

THE SOCIETE GENERALE SECURITIES SERVICES PARTNERSHIP WITH CREDIT SUISSE ASSET MANAGEMENT: A CASE STUDY



In the light of increasing regulatory constraints, growing market complexity and the need to focus on sales, portfolio management and investor services as core competencies, Credit Suisse Asset Management in Germany has decided to outsource its fund administration. As a result, Credit Suisse Asset Management Deutschland Kapitalanlagegesellschaft mbH transferred its fund administration to SGSS (SGSS Deutschland Kapitalanlagegesellschaft mbH), who became the General Fund Administration in October 2010. This case study looks at why Credit Suisse Asset Management decided to migrate its fund administration operations, its aims, the benefits and the process – and why it chose Societe Generale Securities Services to be its partner.

MIGRATION AIMS

- Focus on core competencies
- Outsource all fund administration and additional services
- Provide a complete state-of-the-art front-to-back solution
- Use the professional expertise of the partner
- Tackle increasing complexity in asset management
- Credit Suisse Asset Management Deutschland remains largely responsible for sales and customer support
- Create an alliance to match Credit Suisse Asset Management's specific needs

BENEFITS OF OUTSOURCING FOR CREDIT SUISSE ASSET MANAGEMENT DEUTSCHLAND

- Focus on sales, portfolio management and investor services as core competencies at Credit Suisse Asset Management
- Save on costs
- Align with new regulations and products
- Access a new front-to-back infrastructure with state-of-the-art technology

HIGHLIGHTS OF THE MIGRATION PROCESS

- Data migrated at “record time” in only 6 months
- 66 funds and around 7,000 individual positions migrated to SimCorp Dimension
- 20 external partners involved as deposit banks, advisory-partners and investment trust companies
- 50 reports implemented in accordance with individual Credit Suisse Asset Management requirements

WHY SGSS?

Efficient and experienced in fund administration - Complete service from a one-stop source (front, middle and back office services, reporting, risk control, performance measurement and sales support) - High level of professionalism and experienced staff - Modular product range structure - Access to a worldwide network - Matching corporate culture

BUILDING TEAM SPIRIT TOGETHER

MORE THAN A PARTNERSHIP: A GENUINE TEAM

Credit Suisse Asset Management is part of Swiss-based Credit Suisse, a world leader in financial services. Credit Suisse Asset Management is responsible for servicing global and regional portfolios, and managing investment funds and other investment products. Customers include state and private organisations and companies as well as wealthy individuals and retail customers from across the globe. The asset management arm is represented in twenty-one countries with staff numbers totalling 2,900 managing a total asset portfolio volume of USD 454.2 billion (at December 31, 2010).

*Like most other asset management companies, Credit Suisse Asset Management has had a number of funds on the market with an asset manager in charge of administering them through a capital investment company. Credit Suisse Asset Management in Germany decided to outsource its fund administration in light of increasing regulatory constraints, growing market complexity and the need to focus on sales, portfolio management and investor services as core competencies. **Finding a service company that would cover the entire value-added chain in front-end systems from fund management to investment trust services, while showing willingness to invest in a partnership of this type, played a major role in this decision.** Common goals for growth, in addition to sharing the risks and costs involved, also played a decisive role in selecting a partner for the alliance. SGSS (SGSS Deutschland Kapitalanlagegesellschaft mbH) has now been acting as the General Funds Administrator since October 2010, when the previous investment company, Credit Suisse Asset Management Kapitalanlagegesellschaft mbH transferred its fund administration to SGSS. Through outsourcing, Credit Suisse Asset Management Kapitalanlagegesellschaft mbH has both matched its corporate culture and found a true partner to provide support and expertise for resolving the problems that arise in a timely and professional manner.*

*Gerhard Lohmann,
COO EMEA
Credit Suisse Asset Management*

“
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THE STATUS QUO

Regulations have been substantially reinforced across the board in the financial services sector as a result of the financial crisis; this applies to regulations such as those on reporting and risk management, with increased fund administration costs as a result. Meanwhile, these costs in particular have become a key factor in investment decisions from the investor's point of view, with the development of low-cost products such as exchange-traded funds.

