


Take control

of the corporate action process

// Reduce cost, eliminate risk and achieve scalability
with SimCorp Dimension's Corporate Action Manager



// Norway's largest bank's
back office success

// The man behind
SimCorp's Corporate Action Manager

// The SimCorp Dimension
Corporate Action Manager

// Gain insight into
SimCorp's innovative culture

DnB NOR Takes Action on Corporate Events

// DnB NOR gives the back office a face-lift and takes control of their corporate actions process with SimCorp Dimension's Corporate Action Manager. At the same time, DnB NOR reduces costs and achieves scalability.



DnB NOR Asset Management is Norway's largest provider of mutual funds and discretionary asset management



System Manager
Yngve Andersen
at DnB NOR Asset
Management

Choosing between vendors

Yngve Andersen is always on the lookout for the most efficient, flexible and transparent software solutions to meet new challenges, as when DnB NOR Asset Management decided to look for automation and STP in their corporate actions workflow. The Corporate Actions department was facing an increase in workload and costs due to duplicate information, various formats, interpretation mistakes, discrepancies between sources as well as difficulties in reflecting the information in their Portfolio Management System. "Also, we experience that two changes in the market place converge to make life difficult for asset managers:

// It is much more expensive to fix an error after it has occurred than preventing it from happening in the first place

Yngve Andersen

The one is a pull from customers to invest in ever more exotic markets, e.g. the BRIC countries, Far East and Latin America. The other is a tendency of companies to approve of increasingly complex corporate events. Having systems that helps us keep track of what is going on is therefore of increasing importance", Yngve Andersen adds.

The preferred solution

The preferred solution to this challenge was to engage with a leading market vendor that already had a relationship with the Asset Management Firm. DnB NOR already uses SimCorp Dimension's enterprise solution across most of their front, middle and back office investment management processes, so given the business

partnership was already in place, and the static data and securities were already stored within the system, Yngve Andersen says it was logical to select SimCorp Dimension's integrated STP solution.

Decisive features

The key element in making the decision, was to avoid complicated interfaces to external systems, and to eliminate reconciliation, cost of maintenance and risk of error from data transfer. "By embedding the Corporate Action Manager into our SimCorp Dimension solution, DnB NOR is replacing a wide range of costly manual processes with an automated STP flow that

reduces risk without compromising scalability or flexibility to handle special events and adding new event types", Yngve Andersen

explains. Both are important to DnB NOR who is preparing for continued growth as well as increasing activity on emerging markets. Also, should errors occur, they will be tracked earlier in the process. "It is much more expensive to fix an error after it has occurred than preventing it from happening in the first place. That is one of the benefits we really expect from this new functionality", Yngve Andersen elaborates.

Valuable client involvement

He goes on to emphasize the importance of the close collaboration he experienced with SimCorp throughout the process. Yngve believes SimCorp's ongoing commitment to client-wide involvement during both the development and

implementation process is key. Yngve Andersen also stresses that, "The fact that SimCorp is involving more than one client during the development of new functionality ensures a more comprehensive product as a wider scope of present and future scenarios are taken into account".

The implementation process

Yngve Andersen is keen to benefit from all the advantages of the SimCorp Dimension Corporate Actions Manager to be implemented during Spring and Summer 2008. In 2009, SimCorp will add more event types and enhance functionality. At the moment, DnB NOR is implementing a third party system for data capturing and cleansing to provide SimCorp Dimension's Corporate Action Manager with a golden record. Meanwhile, Yngve Andersen is looking forward to being able to increase the number of securities and portfolios handled without having to increase back office staff.

The future

Yngve Andersen concludes our interview stating that "With SimCorp Dimension's automated, scalable STP processing and improved audit trail, I have great expectations for DnB NOR Asset Management's corporate actions processing during future increases in business volume and activity on emerging markets". Yngve Andersen's future focus will be on pricing, corporate actions and static data. Also, he will put a great deal of effort into measuring STP rate in the corporate actions workflow.

To learn more about corporate actions at DnB NOR, Norway's largest provider of mutual funds and discretionary asset management services, SimCorp went to Oslo to meet Yngve Andersen from DnB NOR Asset Management.

// Challenges

- Increased workload, costs and risk
- Emerging markets activities
- More complex events

// Solution

- Automating corporate actions processes through the integrated Corporate Action Manager

// Benefits

- Reduced costs from automated STP solution
- Reduced maintenance of external interfaces
- Reduction of risk and workload
- Increased scalability

Behind the Scenes of Back Office Processing



Domain Manager
Jan Petersen is
proud to present
the new Corporate
Action Manager

tool is SimCorp's answer to these challenges. The Corporate Action Manager uniquely covers and automates the whole corporate actions workflow as efficiently as any best of breed system, it also eliminates the need for interfaces being embedded in SimCorp Dimension's fully integrated, front to back system.

