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# SIMCORP ANNUAL REPORT 2010

AT A GLANCE



## 2010 at a glance

- SimCorp generated revenue of EUR 185m (DKK 1.38bn) in 2010, an increase of EUR 5m or 3% compared with last year.
- SimCorp posted EBIT of EUR 35.2m (DKK 262m), a decrease of EUR 4.5m relative to 2009. The EBIT margin was 19.0%. The profit for the year was EUR 24.4m, and the Board of Directors intends to recommend to the shareholders at the annual general meeting that dividends be paid to shareholders at the rate of DKK 30.00 per share of DKK 10 each.
- The order inflow – representing the licence value of new orders plus the licence value of add-on licences to clients – grew by 14% compared with 2009 to EUR 49m.
- The licence order book at 31 December 2010 was EUR 15m, which was approximately EUR 1m higher than a year earlier. Income recognised from new licences and add-on licences amounted to EUR 49m, an increase of 1% relative to 2009.
- The level of sales and supply of professional services amounted to EUR 55m, a decrease of 10% relative to 2009, primarily due to late signing of new licence orders in 2010.
- Recurring maintenance income continued to increase strongly, up 19% relative to 2009 to EUR 78m.
- Overall business growth measured as total revenue growth plus net growth in the licence order book totalled 7% in 2010.
- The expansion of SimCorp's activities in North America continued throughout 2010, and particularly business with existing clients increased. Moreover, SimCorp won a new licence agreement with a US asset manager.
- SimCorp strengthened its position in the European market, winning a major order in France and signing new contracts in Finland and the UK, while also extending its business with existing clients.
- SimCorp signed a new, significant order in Hong Kong and maintained its market positions in Australia and Singapore by extending its business with existing clients.
- Net staff growth in 2010 was 11, bringing the total number of employees to 1,111 at 31 December 2010.
- The Group's operating activities generated a cash inflow of EUR 29m, and cash holdings amounted to EUR 43m at 31 December 2010, or 38% of total assets after EUR 11m used to purchase treasury shares during the year.
- For 2011, SimCorp expects to generate both revenue growth and business growth of at least 5% measured in local currencies, while producing an EBIT margin of at least 20%. At 1 January 2011, the Group had secured contracts worth EUR 125m of the projected 2011 revenue, which is 19% more than at 1 January 2010.



PETER L. RAVN  
Chief Executive Officer

## 2010, another year out of the ordinary

*In our 2009 annual report we characterised the year as 'out of the ordinary', and we predicted that 'unordinary' would be the new normal of doing business. That prediction certainly came true for 2010.*

Market volatility and financial uncertainty have continued to prevail and the repercussions of the financial crisis are still being worked through. 2010 turned out to be an even more difficult year than we anticipated, and it brings no comfort that many in the financial software business are experiencing similar challenges.

For SimCorp's business, which is software and related services to professional investment managers, 2010 was a challenging year resulting in somewhat disappointing financial results. The expected demand for investment management solutions, e.g. triggered by the increasing need for business transparency and regulatory reporting, did not materialise to the extent we had anticipated at the beginning of the year – primarily because many financial institutions remain reluctant to invest. We believe that the general uncertainties in the buy-side industry – in particular with respect to the post-financial crisis regulatory environment – have made financial institutions wary of major investment decisions, although they are often considered imperative and even long overdue.

Still, the situation is multifaceted. While we did see a steady demand from existing clients for additional software licences throughout the year, we did not meet our ambitions for the year. Also, during the first 11 months of 2010, SimCorp's new business was at its lowest level in more than 10 years, before the order inflow for new licences finally materialised in December 2010. The postponed order inflow has however affected the professional services activities resulting in a professional service revenue decline of 10% compared with 2009. The lion's share of our service activities is related to our software business and because sales activities in the licence business fell short of expectations and materialised late in the year it affected the professional service revenue. SimCorp's EBIT margin of 19% was hence somewhat lower than anticipated at the beginning of the year. However, SimCorp's operating cash flow of EUR 29m and balance sheet remain strong, enabling us to propose dividends of EUR 18m to be paid to our shareholders, while still maintaining an equity ratio of 69%.

