SimCorp’s Capital Markets Day

June 11, 2014

New York
Agenda

1. SimCorp’s Strategic Focus
2. Update on SimCorp in the North American Market
3. Strategic Road-map for SimCorp Dimension
4. The Future of SimCorp’s ‘Service Offerings’
5. State-of-the-Art Reporting
6. The Global Investment Management Industry and IT platforms
SimCorp’s strategic focus

Klaus Holse, CEO
Vision

“SimCorp is the most attractive partner to investment managers and the number one provider of investment management solutions globally.”
Keep it simple

One Product

Clean balance sheet

Disciplined expansion
Equipos acquisition

- Founded 1999 by Damian Bryan and David Broadfield
- Revenue 2013 ≈ GBP 5.5 m
- Employees ≈ 50
- Best-of-breed product in reporting area
  - Equipos Coric
  - Coric Web Reporter
  - Coric KIID
- SimCorp partner (Report Book Manager, since 2005)
Rationale behind the acquisition

- Technology acquisition to complement SimCorp Dimension in an important area, where investment managers’ spending is growing significantly
- Coric is a “best-of-breed of product”, well established
- Full ownership allows SimCorp to influence R&D strategy and to secure high quality service for SimCorp clients
- Interface already established, no R&D investments necessary and no further technical integration into SimCorp Dimension planned
- Product will be sold as an integrated part of SimCorp Dimension (Report Book Manager) and standalone
- To utilize Equipos’ position in the top tier asset management segment to establish cross-selling opportunities
Trends in the market

AUM ↑
Fees ↓
Cost ↑
Profits ↓

Activity level
Six market units
Update on SimCorp in the North American Market

Kenneth Hune Petersen, Acting Sales Director, SimCorp USA Inc.
Agenda

1. Bio
2. The North American Market
3. The North American Sales Organization
4. The Pipeline
Bio: Kenneth H Petersen

• Employed at SimCorp in 1997
• Establishing of SimCorp Sweden in 1999
• Head of Sales, SimCorp Nordic 2003
• Started up SimCorp Dimension Sales in NA 2004
  • 21 Clients
  • USD 77m in License Base
  • 16 FTE in SimCorp NA Sales
SimCorp

The North American Market
Market Potential
## Portfolio Management Systems spend

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<td>33</td>
<td>35</td>
<td>37</td>
<td>39</td>
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Note: E indicates estimated values; P indicates predicted values; CAGR: compound annual growth rate.

Source: CEB Tower, 2014
To make the correct paragraph headlines: choose bold, in order to make it stand out.

To add bullets (use only Home/Paragraph/Increase Decrease or use the sensitive shortcut menu that appears above highlighted text when you move the cursor upwards.

To remove bullets: Use backspace.
SimCorp

The Sales Organization
SimCorp North America at a glance

North American HQ (New York)

Los Angeles office

SimCorp Canada (Toronto)

2000
1,000+ users across 21 clients

2006
120+ FTE in North America

2010
Focus on the right Opportunities

Coming together is a beginning.
Keeping together is progress.
Working together is success.

- Henry Ford
The Sales Factory

Marketing

Universe Stage 10 Stage 15 Stage 20 Stage 30 Stage 40 Stage 50

Business Developer Sales Manager

To make the correct paragraph headlines: choose bold, in order to make it stand out.

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remove bullets: Use backspace.
The Sales Factory

Building the Pipeline together as a Team

Sales Manager

Marketing

Universe Stage 1 Stage 2 Stage 3 Stage 40 Stage 50
We have the same Team as in 2012

USD 20m closed in 2012
We have the same Team as in 2012

USD 20m closed in 2012

With the right focus, we can do it again ....
We are getting back on track

- Focus on the right tasks and opportunities
- We are working as a Team again
- The Team is top motivated
- We have done it before and we can do it again
The Pipeline

• Good inflow of new opportunities
  • IBOR is high on the agenda
  • Consolidations of systems
  • Replacement of Legacy Systems

• The near term pipeline is less advanced than we had planned for
• The pipeline looks solid for 2015
Strategic Roadmap for SimCorp Dimension

Marc Schröter, SVP, Product Management
Buy-side Asset Management Market

Solutions for

- Asset Owners, Asset Managers and Asset Servicers
- Main operating models
- Top market tiers

In-house operations versus outsourcing

In-house

Outsourced

Asset owners (Pension, insurance, sovereign wealth, endowments...)

Asset managers (Institutional, retail funds, hedge funds...)

In-FO investments

MO investment

MO investment

BO administration

Outsourced

- ALM / Asset allocation
- Investments decisions
- Order execution

- Data management
- Investment controlling
- Reporting

- Transaction processing
- Asset services
- Investment accounting

- Fund administration
- GL accounting

Asset servicers (TPAs, custodians, fund administrators...)

