



# Omgeo Allocation Manager<sup>SM</sup> Provides New Efficiencies and ROI for Chase Investment Counsel Corp.

Shaping STP<sup>SM</sup>

**Jennifer King, Assistant Vice President—Operations at Chase Investment Counsel Corporation (Chase), discusses how and why Chase implemented Omgeo Allocation Manager<sup>SM</sup> into its trade operations.**



## The Challenge

Straight through processing (STP) initiatives have received a lot of airtime within our organization, but due to the large investment of time and money that many of these projects require, we often resisted taking them on. In addition, our manual back-office operations were working as is, so the question was often, 'Why change it if it still works?' However, given our organization's strong growth over the past few years it became quite evident that our strategy would have to change. Specifically, we have seen significant increase in the number of trading counterparties and trade volume and as a result, our operational efficiencies have been put to the test.

Quite obviously this growth pattern has put a strain on the manual processes that were in place. We used to record 100 percent of our broker/dealer activity manually, often on individual Excel spreadsheets or kept track of account numbers and trade information by hand, and then transmitted the allocations via fax and in some cases by phone. The process was time consuming and prone to human error—one was never really sure if the broker had received the trade allocation fax and if it was being properly allocated at their end. In addition, our broker/dealers were periodically not notifying us that a faxed allocation was not received until we found there were no confirms for the trade, which we usually discovered the following day. The passing hours often presented a risk for our clients, as we were then put a day behind in the processing schedule.

## The Solution

To reduce these risks, we evaluated a variety of STP alternatives, prioritized the business requirements and defined our firm's needed return on investment (ROI) for the new STP project. It was essential for us to 1) limit the internal resource requirements to complete the project; 2) have a very minimal, if not non-existent, monetary investment; 3) reduce our overall operational risk.

In the spring of 2003 we made the decision to implement *Omgeo Allocation Manager*, since it was clear that this service would meet all of our needs. Today, I am able to access *Omgeo Allocation Manager* via my Web browser and have an immediate connection to our community of broker/dealers—two critical decision points for Chase. Not to mention the fact that there are **no ongoing fees** for us to use the service and **only one internal resource was required to complete the implementation**.

The *Omgeo Allocation Manager* investment quite obviously became a painless decision for management to approve, since the ROI was immediate from a cost perspective.

**Immediate ROI.** Today Chase operates in a highly, yet simple, automated world, with more than half of our volume passing through *Omgeo Allocation Manager* to our broker/dealer counterparts. **I am very pleased to say that the ROI from this investment has come in many flavors.**

**Easy implementation.** The implementation process took less than one week to complete and thanks to its simple functionality and user-friendly features, it took no time at all to learn how to use the solution. We have a personalized log-in name, password and additional industry respected security features which provide us with a solid comfort level of the security and safe-keeping of our confidential information. The Omgeo support and implementation teams have been very helpful and accommodating with all of our needs. **I am happy to say that to this day we have not had any technical problems with the service—a dream for our staff!**

THE PROMISE OF STRAIGHT THROUGH PROCESSING



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## Shaping STP<sup>SM</sup>

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**Increased Operational Efficiency.** We have also seen dramatic improvements within our operations in a variety of areas. Most importantly, *Omgeo Allocation Manager* has strengthened our trade processing controls. Because our accounts are entered into the system just once instead of multiple times as before, I know they are there to stay and that I can reuse the saved lists over and over—all of our ducks are in a row when the next trade comes through. As a result, **I have 100 percent more confidence in what my broker/dealers are receiving and in turn inputting into their systems. The chance of human error has nearly been eliminated.** In addition to electronically maintaining our list of accounts we are able to electronically store our settlement instructions by utilizing the *Omgeo ALERT<sup>SM</sup>* service bureau solution<sup>1</sup>. As a part of *Omgeo Allocation Manager* the Omgeo team creates, enters and accurately stores our settlement details on our behalf in *ALERT*.

Again, a simple way to reduce human error as well as the elimination of one more fax that our brokers would typically receive from us.

The control and accuracy of trade information has also **improved our affirmation rates and reduced the time it takes to process and settle securities.** Prior to using *Omgeo Allocation Manager* we were concerned about the processing and communication time for trade allocations sent to broker/dealers, especially if trades were completed late in the trading day.

However, with *Omgeo Allocation Manager* we can be sure that allocations sent late in the day will be processed by the broker/dealer in time for correct T+1 confirmations. I am now able to enter my allocations, send them to the broker/dealers as soon as I am ready and as a result, provide the broker with more time to 'work the market' for the best possible price. In addition, it was not uncommon for us to be missing broker/dealer confirmations after faxing over our allocations. **Today we are missing zero confirms for the trades being sent through the new electronic process.** We are now able to focus on new business in the morning instead of dealing with yesterday's trade problems.

**Better Constituent Standing.** The use of *Omgeo Allocation Manager* has also provided us with improved relationships and positioning with our broker/dealers and custodian banks. The service and feedback that we are receiving from our broker/dealers has been over the top. They are much happier to process our allocations electronically as they aren't burdened by dedicating more of their own resources to manually enter information into their systems<sup>2</sup>. The improved data accuracy has also resulted in higher levels of automation for our custodian banks, as they are receiving notification and confirmations of our trades more consistently and efficiently.

**Today our custodian banks are more than happy to recommend our firm to potential clients due to the improved operational efficiencies they see within our firm.**

*Omgeo Allocation Manager* has certainly increased our competitive edge—we are spending less time processing trades and more time providing expert service to our clients.

### Company Snapshot

Chase Investment Counsel Corp., founded in 1958, is an independent investment adviser managing retirement, endowment, foundation, personal, trust, and family accounts. This boutique firm, owned by its investment professionals, manages \$2 billion for a limited group of clients. ([www.chaseinv.com](http://www.chaseinv.com))

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<sup>1</sup> Omgeo ALERT is the global database and standard for the communication of settlement and account instructions.

<sup>2</sup> Omgeo research has shown that the average cost for broker/dealers to process a manual trade is US \$16 versus US \$4 for an electronic trade.