Despite the market conditions we have in recent years continued our significant investment in software development, and we will continue to strike the right balance between investing strategically for the future and staying focused on current business activities. In 2010, among other things, we introduced a new front office offering, positioning us further as a strong provider of highly modular and flexible enterprise solutions that can be

configured to the client's specific needs, regardless of size and scope. We are committed to continuing our investment in SimCorp Dimension and related services and at the same time demonstrating that we are able to constantly improve our business efficiency and effectiveness.

SimCorp is a software company, but we are also working towards becoming a services company, and gradually leveraging our software business by adding services as a growth driver. The market and our clients are increasingly demanding business related services with the aim of reducing overall costs of operations and making business more scalable. Such services may hence be related to operations or more directly to business, e.g. data management or other, related services. We also see more clients looking for a combination of software and services.

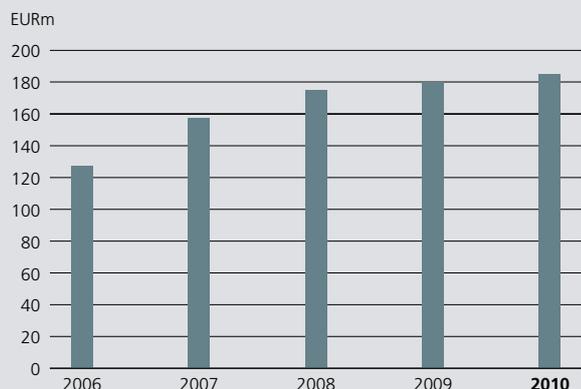
Surely, the implications of the global financial crisis have affected everyone in the industry. We believe that in the foreseeable future we will continue to operate in an 'out-of-the-ordinary' business environment. However, we also see indications that market demand is picking up, and SimCorp is surely being recognised as a true enterprise software vendor providing a strong, flexible and modular foundation for our clients' ability to manoeuvre in a changing environment. Upon reflection, the crisis has confirmed to us that a strong value proposition and loyal clients are prerequisites for a robust business and sustainable growth. SimCorp's software solutions provide a strong foundation for cost reduction while at same time enabling growth and mitigating risk, and we are confident that we have the right foundation for winning additional market shares, also in the longer term.

I want to thank everyone for their cooperation and support in 2010 and I look forward to continuing the good relations with all SimCorp's stakeholders.

