SimCorp Dimension – New Developments

Marc Schröter, Senior Vice President, Strategic Research
Agenda

- Strategic Product Development in SimCorp
- SimCorp Dimension Enterprise Solution
- New Developments
  - Master Data Management
  - Corporate Actions
  - Collateral Management
  - Client Reporting
  - New Front Office
Strategic Research – Domain Based Organisation

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Strategic Product Development Approach

Client requests
Legislation
Market trends
Competitors
Consultants

Domain Strategies

Product Roadmap

Product Development
Strategic Product Development Approach

Strategic Research

- Domain based organisation
- 13 Domains with 34 employees in total
- Responsible for Domain Strategies
- Collect and develop business requirements with clients
- Communicate requirements to developers
- Roll-out new functionality
- High market and product expertise
- Global organisation with experts in DK, BE, UK and US
- Typical Domain Manager profile
  - 10+ years seniority in the industry within the domain
  - Background from client, competitor or SimCorp
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  - New Front Office
SimCorp Dimension Enterprise Solution

- Front, Middle, Back office functionality
- Full asset class coverage
- Modularised
- Truly integrated, one database solution
Agenda

Strategic Product Development in SimCorp

SimCorp Dimension Enterprise Solution

New Developments

- Master Data Management
- Corporate Actions
- Collateral Management
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SimCorp Dimension Master Data Management

- **Full asset class coverage**
- **Modularised**
- **Front, Middle, Back office functionality**
- **Truly integrated, one database solution**

**SimCorp Dimension**

- Portfolio management
- Trading
- Compliance
- Settlement
- Accounting
- Risk management
- Performance
- Fund accounting
- Reporting

**Operations and integration tools**

- Business logic, derived data, workflow management
- Financial instruments and enterprise data

**Master Data Management**

- Current focus area for financial industry
- Pre-condition for all risk mitigation initiatives
- Poor data increases operational risk and causes inefficient processes

- Modularised
- Truly integrated, one database solution
New Master Data Management module in SimCorp Dimension via partnership with AIM Software

- Wide range of maintained data vendor interfaces
- Data scrubbing functionality to achieve Golden Record
- Corporate actions as well as static, reference and market data
- Two-way integration between SimCorp Dimension and AIM

More efficient processes and reduced operational risk
Reduce complexity of data vendor connections
Flexibility to choose among wide range of data providers

Data vendors:
- Thomson Reuters
- SIX Telekurs
- Bloomberg
- Moody’s, S&P, ...

Data feeds:
- Corporate actions
- Static data
- Reference data
- Market data
SimCorp Dimension Corporate Actions

SimCorp Dimension Corporate Actions Management
- Often manual process due to complexity
- High level of operational risk
- Standards in process of being adopted (SWIFT)
- Relies on high quality master data

Operations and integration tools
Business logic, derived data, workflow management
Financial instruments and enterprise data

- Front, Middle, Back office functionality
- Full asset class coverage
- Modularised
- Truly integrated, one database solution
Corporate Actions Workflow

- Automated straight-through-process
- Increased accuracy of notifications
- Elections and re-elections based on live holdings

Instruction only apply to elective corporate action events
Counterparty risk mitigation – Collateral Management

SimCorp Dimension

- Portfolio management
- Trading
- Compliance
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- Accounting
- Risk management
- Performance
- Fund accounting
- Reporting
- ... (Continued)

Operations and integration tools

Collateral Management
- Collateral to mitigate counterparty risk
- New standards being introduced (ISDA)
- Buy side need for increased efficiency

- Full asset class coverage
- Truly integrated, one database solution
Enabling efficient and integrated collateral process

- Legal Agreements
  - Contracts covered & collateral accepted
  - Haircuts / valuation agents
  - Interest rates, minimum transfer amount

- Integrated solution – based on live holdings

- Advanced rules for automation

- Valuation of advanced instruments

- Rules and eligibility
- Forecast
- Instructions

- Process
- Reconcile
- Account

- Select / book collateral
- Manage collateral calls

- Trades / contracts
- Valuation
- Existing collateral

- Call / process incoming, cut-off times
- Confirm with counterparty
- Manage disputes

- SimCorp
Client and Fund Reporting

SimCorp Dimension

- Front, Middle, Back office functionality
- Full asset class coverage

Operations and integration tools
- Business logic, derived data
- Financial instruments

Client and Fund Reporting
- Pressure for increased transparency and information
- Client servicing to get competitive edge
- Increased efficiency and less operational risk by automation

- Truly integrated, one database solution
Automated process to increase efficiency

Integrated system, easier validation and reconciliation, reduced operational risk

Improved client servicing by high quality reports and efficient distribution
New Front Office

- Asset Managers with outsourced back office
- Increased control over trade executions by buy-side
- Risk mitigation with pre-trade compliance

Operations and integration tools
- Business logic, derived data, workflow management
- Financial instruments and enterprise data

- Front, Middle, Back office functionality
- Full asset class coverage
- Modularised
- Truly integrated, one database solution
Key strategic objectives

- Responsiveness ✓
- User interface ✓
- Functionality ✓

A strategy aligned across all Front Office domains
New Front Office solution offering – the facts

- Clear prioritisation in terms of **speed**, **usability** and **workflow** to achieve set goal
- Complete re-design of overall architecture – introduction of dedicated data layer
- Data preparation to improve responsiveness substantially and online updates due to use of dedicated server
- Re-design of workflows enabling dedicated user roles to work in a new, intuitive and fast environment

- **Portfolio Manager** = “Asset Manager” (AM)
- **Trader** = “Order Manager” (OM)
- **Compliance Officer** = “Compliance Manager” (CM)
Compliance Manager

- Rules
- Post-trade Monitor
- Pre-trade Monitor
- Alerts
- Validation Groups
- Dashboard

- Intuitive
- Efficient
- Comprehensive
The Asset Manager – one complete view

Decision support

Portfolio construction

Processing

Information tools

Graphical dashboard

Historical browsing

Performance

SimCorp
The Asset Manager

High performance

Streamlined workflows

Powerful rebalancing and construction tools

Pre-trade compliance fully integrated

Designed specifically for the Front Office
Order Manager

- High performance
- Intuitive and easy to use
- Integrated solution
- Cross asset
- Electronic trading
- Execution capabilities
- Compliance
Summary – new functionality as response to market challenges

**Operational risk**
- Master data management
- Corporate actions golden record
- Pre-trade compliance validation

**Efficiency**
- Automation of corporate actions
- Electronic trading
- Rebalancing and portfolio construction

**Counterparty risk**
- Collateral management

**Transparency and information**
- Client and Fund reporting