Significant growth opportunity
- less than 15% market share in most segments

~14% market share
Universe of ~1200 institutions

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<th>Geographies</th>
<th>% of total market</th>
<th>SimCorp market share %</th>
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<td>North America</td>
<td>41%</td>
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<td>Europe</td>
<td>50%</td>
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<td>Total</td>
<td>100%</td>
<td>14%</td>
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<table>
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<th>Segments</th>
<th>% of total market</th>
<th>SimCorp market share %</th>
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<tr>
<td>Asset Owners</td>
<td>27%</td>
<td>18%</td>
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<td>Asset Managers</td>
<td>55%</td>
<td>12%</td>
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<td>Asset Servicers</td>
<td>2%</td>
<td>15%</td>
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<tr>
<td>Other</td>
<td>16%</td>
<td>13%</td>
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<tr>
<td>Total</td>
<td>100%</td>
<td>14%</td>
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SimCorp Dimension Solution Portfolio

- Front, middle and back office operations
- All asset classes and instruments
- One BoR across front, middle and back office
- One security master file
- One valuation and key ratio model
- Integrated workflows
- Modular
- Integration and reporting capabilities
Research and development

- **R&D Staff**
  - Product Management: ~40 employees
- **R&D Staff**
  - Development & Test: ~500 employees
- **Annual R & D spend**: 45+ mEUR
- **37% of employees working in R & D**

![Pie chart showing R & D allocation]

- Front office; 30%
- Middle office; 10%
- Back office; 35%
- Tech platform; 15%
- Instruments; 10%

Asset Management system infrastructure

Counterparties and market infrastructure

- Brokers
- Trading platforms
- Confirmation platforms
- Custodians
- Regulators

Market data

- Exchanges
- Market Data vendors
- Service providers

Operational functions (Assets)

- Research
  - Analytics
  - Ex-ante risk
  - Performance
- OMS
  - Decision support
  - Rebalancing
  - Execution
  - Pre-trade
  - compliance
- Post-trade processing
  - Confirmation
  - Settlement
  - Reconciliation
- Asset Services
  - Corporate action
  - Collateral
  - Cash management
  - Foreign exchange
  - Security lending
- Controlling
  - Ex-post risk
  - Performance attr.
  - Client reporting
- Accounting
  - Portfolio accounting
  - Fund accounting
  - Net asset value

Data

- Security master
- Market & Reference data
- IBOR
- Data warehouse, data marts
SimCorp Dimension footprint

Counterparties and market infrastructure

Market data
- Exchanges
- Market Data vendors
- Service providers

Standard integrations

Research
OMS
Post-trade processing
Asset Services
Controlling
Accounting

Data Management
Client Relationship Management
Investment Management
Investment Consulting and Performance
Asset Services
Investment Accounting
Fund Processing
General Ledger Accounting
Reporting Management

SimCorp’s solutions portfolio

Financial Instruments
Business Foundation
Technical Foundation
### System strategies and operating models

#### System strategy

<table>
<thead>
<tr>
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<th>Universe – current strategy</th>
<th>Universe – future strategy</th>
<th>SimCorp clients</th>
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<tr>
<td>Integrated</td>
<td>25%</td>
<td>33%</td>
<td>43%</td>
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<tr>
<td>Core + add-on</td>
<td>33%</td>
<td>28%</td>
<td>30%</td>
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<tr>
<td>Best of breed</td>
<td>32%</td>
<td>34%</td>
<td>27%</td>
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<tr>
<td>In-house dev.</td>
<td>10%</td>
<td>5%</td>
<td>0%</td>
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**Source:** SimCompass survey 2012

#### Operating model

<table>
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<th>Universe – current strategy</th>
<th>Universe – future strategy</th>
<th>SimCorp clients</th>
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<tbody>
<tr>
<td>In-house ops</td>
<td>78%</td>
<td>79%</td>
<td>85%</td>
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<tr>
<td>Outsourced ops</td>
<td>22%</td>
<td>21%</td>
<td>15%</td>
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</table>

**Source:** SimCompass survey 2012
Trends and IT Spending

Regulatory demands for better risk management and transparency

Increased asset diversification from traditional to alternatives, passives and solutions

Investor demands for better risk management, reporting and transparency

Pressing need for improving operational efficiency and optimising operating model

Technology drivers in terms of cloud, mobility and analytics

Source: Ovum, January 2014: All spending categories (SW, HW, maintenance, services, outsourcing) in SimCorp geographical markets
Trends and Product Priorities

Industry Movement

Best-of-Breed Solutions:
Products that provide analytical capabilities to support the entire pre-trade investment lifecycle for single asset class portfolios.

Enterprise Platforms:
End-to-end multi-asset class products which provide complete analytical capability to support the entire pre-trade investment lifecycle.

Specialized Applications:
Asset-class specific products which focus on providing specific analytical capabilities.