User-driven innovation and market trends drive development

Several trends have created the need for better corporate actions handling. After listening to SimCorp clients and working closely with development, Jan Petersen is now ready to present a tool that can manage the globalisation of financial markets – a trend which has increased the variety and tripled the number of events, as well as grown the number of tax laws. "My team and I have created a scalable and flexible system that can cover and safely manage this volume and diversity. Also, the fully automated STP workflow leaves back office resources free to focus on exceptions and special events", Jan Petersen describes and adds that "compliance and regulation have played a major part in the

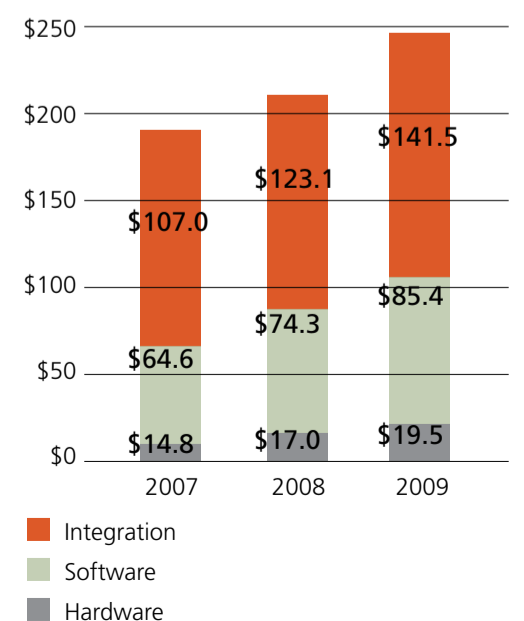
technological evolution of corporate actions processing". The ISO15022 message standards and diverse formats, languages and market practices have highlighted the need to improve efficiencies and to increase the use of technology.

The future

Launching a next generation tool does not make Jan Petersen and his crew want to rest on their laurels. "We are currently working on refining audit trail functionality as we are aware that documentation is extremely important to our clients", he explains. This way, you can trail the actions of the portfolio manager with regard to time of action and changes to elections. It monitors internal workflows as well as processes related to external mandates, which has become increasingly important with the use of external portfolio managers. "Also, as valuable benefit to management, STP statistics will be built-in to enable measuring the efficiency of corporate actions handling", Jan Petersen ends our interview.

// Projected IT spending on corporate actions management (US \$ mio)

(Source: Aite Group)



"SimCorp Dimension's fully automated Corporate Action Manager is our next generation STP settlement tool", Domain Manager Jan Petersen proudly states as we begin our interview. The operational risk of losing money by missing a corporate action or making a wrong election has never been more present. An Aite report from 2008 shows that the spending on corporate actions has steadily increased in the last three years with the largest portion of these costs allocated to integration (see diagram). The new Corporate Action Manager

// Watch a demo at:
www.simcorpdimension.com/cam

The Corporate Action Manager

The SimCorp Dimension Corporate Action Manager provides the necessary scalability to handle challenges from the ever increasing volumes of corporate actions on today's global financial markets. The Corporate Action Manager and the Event Calendar tool minimise the daily manual processes by automating the workflow, right from receiving the initial message from custodian, data provider or any other external system, through to final settlement.

Announcement collection

The corporate action process begins with the collection of messages from custodians and other data providers. The event notification from the custodians triggers the STP workflow provided by SimCorp Dimension's Corporate Action Manager and Event Calendar, offering the possibility to group messages for better overview. Static data is created and transferred automatically by the Corporate Action Manager, taking all the relevant data from the announcement collection into account.

