

Client Case Study

Fischer Francis Trees & Watts Consolidates Back Office with Geneva®

Revolutionary Technology Boosts Efficiency, ROI for Global Fixed-Income Specialist

CLIENT BENEFITS

- ▶ Consolidation of global and U.S. investments in one system
- ▶ Open architecture for simplified communication with other systems
- ▶ Enhanced operational efficiency
- ▶ Unparalleled data accuracy and scalability
- ▶ Accelerated ROI compared to previous systems

New York-based Fischer Francis Trees & Watts Inc. (FFTW) has earned an international reputation as one of the investment industry's top fixed-income specialists. For more than 30 years, FFTW has managed fixed-income securities for a client base of large U.S. and overseas institutions, including central banks, pension funds, insurance companies, mutual funds, and official institutions. Today, FFTW has more than \$37 billion in assets under management and regional offices in New York, London, Tokyo and Singapore.

Simplifying with Geneva

Managing these global investments for more than 180 institutions across six continents is no easy feat. "It's actually a pretty hard thing to do," says Michael Wyne, Managing Director at FFTW. "You end up having to become an expert all over the world." This means accurately accounting for an impressive array of global fixed-income securities—from Australian corporate bonds and French treasuries to U.S. mortgage-backed securities and cutting-edge cross-border swaps. Simplifying these global accounting operations is a key reason why FFTW decided to replace its pair of back-office accounting systems with Advent's Geneva-based Solution for Global Asset Managers in March of 2002.

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Michael Wyne, Managing Director
FFTW

A Revolutionary Way of Doing Things

"Geneva allows us to have our accounts on one system instead of two, and that's a big advantage for us," says Wyne. "Being able to account for mortgages and multi-currency securities all in one system is a benefit, as is the ability to get data out of the system very easily. The very nature of Geneva is another important advantage. It's a revolutionary way of doing things."

Geneva is indeed revolutionizing FFTW's back-office with a number of unique capabilities not available in the firm's previous portfolio accounting systems. With knowledge dating, for example, FFTW operations staff can roll back the system date for reporting purposes, so that reports for a specified date will not reflect subsequent changes to the database. This capability saves the firm a great deal of time in research and restoration efforts.

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Accounting in Tokyo Time

The system's object-oriented, in-memory database delivers other strategic benefits: unparalleled data accuracy, exceptional scalability, and real-time processing, including the ability to handle cancels and corrects and allocate trades around the world as they occur. "We've always insisted on real-time processing, and Geneva's real-time capability is excellent," says Wyne. "Accounting systems that have long nightly batch cycles would be a real problem for us because we need to be finished updating our accounts when Tokyo comes in at 7 p.m. New York time."

Advanced Open Architecture

Geneva's open architecture, moreover, has simplified the process of interfacing the system with other FFTW systems, including its proprietary data warehouse. Each night, the firm's central Geneva database updates the data warehouse at all four locations. Portfolio managers at each office then access the data warehouse to run the reports required to manage their accounts.

"We plan to have Geneva talk to the data warehouse more extensively than the other systems did, such as intraday, instead of end of day, because Geneva is open enough to do that," notes Wyne.

Comprehensive Securities Coverage

Perhaps even more beneficial, Geneva accommodates a comprehensive range of securities in one database. Before implementing Geneva, accurately accounting for this expansive breadth of instruments proved so challenging that FFTW needed two systems to get the job done.

Shifting Preferences

Despite the complexities of managing multiple accounting systems, the firm operated successfully in this manner for a number of years, maintaining multicurrency accounts on one system and domestic accounts on the other. This set up posed few problems as long as each client held just global or U.S. securities.

Gradually, however, client preferences changed, and FFTW began seeing significant cross-over between U.S. and non-U.S. assets. "Multicurrency accounts wanted to do mortgages and U.S. accounts wanted to do a little multicurrency," Wyne explains.

A Consolidated Back Office

To solve this problem, Wyne and his staff embarked on a search for a new accounting solution that would enable FFTW to consolidate these accounts and securities on a single system. This process spanned four years, and included detailed evaluations of more than 10 different portfolio accounting systems. Unfortunately, none of the systems met the firm's essential criteria. Then the team came across Geneva, which immediately distinguished itself from the legion of systems under review.

"Geneva could do multicurrency and pass-through securities quite well. The other systems couldn't. And the main reason we chose Geneva was that many of the other systems seemed to be older technology with newer interfaces. They were really just rebuilt versions of older systems. Obviously Geneva is not. It's new technology."

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New Technology

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By consolidating FFTW's portfolio accounting into one system, Geneva enabled the firm to improve its operational efficiency. How exactly? By simplifying maintenance issues and improving interaction among the firm's business units.

"There's no question that Geneva has been a positive experience for us. The system is as advertised, and the Advent people are very competent."

Michael Wyne, Managing Director
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Improving Efficiency and ROI

"People want one system," says Wyne. "We prefer, of course, to modify just one system and train people on just one system instead of two. With Geneva, we no longer have one office using one system and the other offices using another system, which prevents them from talking to each other."

As a result of these process improvements, FFTW expects Geneva to deliver a better return on investment than it saw with its previous accounting systems. "We did a cost comparison," says Wyne. "It was obvious that we were going to save money with Geneva."

A Solid Foundation

Even still, cost was not the most important consideration for FFTW. "It was not a decision based on price," Wyne recalls. "It's bigger than that. Our main concern was, will the firm be better off five years from now? So it was actually an easy decision. With an accounting system, you're almost betting the firm on it. And that's worth millions."

Because of the overwhelming benefits it is realizing with Geneva, FFTW plans to transfer all of its accounts to the Advent system over the next year. "There's no question that Geneva has been a positive experience for us," says Wyne. "The system is as advertised, and the Advent people are very competent."



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