

BE POSITIONED TO SUPPORT GROWTH

As part of a growth plan and with a commitment to insourcing investment activity, our superannuation fund client was re-considering its operating model. In particular, there were questions about which systems, data, and operational processes are best served by the custodian and which would be best served internally.

In order to develop a shared vision of the future, the firm asked Cutter Associates to design an operating model that would:

- Achieve operational efficiency and eliminate duplication of efforts between the custodian and internal teams
- Support improved asset management effectiveness, scalability, and agility
- Enable the firm's growth strategy for years to come

The organization sought assistance from Cutter to design a future state operating model based on leading industry practices, and consistent with the strengths and weaknesses of both the Fund and their custodian.

CUTTER SOLUTION

Cutter worked with project stakeholders to understand existing processes and pain points in their current operating environment. Cutter then worked with their custodian to understand their perspectives on the current state, discuss operational inefficiencies in current service usage and identify capabilities not currently being used.

The client was provided with preferred industry practices and governing principles related to outsourcing. With this as a backdrop, Cutter conducted a current state assessment of the different functions in scope, with specific emphasis on services within the scope of the custodian's service capabilities.

Cutter then worked with client and custodian to develop specific recommendations for operating model improvements based on the current state assessment findings, and Cutter's view of the best practice operating model. Cutter outlined functions/areas where custodian services are appropriate and in-line with leading Industry practices. For certain services, Cutter designed a high-level workflow and outlined data management and vendor oversight recommendations.

CLIENT PROFILE

Client Type:

Superannuation Fund

Assets Under Management:

USD 70 billion

Location:

Australia

Cutter Practice:



Public Funds



Operational Strategy

Lastly, Cutter provided a prioritized set of initiatives that each party would need to take to more effectively utilize the recommended services from the custodian. In addition, Cutter provided guiding principles on the usage of other vendor solutions that would be more consistent with the strategy of leveraging the custodian more.

Over the years, the Superfund had requested additional services that had generally been accommodated by the custodian, even though, at times, the services did not align within the normal scope of offerings. This had resulted in sub-optimal solutions and inefficiencies in some areas. As a result of the Cutter engagement, our client got a clear picture of what services were aligned with leading industry practices and were a natural fit for the custodian to undertake. Additionally, the custodian benefited from greater clarity on areas that they need to invest in to better service the Fund (and other clients with similar requirements).

Finally, the Fund also received specific recommendations in specific areas of investment processing for solutions which fell outside of the custodian's scope.