Election Processing

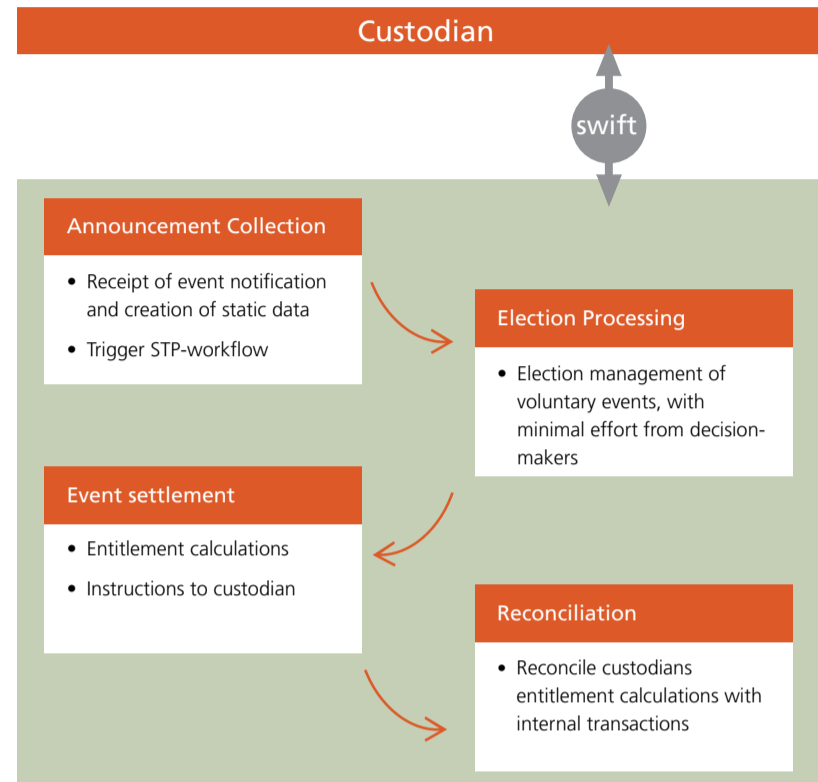
Having collected an announcement, the Corporate Action Manager and Event Calendar determine which holdings are affected by the

event. Depending on the event and customised workflow, notifications or requests to make an election are automatically sent to the decision-makers relevant to these holdings. This way the automated STP workflow frees resources and time for handling exceptions. Also, for the convenience of decision-makers, a user-friendly election screen is available for easy and time saving elections. Hereafter, the custodians are automatically notified about what choices have been made and what actions are required.

Event settlement and reconciliation

The final stage of the corporate actions event flow is the settlement of the event. Embedded functionality in the Corporate Action Manager ensures that entitlements calculated in SimCorp Dimension are automatically reconciled with the settlement confirmations made by the custodians, leaving only manual exception handling. This ongoing process gives you a continuous automatic overview, leaving you in control of the whole corporate actions process.

// The Corporate Action Manager STP workflow



The Innovative Culture of SimCorp

// SimCorp is renowned for its strong commitment to investment in R&D. Let's take a deeper look into how this commitment is reflected, specifically in regard to Settlement and the development of the Corporate Action Manager.

SimCorp is constantly alert to new trends. If substantial innovation investments are to yield desired results, they need to respond to consumer needs. The SimCorp Dimension Corporate Action Manager is a clear-cut result of this responsiveness, according to Manager Steen

// I am not aware of anybody within our industry who invest as much as SimCorp on R&D on one product alone

Peter Theill, Executive Vice President, Product Development

Jakobsen and Senior System Developer Jesper Rønning Dalby, SimCorp IMS Settlement Department.

Dynamic Settlement R&D

To keep a position as market leader with true STP in back office processing, SimCorp selected corporate actions to be one of their focus areas for R&D. "The fact that corporate actions

handling has become an increasingly time consuming and complex process, resulting in higher operational risk from handling, has made a number of our customers ask us for a new and better tool", explains Manager Steen Jakobsen, who has more than 20 years of experience with settlement development in SimCorp. "This appeal, combined with more systematised messages and the drive to create user-friendly work-