Asset managers have been facing ever-increasing pressure to cut costs on the one hand, while focussing more closely on their core competencies on the other. *"If we aren't focussing on what our customers see as our core business, we're doing something wrong,"* says Gerhard Lohmann, COO EMEA at Credit Suisse Asset Management. Credit Suisse Asset Management's core competencies include portfolio management, sales and investor services. However, this does not include funds transactions. Presenting these as high-quality in-house services against the background of constantly shifting legal requirements requires resources, time and money.

THE CRITERIA

Focussing fully on core competencies requires that fund administration be outsourced to a partner that satisfies certain criteria. The fund administrator would need to understand and share responsibility for Credit Suisse Asset Management's strategy with all of the opportunities and risks involved – this was one of the deciding factors at Credit Suisse Asset Management. *"That's why we were looking for someone with experience and an effective work ethic,"* said Lohmann, *"and someone who was ready to get to grips with our strategy and problems, in order to develop solutions together."*

Another factor for Credit Suisse Asset Management in selecting a matching fund administrator was the ability to provide the entire service range from a one-stop shop with a worldwide network, as Credit Suisse Asset Management is also active in the international arena in which the company aims to expand.

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THE SOLUTION

Outsourcing fund administration to an expert who can carry out these services with professionalism, efficiency and at reasonable cost has come to be an increasingly important success factor in asset management. **Credit Suisse Asset Management Deutschland therefore decided to transfer the whole fund administration activity to SGSS Deutschland Kapitalanlagegesellschaft mbH. SGSS now provides the entire front-to-back infrastructure** for fund administration while providing investment trust services and all related activities such as detailed risk management, which includes performance management or complete customer reporting.



Société Générale, La Défense, Paris

THE AIMS

The migration project aimed to outsource the entire value-added chain to one partner that would be in a position to provide **a complete state-of-the-art front-to-back solution**. This would necessarily include a high degree of professionalism and expertise amongst the staff on the supplier's side. Meanwhile, customer support and sales would remain Credit Suisse Asset Management's responsibility. In addition, the aims of migration included entering an alliance that would ensure enough room and flexibility for individual processes matching Credit Suisse Asset Management's requirements.

THE BENEFITS

Implementing new regulations in particular - but also developing new products - places an increasing burden on asset managers, so a major advantage is that SGSS take on the full range of activities in this respect. The wide range of products and

broad customer base at SGSS ensure the swift implementation of new trends in asset management as well as new regulations.

Fund administration uses systems that match the state-of-the-art technology. Together with the economies of scale (SGSS manages 571 funds* at a total volume of EUR 70 billion in Germany*) this provides a high degree of professional, efficient fund administration at a lower cost, while freeing up resources for Credit Suisse Asset Management **and places the asset manager in a position to focus on core business**.

From the asset manager's point of view, this presents additional benefits such as maximum data transparency and consistency, improved control, a high degree of flexibility such as changing deposit banks, and improved process reliability, as well as risk management across portfolios.

SGSS key figures

Valuation of

4.436

funds*€

€458 billion

assets under administration* in Europe

* at June 30, 2011

SELECTING SGSS AS A PARTNER

Credit Suisse Asset Management chose SGSS for this extensive migration project. Several factors weighed in for SGSS in clinching this decision. *“Firstly, even in our initial meetings, SGSS struck us as a real partner with the genuine will to understand where our problems lie and provide solutions,”* said Lohmann. Another decisive factor was SGSS’ reputation as an experienced and efficient player in fund administration. *“We were also on the search for a partner that would cover the whole range of fund administration services,”* said Lohmann. *“We were looking for a one-stop shop that would be in a position to satisfy our needs flexibly with corresponding services.”*

The modular range structure at SGSS enabling a complete service package tailored to the exact needs of the asset manager also played a role in the decision. *“We were indeed especially impressed by SGSS and its team in their genuine efforts towards understanding our strategy and putting together a service package that was exactly what we were looking for,”* said Lohmann.