Evolving Systems:
Products that are designed to provide specific analytical capability for managers of multi-asset class portfolios, or never multi-asset class investment analytics solutions still missing key end-to-end functionality.

Asset Class Coverage:
Single Asset Class
Multi-Asset Class

Front office
Investment book of records
Asset Diversification
Dashboards, analytics and reporting
STP, exception management, managed services
Regulation

Source: CEB TowerGroup Research
Front Office Solution

- Cross-asset class coverage
- Investment decision support, rebalancing, order generation, dealing desk, pre-trade validation, execution, post-trade compliance
- Integrated front office based on IBOR
- Integrated ex-ante risk and PnL analytics
- Integrated performance attribution
Front Office Milestones
- opportunity with new and existing clients

2013-14: Establish front office reference base in Europe and APAC

2014-16: Front office for Pension and Insurance

2015-: Front office for North America
Investment Book Of Records (IBOR)
IBOR Opportunity
- leveraging SimCorp Dimension IBOR to increase target market

IBOR as part of front office infrastructure

IBOR as part of accounting infrastructure

IBOR as a stand-alone component.

IBOR as part of integrated front-to-back office system

Is building an IBOR an initiative for your firm in 2014?
Yes: 42% - No: 58%
-SimCorp IBOR webinar poll October 2013

ASSETS UP NEARLY 50%, COSTS DOWN AROUND 15%
Todd Healy, Head of Investment Operations, BMO Global Asset Management on the benefits of implementing and IBOR
Asset Diversification
- driver for multi-asset class systems

Private equity funds
Real-estate, infrastructure.. (direct investments)
Hedge fund investments
Loans

Alternatives
Derivatives
Passives
Solutions

Case Study Quick Facts

The Challenge
- Insurance companies managing large sums are in the look-out for asset allocations, as the current low-interest environment is making it difficult to earn adequate returns.
- The need for long-term investments is evident, but the opportunities are limited.
- The opportunity to access diversified asset classes is crucial for long-term success.

The Opportunity
- To offer a diversified asset allocation strategy that can deliver superior returns.
- To provide a comprehensive range of investment options to meet the needs of insurance companies.
- To provide a flexible and scalable solution that can adapt to changing market conditions.

The Solution
- A diversified asset allocation strategy that can deliver superior returns.
- A comprehensive range of investment options to meet the needs of insurance companies.
- A flexible and scalable solution that can adapt to changing market conditions.

The Impact
- Delivering attractive returns and diversification benefits to insurance companies.
- Providing the tools required to manage risk and achieve long-term success.
- Building a successful future for insurance companies.
Operational and Management Dashboards - targeted both existing and new users
Data Warehouse
- solving operational reporting challenges for clients

Fo | Mo | Bo

SimCorp Dimension OLTP

Market Data

Investment Management Warehouse

3rd party Fo | 3rd party Mo | 3rd party Bo

Operational reporting/BI

Regulatory reporting

Internal reporting

Client/Fund reporting
Coric Client Communications
- leading client communications – integrated or stand-alone

Client Reports
- On-line portals
- Internal dashboards
- Pitch books
- Document access

Fund Reporting
- Fund Fact sheets
- Annual reports
- UCITS IV (KIID)

Web Reporting

Other stakeholders
- GIPS
- Management Reporting
- Contract Notes
- Etc.

SimCorp
Operational Efficiency - next level straight-through-processing

- Derivatives processing
- Fund and Portfolio STP
- Reconciliation, case management
- Operational dashboards and KPI’s
Regulation
- regulation as driver for replacement of legacy systems

• Dodd-Frank and EMIR
• UCITS
• IFRS 9
• EU short selling directive
• EU financial transaction tax
• ESMA collateral guidelines, Solvency, FATCA, AIFMD, MiFIR...
National Association of Insurance Commissioners (NAIC)

- North American insurance market opportunity

Core requirement for North American insurance segment

Opens up a new market segment

Leverage strong insurance position in Europe

Launch in 2015
Summary

Position statement

Asset Owners, Asset Managers, Asset Servicers
Low global market share as growth opportunity
Consolidated overview of positions and exposures across asset classes
Efficient processing across front, middle and back office
Integrated architecture

Key market drivers

Regulatory demands
Increased asset diversification
Investor demands for transparency
Need for improving operational efficiency
Technology drivers

Strategic Product Priorities

Front office
Investment book of records
Asset Diversification
Dashboards, analytics and reporting
STP, exception management, managed services
Regulation
The future of SimCorp’s Service Offerings

Henrik Schlaegel, EVP, Services
SimCorp Services - Mission

Accelerate client value of SimCorp Dimension products through a focused set of capabilities and a leading edge services portfolio.

