requirements, including OTC Derivatives, Exchange Traded, FX, MM, as well as traditional cash and assets.

Although the COU handles multiple clients, dedicated COU resources are available to work exclusively on a financial institution's account, depending on the agreement in place.

To further assist customers, the COU has a dedicated team available to work with clients on projects transitioning to SmartStream, whether those are legacy products designed by competitors or whether they are SmartStream applications.

The COU acts, in effect, as an off-site delivery arm for financial institutions. Its off-site locations, coupled with its technical expertise, are already conferring significant benefits on SmartStream's clients. These include measurable economic benefits: through the use of the COU's reconciliations on-boarding service – lowering implementation costs by up to 65 per cent.

Experience and multiple projects have allowed the COU to see commonality across processes and to build up a library of frequently used configurations across different reconciliations. This allows the COU to deploy reconciliations more quickly. The COU's expertise enables clients to make savings in other ways, too. If required, the COU will perform health checks, analysing client data and matching configurations in order to improve match rates. It is also able to undertake analysis to understand if clients have overcomplicated or misunderstood processes.

The COU team's capabilities extend beyond the handling of reconciliations. The team is able to deal with multiple products, having the resources and experience to support financial institutions' processing needs, covering cash and liquidity management and corporate actions.

Case Study

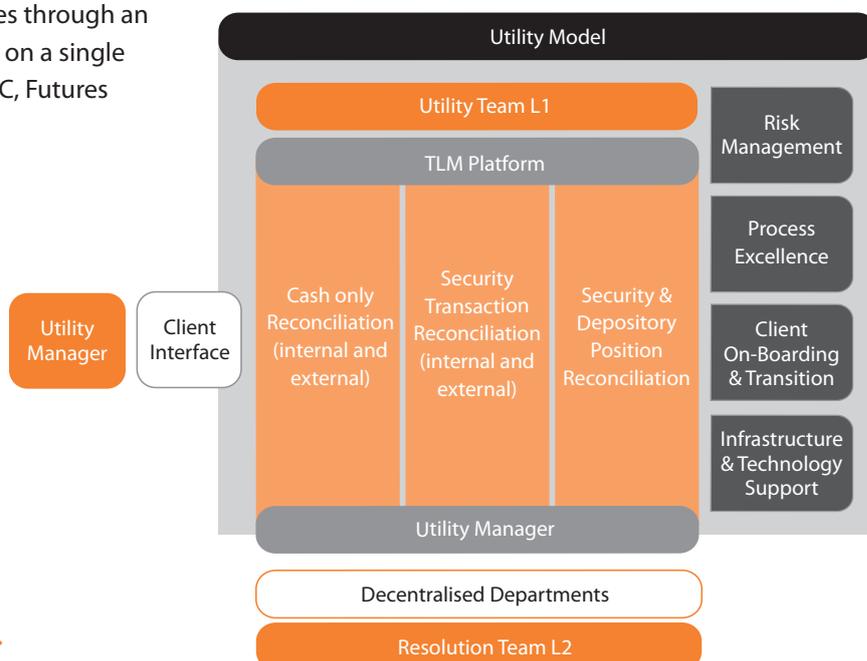
A Global Tier 1 financial institution is currently making use of SmartStream’s reconciliation on-boarding service. Through its involvement with SmartStream’s Central On-Boarding Utility, the bank has seen a number of benefits:

- ▶ Processing has become more efficient and, importantly, the bank has been able to improve customer service levels as it can now provide a greater depth of transaction details to clients, as well as lowering risk.
- ▶ More specifically, there has been an improvement in the bank’s auto-match rates in excess of 97 per cent. It has also increased its STP rates.
- ▶ Additionally, the bank has been able to move from positional reconciliations to transaction-based ones. It has also experienced reduced error rates.
- ▶ Critically, the bank utilised the centre’s analytical capabilities and, as a result of on-going analysis, the CoE was able to:
 - Demonstrate that flexible match rules enabled quick adjustments for faster on-boarding through the use of the latest technologies
 - Provide additional workflow-based auto-assignment which allowed more efficient exception and investigation handling
 - Reduce the company’s exceptions by 67 per cent
 - Help the bank achieve greater efficiencies through an extension to more complex instruments on a single solution. These included N-Way, ETD, OTC, Futures and NAVs