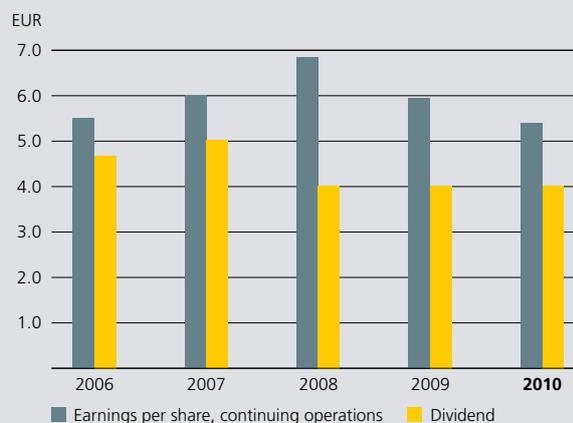
## Group financial highlights 2006–2010

	2006	2007	2008	2009	2010
DKK/EUR rate of exchange at 31 December	7.4560	7.4566	7.4506	7.4415	7.4544
<b>Profit, EUR'000</b>					
Revenue	127,127	156,780	174,737	180,375	185,375
Earnings before interest, tax, depreciation and amortisation (EBITDA)	36,813	41,411	41,776	44,147	39,923
Profit from operations (EBIT)	34,100	38,396	38,432	39,670	35,199
Financial items	1,318	2,027	4,124	11	(1,962)
Profit before tax, continuing operations	35,418	40,423	42,556	39,681	33,237
Profit for the year, continuing operations	25,552	28,665	31,510	26,729	24,390
Profit for the year, discontinued operations	1,057	10,334	(351)	196	0
Profit for the year	26,609	38,999	31,159	26,925	24,390
Total comprehensive income for the year	29,209	35,166	26,218	28,488	26,817
<b>Balance sheet, EUR'000</b>					
Share capital	6,616	6,616	6,616	6,179	6,179
Equity	88,271	73,525	62,699	75,654	77,520
Property, plant and equipment	1,478	3,501	10,898	9,341	8,779
Cash, bonds and cash equivalents	60,776	46,904	25,463	44,305	42,689
Total assets	121,386	109,652	96,463	116,390	113,011
<b>Cash flows, EUR'000</b>					
Cash flow from operating activities, continuing operations	20,319	32,372	27,154	37,006	28,513
Cash flow from investing activities, net	(3,983)	5,561	(7,333)	(1,025)	(2,945)
Cash flow from financing activities	(20,247)	(52,326)	(14,056)	(17,391)	(27,528)
Cash flow, discontinued operations	(18)	626	0	0	0
Net change in cash and cash equivalents	(3,929)	(13,767)	5,765	18,590	(1,960)
<b>Employees</b>					
Average number of employees	646	771	949	1,045	1,077
<b>Profit, DKK'000</b>					
Revenue	947,859	1,169,047	1,301,899	1,342,261	1,381,859
Earnings before interest, tax, depreciation and amortisation (EBITDA)	274,478	308,785	311,259	328,520	297,602
Profit from operations (EBIT)	254,247	286,307	286,341	295,204	262,387
Financial items	9,827	15,115	30,724	82	(14,626)
Profit before tax, continuing operations	264,074	301,421	317,065	295,286	247,761
Profit for the year, continuing operations	190,513	213,745	234,768	198,904	181,813
Profit for the year, discontinued operations	7,881	77,053	(2,615)	1,459	0
Profit for the year	198,397	290,798	232,153	200,363	181,813
Total comprehensive income for the year	217,782	262,219	195,340	211,993	199,905
<b>Balance sheet, DKK'000</b>					
Share capital	49,250	49,250	49,250	46,000	46,000
Equity	658,147	548,244	467,146	562,979	577,865
Property, plant and equipment	11,020	26,106	81,200	69,511	65,442
Cash, bonds and cash equivalents	453,145	349,745	189,711	329,696	318,221
Total assets	905,054	817,628	718,709	866,116	842,429
<b>Cash flows, DKK'000</b>					
Cash flow from operating activities, continuing operations	151,495	241,382	202,314	275,380	212,547
Cash flow from investing activities, net	(29,700)	41,465	(54,633)	(7,628)	(21,953)
Cash flow from financing activities	(150,961)	(390,176)	(104,729)	(129,415)	(205,205)
Cash flow, discontinued operations	(131)	4,668	0	0	0
Net change in cash and cash equivalents	(29,300)	(102,662)	42,953	138,337	(14,611)
<b>Key ratios</b>					
EBIT margin (%)	26.5	24.5	22.0	22.0	19.0
ROIC (return on invested capital) (%)	134.8	104.2	96.2	89.9	79.0
Debtor turnover rate	4.0	5.2	7.4	7.0	6.1
Equity ratio (%)	72.7	67.1	65.0	65.0	68.3
Return on equity (%)	30.2	33.1	42.8	36.3	30.0

