



Case Study: DC Pensions

A Pension Platform for the future

SUMMARY

- Institutional Fund Platform
- £2bn AUM
- 125 corporate clients
- 200 trades per day



PHOENIX GROUP

BACKGROUND

With a well-documented shift from Defined Benefit to Defined Contribution provision and a predicted explosion in transaction volumes after the advent of auto-enrolment in 2014, prospects look good for pension fund platforms. As one of a handful of companies to offer such a solution, Phoenix is well positioned to benefit. Its open-architecture DC platform already links to hundreds of funds and, with highly flexible blending and rebalancing functionality, has attracted some big name clients and over £2Bn of AUM. But Phoenix recognised that to really expand this part of their business and attract bigger schemes they would need more automation, especially around the interactions with pension scheme administrators where new message standards for Fund Trading over SWIFT were beginning to emerge.

OPTIONS

Phoenix has an established policy of buy rather than build for new technology, and decided to quickly review the market for automated Fund Trading systems. It's a niche area with few suppliers and Altus soon emerged as the clear favourite. Depth of exercise, track record and product roadmap were all key factors in Phoenix's decision to select the Altus Funds Gateway (AFG).

"Choosing AFG was easy. Altus had an established client base among scheme administrators, deep expertise around technology standards and clearly understood the whole lifecycle of Fund Trading."

Phil Ludgate, Head of Investment Operations

PHASE 1—MESSAGE STANDARDS

At the start of the project the focus was very much on complying with the new standards and being able to process electronic instruction messages in the new standard format, known as Via Nova. Implementation of the core system was very smooth with Phoenix processing live messages within 3 months of the project kick-off. Users liked the system too; with a highly configurable interface and intuitive traffic-lighting, it was swiftly incorporated into the daily business routine. Schemes were on-boarded quickly and simply with no drama as the software just worked.



PHASE 2—DEEPER INTEGRATION

AFG was integrated into the core Phoenix Administration system from day one but this phase was about deeper integration with some key satellite systems that surround it. Working closely with Phoenix's own technical architects, Altus was able to maximize the benefit of AFG's open web-service architecture and connect it to both Phoenix's funds database and CHAPS payment system. The result was more efficiency and shorter process times with the overall daily cycle reduced by 90 minutes.

PHASE 3—FUND MANAGER LINKS

Having significantly enhanced the front-end of the fund trading cycle and speeded up internal processing, phase 3 was all about improving the back-end interactions with

Fund Managers.

This involved another Altus product, AIG, originally conceived for scheme administrators but here adapted for the platform to interact with Fund Managers. AIG was always designed to offer the same consistent process for managing fund instructions whatever the communication method and this has enabled Phoenix to gradually upgrade its links to Fund Managers from face to EMX and SWIFT without disrupting operations. This mechanism now handles trades to all the platform's base funds, includes automated price validation and has virtually eliminated errors.

PHASE 4—THE FUTURE

The final stage in Phoenix's fund trading journey is to extend the benefits of STP to smaller scheme administrators for whom the investment in their own secure message infrastructure may appear too large. In an innovative move, Phoenix will be offering free access to an online fund dealing portal powered by AIG where they can enjoy all the features of that system across the full range of Phoenix's institutional platform funds. The components for this are all now in place and it seems sure to be a popular service.

THE RESULTS

The key objective of the project was to place Phoenix at the forefront of the STP revolution in fund trading and it has certainly achieved that. Phoenix clients can now place trades electronically over SWIFT into almost 1,000 funds with guaranteed delivery, immediate confirmation and on-demand prices. 200 trades a day are now processed this way with more to follow as some of the UK's largest administrators sign up to the service. Throughout all these phases, the software has never failed once in a live environment – testimony to the quality of Altus architecture and engineering.

"Altus delivered an out of the box solution that just worked from day one. Together we have developed a proposition for the Corporate pensions market which I believe is truly unique."

Ian Colquhoun, Corporate Investment Services Director

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