SmartStream’s Managed Service Utility

While a number of clients currently utilising Central On-Boarding Utility services have TLM solutions installed on their own sites, SmartStream recognises that there is a growing band of financial institutions that wish to access SmartStream’s technology as a utility. It also acknowledges that there is an increasing desire amongst financial institutions for a fully outsourced reconciliations processing service. To this end, SmartStream has created an offering which provides access both to its reconciliations processing technology as a utility, and a full end-to-end managed service. The offering is known as the Managed Service Utility.

Delivered by SmartStream’s CoE, the Managed Service Utility encompasses faster reconciliations on-boarding, which provides market-leading reconciliation and exceptions management functionality. It covers the entire, end-to-end reconciliations process, including the hosting of the TLM solutions within SmartStream’s on-demand offering, monitoring of the environment, loading of data and ensuring auto-matching is completed within agreed SLAs, as well as performing manual matching and break resolution.



The managed service operates on a multi-tenant basis, with a single platform utility per client. SmartStream offers resources dedicated to individual clients, plus common support teams – shared across clients – as well as utility managers and supervisors, arranged by reconciliation type.

The benefits of a utility approach

SmartStream's managed service utility offers a number of major benefits. Organisations can access the service on a utility basis with minimal upfront implementation cost and time. For firms looking to control overheads and respond rapidly to incoming regulatory requirements, this confers an important advantage.

Highly trained resources at SmartStream's CoE are responsible for overseeing every aspect of the managed service, therefore reducing the management burden while, at the same time, ensuring operational excellence. The service offers risk mitigation, continuous process improvement, scope across business lines and geography, as well as providing clients with access to optimal infrastructure and technology. It is a highly competitive offering, and very different to the 'bodies with expertise' approach taken by some organisations operating in this area.

Looking to the future, and in response to our clients' requirements, SmartStream will be extending the remit of the CoE's managed service to include not only reconciliations processing but other important activities such as corporate actions processing and cash management.

Case Study

One example of the new breed of customer looking to access TLM reconciliations technology on a utility basis, and to take advantage of the managed service offered by the CoE, is a well-known, global broker.

Following regulatory focus on brokerage clearing and execution, the broker chose SmartStream's TLM Reconciliations Premium and TLM SmartRecs solutions for its internal and external brokerage, and ETD reconciliations. TLM Reconciliations Premium was selected for use across a number of departments to deliver the additional risk and control points made necessary by incoming regulatory requirements.

The broker, which was already working with SmartStream, using the company's TLM Transaction Fees Invoice Management service for its brokerage payables, reviewed existing internal and competitor offerings but decided that the combination of TLM Reconciliations Premium and TLM SmartRecs provided the best way forward. Speed, knowledge and turnaround capabilities, along with a lower total cost-of-ownership, made TLM Reconciliations Premium a clear choice. The solution is being delivered as a managed service, allowing the client to gain access to the system and directly on-board their reconciliations.

About SmartStream

SmartStream provides Transaction Lifecycle Management (TLM®) solutions and Managed Services to dramatically transform the middle and back-office operations of financial institutions. Over 1,500 clients, including more than 70 of the World's top 100 banks, 8 of the top 10 asset managers, and 8 of the top 10 custodians rely on SmartStream's solutions.

SmartStream delivers greater efficiency, automation and control to critical post trade operations including: Reference Data Operations, Trade Process Management, Confirmations and

Reconciliation Management, Corporate Actions Processing, Transaction Fees Invoice Management, Collateral Management, Cash & Liquidity Management and Compliance Solutions. Used independently or as a suite of solutions and services, clients gain a lower cost-per-transaction whilst reducing operational risk, aiding compliance and improving customer service levels.

For more information about SmartStream visit:
smartstream-stp.com