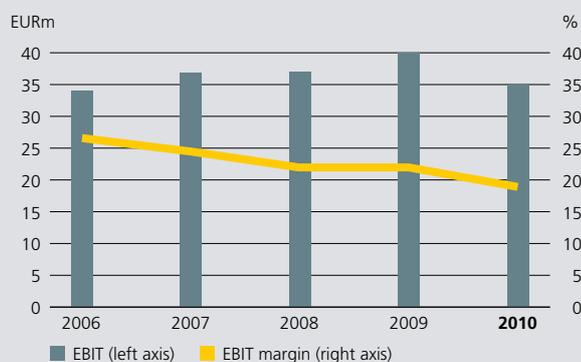
## Revenue



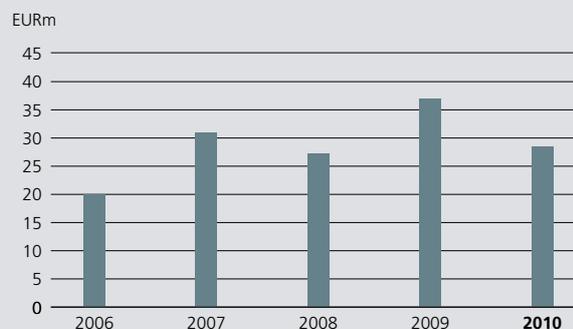
## Earnings per share of DKK 10 each



## Earnings and profitability



## Cash flow from operating activities



## Net revenue per quarter



	2006	2007	2008	2009	2010
<b>Per share data</b>					
Basic earnings per share of 1 DKK – EPS (EUR)	0.55	0.82	0.68	0.60	0.54
Diluted earnings per share of 1 DKK – EPS-D (EUR)	0.54	0.82	0.68	0.59	0.54
Basic earnings per share of 1 DKK, continuing operations – EPS (EUR)	0.53	0.60	0.69	0.59	0.54
Diluted earnings per share of 1 DKK, continuing operations – EPS-D (EUR)	0.52	0.60	0.69	0.59	0.54
Cash flow per share of 1 DKK – CFPS (EUR)	0.42	0.68	0.59	0.82	0.63
Average number of shares of DKK 1	47,947,960	47,425,845	45,950,030	45,123,595	44,998,925

## Back to growth

*SimCorp is a growth company, and as such maintaining focus on sustained profitable growth is a key element of the targets for 2011 and beyond. The foundation for SimCorp's growth is a modern product with a forward-looking product development strategy, a committed market strategy and a consistent knowledge strategy embedded throughout the organisation.*

### SimCorp's business, in brief

SimCorp develops, sells and provides software solutions and related services to the international financial industry. The Group's product, SimCorp Dimension, is an advanced software solution for professional investment managers that supports all elements of the investment management process.

SimCorp Dimension is one of the most comprehensive standard systems of its kind on the market. It comes with add-on services and its extended modularity enables it to be configured to support the client's entire investment management process, from front to back or any parts thereof. It can thus be tailored to the exact needs of the individual client; regardless of size, geography or sector. SimCorp's clients include financial institutions, asset and fund managers, insurance companies, pension funds, mutual funds, banks and mortgage lenders.

Since SimCorp's establishment in 1971, and particularly in the past decade, SimCorp has recorded persistent high organic growth based on configurable standard software for professional investment managers in the international financial markets. SimCorp is established as a reliable provider of high-quality services based on modern, innovative software development, resulting in solid financial performance. SimCorp's solutions create value for our clients through enhancement of process efficiency, strategic cost savings and establishment of consistent data on which to base management and reporting, including in particular all types of financial risks. The system platform thus creates a basis for profitable growth in our clients' business. In connection with our standard software, SimCorp also provides professional services. Long-term strategic client relations and a commitment to supporting our clients' business are fundamentals of the SimCorp business model.