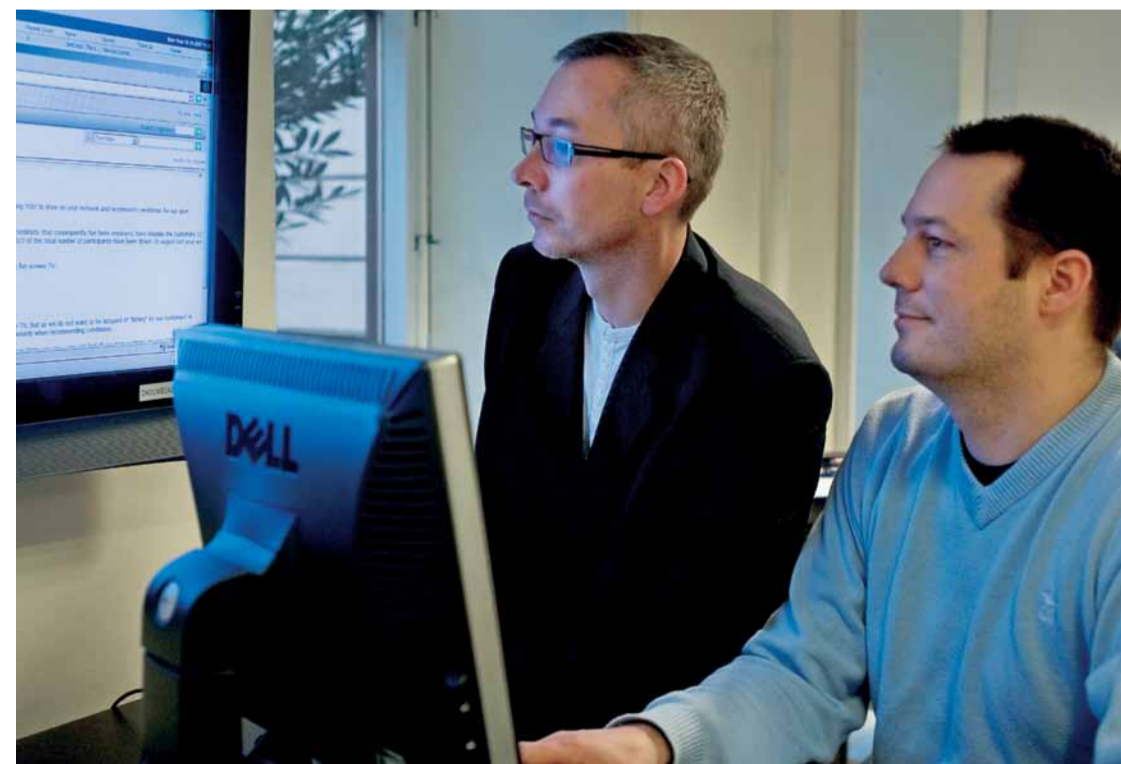
ing platforms, inspired us to automate the process. Thus, SimCorp has developed the Corporate Action Manager", he elaborates.

User-driven innovation

SimCorp strongly believes in user-driven innovation as a basis for continued development of state-of-the-art functionality. SimCorp development is an interactive process with strong attention to market trends as well as a high degree of client involvement.

Customer-involving activities

SimCorp uses various tools to ensure systematic, user-driven innovation, such as User Community Meetings and Focus Groups. Each year, SimCorp hosts national as well as international user community meetings. At these meetings, SimCorp offers clients an exclusive opportunity to learn about recently released functionality as well as discuss leading-edge development plans for SimCorp Dimension. Moreover, clients have the unique opportunity to network with each other to share experiences and discuss subjects of mutual interest. Also, various focus groups



Industry specialists, business analysts and developers continuously enhance the product our customers have invested in

are used to introduce clients to the work on specific areas of new functionality at a very early stage. Here, the clients are offered an opportunity to influence the direction of this work and prioritization of development.

The future

SimCorp's business model is based on establishing long-term customer relations as well as long-term investment in software R&D. It is supported by ongoing development of em-

ployees and know-how and will continue to create next generation tools in close collaboration with clients in a response to market trends. "Every 6 months we provide new functionality to our product SimCorp Dimension and have done so for the past 12 years," states Executive Vice President Peter Theill. SimCorp's constantly growing allocation of resources for R&D strongly supports this argument.

// Innovation at SimCorp

- SimCorp's innovative business activities are based on financial expertise and software know-how.
- More than 80% of SimCorp's employees hold academic degrees, most within financing, economics, IT or engineering.

// R&D costs 2007

- Share of costs 29%
- Growth relative to 2006 32%

The corporate action manager

// Features

- Creates static data based on corporate action notifications
- Supports the corporate action workflow based on an imported Golden Record
- A fully automated and customisable workflow
- Processes SWIFT messages MT564 to MT568
- Entitlement calculation
- Automated corporate actions flow
- Exception handling based on and triggered by SWIFT message MT567
- The Event Calendar, an integrated notification tool
- A dedicated election screen

// Benefits

- Reduces operational risk and manual work
- Processes corporate actions, triggered by incoming SWIFT messages, via a single automated platform
- Customisable workflow to suit your operations and provide full control of critical processes
- Scalable functionality to handle increasing volumes
- An enhanced election screen enabling decision-makers to save time and maintain business focus
- A customisable diary view providing instant access to event details and audit trails as well as tracking and monitoring all events to increase productivity
- Automatic notifications to minimise the risk of missing elections when action is required on events
- Completely integrated within the seamless SimCorp Dimension wall-to-wall system

To watch a demo, please visit:

// www.simcorpdimension.com/CAM

SimCorp is a leading supplier of highly specialised software and expertise for financial institutions and corporations – activities, which have established our reputation as 'the house of financial know-how'. The SimCorp system, SimCorp Dimension for Investment Management is sold, implemented and supported by our offices around the world.