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THE MIGRATION

Data migration and connections to external Credit Suisse Asset Management partners were completed in “record time”. Usually, this type of data migration project takes an average of around nine months; SGSS securely migrated the data from Credit Suisse Asset Management to SimCorp Dimension – the system used at SGSS – in just six months.

The migration involved 66 funds at a volume of EUR 6.5 billion with around 7,000 individual positions, implementing and designing 50 new reports, 300 investment guidelines and connecting 20 external partners that included deposit banks, advisory-partners and investment trust companies.

Migration involved only two steps that took place within two weeks. 26 funds were transferred in the first step, and 40 in the second. Migration took place on two weekends, with 25 employees involved in the process. In total, 40 experts were involved in the project, to which they dedicated between 10 to 100% of their working hours.

The migration scope

66
funds

€6.5
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7,000
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50
new reports

300
new investment guidelines

20
new external partners connected

DEVELOPMENTS SINCE MIGRATION

The business transfer between Credit Suisse Asset Management Kapitalanlagegesellschaft mbH and SGSS Deutschland Kapitalanlagegesellschaft mbH took place on January 20, 2011, to the satisfaction of Credit Suisse Asset Management. *“Our working relationship has been operating very well,”* confirmed Lohmann. In addition,

Credit Suisse is now planning to roll out its portfolio management model developed for Frankfurt internationally with SGSS and enquiries have been made for four more international locations.

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Credit Suisse Asset Management*



Founded in 1856 in Zurich, Swiss-based Credit Suisse is one of the world's leading financial services companies. The bank supplies consulting services as well as full solutions and a broad range of excellent investment products. The organisation has more than fifty thousand employees* on its staff, and 405 locations* in fifty-five countries*. In terms of market capitalisation, Credit Suisse is one of the world's eight largest banks*, and ranks fourth by asset volume managed* (*at March 31, 2011).

Credit Suisse Asset Management
Credit Suisse practices asset management in twenty-one countries with 2,900 employees**, managing a total asset volume of USD 454.2 billion*** (** at December 31, 2010). Product focus lies on alternative investments with multi-asset class solutions as well as investments in threshold economies.

“The agreed partnership brings advantages for both parties. SGSS can thus improve its market position as a leading provider for insourcing services for fund administration in Germany and leverage SGSS’ existing infrastructure in this area. Also, we are benefiting from the marketing and sales strength of Credit Suisse Asset Management.”



*Christian Wutz, Managing Director,
SGSS Deutschland Kapitalanlagegesellschaft mbH*

Société Générale Securities Services in Germany (SGSS Deutschland Kapitalanlagegesellschaft mbH) is a business division and in the case of Germany, a wholly owned subsidiary of the Societe Generale group, and is represented at the Munich, Frankfurt and

Hamburg financial centres with two hundred and fifty employees (at March 31, 2011). Our highly developed platforms at all three locations are based on innovative and certified technologies allowing not only advanced functionality, but also an effective management process.

SGSS Deutschland
Kapitalanlagegesellschaft
mbH manages

565

funds* at a total volume of

€69

billion* in Germany

* at June 30, 2011

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Societe Generale Securities Services offers a comprehensive range of value-added financial services for investment professionals: asset managers, institutional investors, financial intermediaries and corporations. Our portfolio includes clearing services, custody & trustee services, retail custody services, fund administration & asset servicing, liquidity management, fund distribution services as well as global issuer services. Thanks to our global network, our powerful partnerships and our financial solidity, we provide our clients with personalised advice and a genuine expertise. SGSS does not provide services directly to retail customers, nor investment advice and/or recommendations regarding any investment strategy or transactions. Not all services described in this document are available in all countries.

SOCIETE GENERALE

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