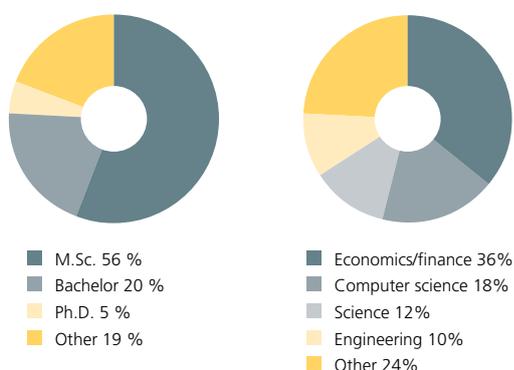
SimCorp operates in six global regions: North America including USA and Canada; Central Europe including Germany, Austria and Switzerland; Western Europe including Belgium, the Netherlands, Luxembourg and France; Asia Pacific including Australia, Singapore and Hong Kong; the United Kingdom; and the Nordic region including Denmark, Norway, Sweden and Finland. The expansion and cultivation of new markets is a thoroughly planned and controlled process with SimCorp seeking to strike a balance between profitability and investing for the future. A good example of this is SimCorp's recent opening of an office in Toronto, Canada. With a dedicated effort, SimCorp has entered the Canadian market, establishing a network of clients who now use SimCorp Dimension as the strategic platform for their investment management activities.

Longer-term milestones in our strategy implementation include:

- Continued, above-average growth in North America and the UK
- Establishing SimCorp as household name in Western Europe
- Continued growth in our established markets: the Nordic region and Central Europe
- Sustained focus on
  - effective R&D spending
  - maintaining up-to-date architecture and technical infrastructure in SimCorp Dimension to consistently meet market requirements
  - developing our employees' skills and knowledge of our clients' business
- Maintaining maximum client retention rates

When a company decides to implement a platform, such as SimCorp Dimension, it also opts for a long-term, strategic partnership with the software supplier. It is essential that the client remains confident that the software provider is able to meet the company's

Educational background



- At 31 December 2010 SimCorp had 1,111 employees located at 20 offices around the world. The average age of SimCorp staff was approximately 37 years and the average length of service was five years at 31 December 2010.
- SimCorp is an international workplace with some 40 different nationalities being present among its staff.
- In 2010 more than 70 employees were on international assignment to SimCorp companies outside Denmark.
- SimCorp employees spent more than 10,600 days on training in 2010.
- In 2010 82 employees have participated in SimCorp Leadership Academy.
- A total of roughly 1,200 SimCorp Dimension certifications were completed in 2010. Of these, approximately 100 people completed the certification programme, SimCorp Academy.

requirements, now and in particular in the future. SimCorp takes this obligation very seriously. To stand even better prepared to meet current and future demands, SimCorp invests continuously in both market research and product innovation. The latter has most recently resulted in a new and compelling front office offering. Following the worst financial crisis since the Great Depression, there is still vast focus on volatility in the market, and throughout 2010 SimCorp has carried out extensive market research in order to gain even more knowledge about trends and challenges in the financial sector. This insight will make SimCorp even better equipped to meet the industry's requirements in the future and hence increase its competitive position.

### Conditions in the financial market

Looking across all markets, evidence indicates a clear trend towards sustained volatility and continued uncertainty in the financial industry. Although the financial markets have regained some stability, the repercussions of the crisis are still being worked through, and there remains some concern about the potential of further economic slowdown. As a direct consequence of this, more legislative regulation can be expected, increasing control and supervision. Many steps have already been taken; Solvency II, UCITS IV, IFRS 9, Basel III and the Dodd-Frank Act to mention a few – all of which are instituted to secure the sound operation of the financial institutions and the assets they manage on behalf of clients.

The two overall tendencies, prolonged uncertainty and consistent regulatory demands, will surely drive a number of technology requirements, and hence what is required from a software provider such as SimCorp. Client focus in 2011 and beyond will likely be compliance reporting, further automation of processes to reduce operational costs and data consistency to mitigate risk across domains. In addition to that, it is expected that many companies

will begin planning for growth and consequently look for scalable IT solutions that allow for new business and growth.