Through close cooperation with clients and Product Division shorten time to market for new products while accelerating time to value for customers.
Services at a Glance

2013 Status:

Business Status
• Revenue of EUR 76m
• Growth YoY 15.6%
• Share of SimCorp revenue 35%

Employee foot print
• Implementation: 57%
• Customer services: 19%
• Operations: 14%

Global Reach
• Represented in North America, Europe and Asia
• Moving towards global delivery model
The Services Priorities

Grow Value

Growing client value is measured through revenue and driven by how we define our services portfolio.

Manage Risk

Services requires an active effort to manage delivery risk, as the ‘product’ potentially can be changed by the customer at the vendor’s risk.

Drive Efficiency

Delivery efficiency is key to drive any services business successfully, and is also a key pillar in delivering value and competing for increasing share of the client wallet.
Increasing focus on business outcome drives demand

Client Strategy
- 74% of clients’ large, high priority projects are challenged

Applications
- 80% of client issues in production are self inflicted

Operations
- 75% of client IT spend is on maintenance and support

Sources: Standish, Gartner Group, Forrester – 2008 surveys.
SimCorp Services Value Chain

Implementation
- Design
- Configuration
- Integration
- Project Management

Support & Maintenance
- Service Request
- I & P assistance

Operate
- Incident & Problem Management
- Upgrade Assistance
Growing the Services footprint

Implementation
- Design
- Configuration
- Integration
- Project Management
- Packaged Services

Support & Maintenance
- Service Request
- I & P assistance
- Enterprise Assistance
- Education Service

Operate
- Incident & Problem Management
- Upgrade Assistance
- Managed Services
- Application Services

Improve
- Best Practices Assistance
- Architectural Assistance
Services Growth & Profitability Opportunity

- **Implement**
  - 70% SoR

- **Support & Maintenance**
  - 15% SoR

- **Operate**
  - 15% SoR

- **Develop & Improve Delivery Model**
  - Central delivery model
  - Full services model

**Expand proactive services**
**Improve delivery model**

**SoR = Share of Services revenue 2013**
Shifting toward Packaged Services

Value is driven through a packaged approach, where we by a higher degree of standardization can deliver repeatable services, driving more value in less time.

Growing both customer value and delivery efficiency.

Customer Value

Delivery Efficiency

Packaged Driven Portfolio

Labor Centric Portfolio
CoE: Center of Excellence

New Operating model for Global Initiatives:

- Target High Value Work
- Grow Best Practice Framework
- Drive Delivery Efficiency

Current Centers of Excellence (CoE):

- Validation & Test
- Managed Services
- Regulatory Compliance
- Client Reporting (Coric)
- Planned: Front Office
Regulatory Services

Current Initiatives

• EMIR
  • Trade Repository
  • Central Clearing
• Solvency II
• Legal Rule Sets / Legal Rule Set Services

Future Drivers

• Collateral Management
• EU 11 Financial Transaction Tax
• Regulatory driven ILF-cases
• Expansion of footprint into UK, NA and APAC
Customer Services
Deliver more value

- Support is an integrated part of SimCorp business model
- Service Level Agreement for support in business hours
- Extending support to cover outside business hours
- 24/5 and 24/7 is in demand
- Expanding into proactive services – Enterprise Assistance
Reduce Risk Proactively and Increase the Operational Efficiency of Your Mission-Critical Application by Using Industry Best Practices in a Collaborative Partnership with SimCorp

Enterprise Assistance – delivering the solution

Proactive Risk Assessment Programs drives client value & Services growth

Differentiate from T&M competition through packaged IP and delivery model

RAP’s extending SimCorp value capture to full value chain

Proactive support reduces our reactive effort & eases ‘The Maintenance Discussion’
Enterprise Assistance Portfolio

- Launched 2013
- Strong client interest across market units
- From ad-hoc high value repeatable services
- Delivery efficiency through leveraging standardization and best practices
- Scaling through global delivery model
SimCorp Operational Services

Managed Services
- Batch Process
- Upgrade Services
- Operational Environment
- Capacity Management

2013 -

Application Services
- Functional Configuration Management
- Business Requirement Management

2014 -

Full ASP
- Platform as a Services
- Application Services
- Application Operation
- Enabling and supporting services

2015 -
The SimCorp Managed Services framework consists of several central services - categorised into Functional Configuration management, Technical Application Management and Vendor Management. These are supported by a complementary set of underpinning services.
**Target: Asset & Wealth Management Cloud**

- **SimCorp Dimension in the Cloud**
- **Enabled and accelerated through partnerships**
- **Leveraging SimCorp IP in delivery, operation and improvement**
3 Core elements in our ASP roadmap

- **Platform as a Service**
- **Application Operation**
- **Application Management**

Run the System

Change the System
## Enabling a client centric cloud

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<td>Upgrade timing</td>
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- **SaaS**: Yes or No
- **ASP**: Yes or No
- **Subscription / Purchase**: SimCorp or Client
Questions