### SimCorp's solutions meet the requirements in the market

SimCorp's product, SimCorp Dimension, is an internationally recognised, comprehensive software solution for professional investment managers. It is a completely modular enterprise solution supporting all the elements of the investment management process: analysis of investment opportunities; order placing; order management; performance measurement; reconciliation; bookkeeping; reporting; and risk monitoring and control. Risk monitoring, control and regulatory reporting, in particular, are considered key requirements for the future, as owners and authorities alike will demand regular insight into corporate business procedures. SimCorp Dimension integrates the entire work flow on a single platform, and thus allows the entire investment management organisation to access data that are continually updated in real time. The increasing demands on scalability of investment management systems and their ability to handle financial instruments in different jurisdictions with different reporting rules and standards are also covered by SimCorp Dimension, which meets these demands in a cost-effective and timely manner.

Due to SimCorp Dimension's modularity and flexibility, the product can be tailored to the exact needs of any individual client. The system can also be configured and scaled to new market requirements or changed business processes. SimCorp Dimension is being further modularised in order to make it increasingly possible to offer it as an independent, partial solution, which may be integrated with other systems. This allows greater flexibility for the clients and provides new business opportunities for SimCorp in a market characterised by volatility and fierce competition.

### **Product development**

Based on extensive market research and systematic collection and prioritising of market requirements and demands, the ongoing development of SimCorp's product is predominantly market-driven. However, as product development takes place in close collaboration with the clients, SimCorp is able to combine specific client needs with general market demands, and consequently enable the clients to even better meet the demands made by financial markets and regulators and stand prepared for the future. Although the market is turbulent and unpredictable, SimCorp continues to invest substantial resources in innovation and in developing SimCorp Dimension. This applies to enhanced system functionality as well as to ongoing improved technical infrastructure, ensuring, among other things, that SimCorp's clients always use a modern software product based on a market conforming technology. Product development is primarily carried out in Copenhagen. However SimCorp also operates development units in Kiev, Ukraine and Shenfield, UK, respectively.

### **Domain concept**

The product development strategy for SimCorp Dimension is based on a domain concept designed to enhance functionality, the implementation process and the strategic perspectives of SimCorp Dimension. The domains are based on the clients' typical business processes; e.g. trading, performance or accounting. Focusing the product strategy on such domains allows SimCorp to optimise the functional match between SimCorp Dimension and client requirements and reduce time-to-market. This latter factor is a key parameter of success in future financial markets, which see demands and terms changing at an ever growing pace. Investment managers worldwide are subject to ever intensifying scrutiny and competition and thus pressure in the market to make their in-house work processes more transparent and efficient while also reducing operating costs. SimCorp will continue to devote a large part of its development resources to measures that can make clients' work processes more efficient. Naturally, SimCorp's in-house knowledge strategy is organised around the domains used in the company's product development strategy.

### **Clients and markets**

A trustful and loyal cooperation with its clients based on mutual respect is paramount to SimCorp and its continued growth, not only because clients generate current revenue, but particularly because satisfied clients function as references for new clients. References are among the key parameters in decision-making when a new client chooses a provider, and it is thus vital that SimCorp maintains its reputation among clients as a reliable

business partner consistently providing high-quality solutions. It is imperative that clients are confident about SimCorp's ability to being at the forefront of developments in the global financial markets and to continue to meet clients' present and future business requirements.

### **Cooperation with clients and business partners**

In areas where it makes practical and financial sense, SimCorp's market strategy involves increased focus on setting up business partnerships with third-party providers. The strategy implies that SimCorp will enter into a business partnership with a third-party provider when it can achieve business advantages that provide a competitive edge and added value for SimCorp as well as for SimCorp's clients. Business partnerships include product partnerships characterised by the partner offering products that can be integrated with or incorporated in SimCorp's own solutions, or development partners offering tools SimCorp can use in its in-house development process. Alternatively, SimCorp may be working with implementation partners offering additional third-party professional services provided either through SimCorp or directly to the client.

### **Geography**

SimCorp's subsidiaries are geographically located in the Nordic region, the Central and Western part of Europe, North America and Australia/Asia. The great majority of SimCorp's business is conducted outside Denmark.

The market for investment management is consolidating and many clients operate in several geographies on a shared IT platform. This obviously places high demands on the platform's scalability and its ability to report in markets with different legislation and regulatory bodies. SimCorp Dimension is fully able to meet these requirements, and as the product's many modules operate on a single database, users can confidently rely on consistent real-time data.

### **Revenue distribution**

SimCorp generates revenue from three principal activities: sales of software licences; provision of maintenance services; and professional services.

Licence fees are generated from selling the right to use SimCorp's software. Maintenance income derives from the right to install regular system upgrades and access to current user assistance, while professional services provided in connection with implementation, introduction and expansion of software installations generate professional service fees.

SimCorp's international market units handle sales and supply of the system and provide professional services in connection with the implementation, use, integration and user support of solutions in clients' business operations.

More than 160 financial organisations, mainly European, base their investment management activities on the SimCorp Dimension software platform. Sales of software licences vary considerably over the year and, accordingly, licence revenue fluctuates considerably from one quarter to the next. Due to SimCorp's business model and strong client base, the company is, however, in the long term less vulnerable to these fluctuations, because a greater part of the revenue derives, for example, from professional service fees and maintenance service fees, which are generated continuously and with a high degree of predictability. This makes SimCorp's business increasingly robust and establishes SimCorp as a reliable business partner. SimCorp's order book, which represents the value of software licences sold but not yet recognised, also contributes to making business predictable in the medium term.

### **Skilled employees are core**

To further strengthen SimCorp's market position, the organisation is greatly dependent on highly skilled employees with extensive financial expertise and software know-how. Today, more than 80% of SimCorp's employees hold an academic degree, mostly within financing, economics, IT or engineering.

In order to offer clients added value when they choose a SimCorp Dimension solution, it is essential that SimCorp's employees have up-to-date knowledge of financial instruments and investment management processes, including of international and national standards, as well as legislation and other requirements. Comprehensive knowledge of financial theory and software development combined with extensive experience and insight into clients' business processes are therefore crucial for SimCorp's business activities and its ability to continuously being able to develop and offer clients competitive, high-quality solutions.

### **Financial expertise and software know-how**

As highly qualified employees continue to be essential in developing, selling and implementing world-class software, SimCorp continuously focuses on recruitment, on ongoing training of competent employees and on strengthening knowledge sharing. SimCorp promotes knowledge sharing by way of, among other things, job rotation, short- and long-term international assignments, secondment and implementation of adequate information

technology to support business processes and provide easy access to relevant knowledge.

SimCorp makes a sustained, targeted effort to continue to attract and retain highly qualified employees. These efforts include focused management and measurement of employee performance and development of skills to ensure that competent employees are rewarded and motivated to continuous learning in step with the development of SimCorp's business. All employees in SimCorp participate in an employee performance review regularly, and not less than once per year, to identify and to follow up on specific, individual objectives related to the company's overall targets. This enables on the one hand individual employees to see and understand their own contribution to the company's performance, and on the other hand management to monitor target achievement on an ongoing basis and, if required, to adjust efforts.

### **Comprehensive training programme**

For the purpose of achieving its ambitious targets, SimCorp operates a comprehensive training programme, which aims to efficiently translate general knowledge into specialised skills and ensure that all employees update and develop their qualifications on a regular basis. SimCorp deems it important that employees are able to translate their theoretical knowledge into practice in order to fully utilise skills for the benefit of clients and colleagues alike.

An important feature of SimCorp's training programme is the SimCorp Academy certification programme, which is mandatory for all new SimCorp Dimension consultants. SimCorp Academy builds competences in and around the use and implementation of SimCorp Dimension and thus gives all SimCorp consultants the very best qualifications for offering clients high-quality service and contributing to discussions and analyses. SimCorp Academy is the first step of a three level professional training programme for SimCorp Dimension. The following two levels offer certification at specialised and expert level, respectively. SimCorp Academy courses are also available to SimCorp's clients, providing them with an optimum basis for taking full advantage of their system solution.

Another initiative is SimCorp's competency building programme, GROW, which is intended to identify potential career paths in SimCorp and the competences required to get there. GROW currently comprises 30 different job profiles within the Group with related personal profile and competency requirements. Individual employees are able to relate their own profile to a potential career path, thereby making the requirements for personal and professional development clear. All employee resumes are made available

online for colleagues, containing formal education, training, job and project experience as well as other relevant business experience. Employee competences are searchable, thereby increasing knowledge-sharing throughout the organisation.

### **Getting back on the growth track**

SimCorp is a growth company, and as such maintaining focus on sustained profitable growth is a key element of the targets for 2011 and beyond.

SimCorp's strategic development is based on a number of general targets, which management has broken down into measurable units so as to enable the company to track the performance of the specific strategies for achieving the general targets. The general targets are categorised within the fields of market growth, product development through innovation and quality assurance as well as competency building. These focus areas aim to ensure a sustained strong financial performance through growth and improved efficiency for the benefit of all the company's stakeholders. Accordingly, the foundation for SimCorp's growth is a modern product with a forward-looking product development strategy, a committed market strategy and a consistent knowledge strategy embedded throughout the organisation. In combination with SimCorp's solid business model, these elements are expected to ensure that SimCorp will be able to generate satisfactory results also in the future. SimCorp's fundamental management objective is to promote the long-term interests of the company, and thus of all shareholders.

Management believes that, despite the challenging market conditions, SimCorp stands well prepared to take on future requirements and challenges, supported by the above business strategy, the Group's loyal clients, competent employees and a unique product.

### **SimCorp StrategyLab**

In a direct response to the new agenda and the changing conditions in the investment management industry, with increased focus on risk management, cost control and growth opportunities defining the new agenda, SimCorp established an independent research institution, SimCorp StrategyLab, in the spring of 2009. In close collaboration with internationally recognised academics and established industry experts, SimCorp StrategyLab carries out its own research and analysis of trends and challenges in the financial sector. SimCorp StrategyLab also contributes competent suggestions for structural IT methods and tools, which, together, are intended to minimise risk and propose strategic cost savings in order to create a basis for growth in the financial industry.

In 2010, SimCorp StrategyLab published the book 'Growth and value creation in asset management' – the third book in a series of three following a book on risk – 'Understanding the financial crisis: investment, risk and governance' – and one on costs – 'Operational control in asset management: processes and costs'. Further, the report 'Global investment management growth survey 2010' was published in 2010 uncovering some of the key drivers of growth in the investment management industry and the post-crisis learnings seen in a growth perspective.

Going forward SimCorp StrategyLab will continue to seek to suggest ways to meet the challenges and to share best practices in the financial industry. The research programme for 2011 includes sector-specific research focusing on the major sectors of the global investment management industry: investment funds, asset management, pension and insurance funds. The guiding perception is that these sectors can benefit from useful insights achieved from SimCorp StrategyLab's work on risk, cost and growth issues within each individual sector. Three research teams have been established to focus on these issues in relation to the individual sectors. The research will seek to convey the current state of knowledge within the sectors and point the way forward from a management-strategy and public-policy perspective.

The designated sector-leaders include professors from Stern School of Business, NYU, and INSEAD, who will team-up with distinguished European academics conducting research in the area as well as industry specialists in charge of examining these major industry sectors.

The intelligence derived from the SimCorp StrategyLab research is used by SimCorp in a continuous effort to being on the forefront of the financial industry and its challenges and possibilities. SimCorp believes that the work of SimCorp StrategyLab contributes positively to SimCorp's image among professional investment managers.

SimCorp StrategyLab is founded and sponsored by SimCorp as a private and independent research institution and formally organised with a board of directors chaired by SimCorp CEO Peter L. Ravn. Professor Ingo Walter is director of SimCorp StrategyLab. Ingo Walter holds a Seymour Milstein Professorship of Finance, Corporate Governance and Ethics and acts as Vice Dean of the faculty at Stern School of Business, New York University.

# Addresses

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