DUCO

CASE STUDY

TP ICAP

Improving efficiency and reducing costs across broking operations and finance

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BACKGROUND

A new focus on operational risk and operational efficiency at ICAP led the firm to reconsider how control was performed throughout the business. Starting with the firm's global broking operations department and its finance division, ICAP had a number of priorities to address.

ISSUES WITH THE CURRENT PROCESS

MANUAL RECONCILIATION - ICAP needed to reduce the reliance on manual reconciliation processes as much as possible, as they tied up a significant fraction of people's time across the firm's London, New York and Singapore locations. The time spent was diffuse and difficult to get a handle on, making it hard to optimise processes and effect change. As the processes were manual, they were also difficult for auditors to sign off.

UNCONTROLLED SOLUTIONS - ICAP wanted to replace any in-house built solution bolted onto databases like Microsoft Access or SQL databases, or onto Excel, as these created key man dependencies on their maintainers and lacked auditability and change control.

REGULATORY CONCERNS - Address urgent regulatory needs such as compliance with EMIR or FINRA reporting, by verifying the completeness and correctness of reporting.

CLEAN-UP - Controlling static/ reference data sources such as instrument data or client names in a business that operates globally and with a diverse IT infrastructure is a challenge. ICAP wanted to measure, improve and lock down its reference data.

WHY DUCO CUBE?

Global Broking Operations and the finance departments considered two other vendors alongside Duco Cube.

LARGE VENDOR - The first vendor was a traditional, "big iron" reconciliation vendor. This choice was rapidly disqualified, as the long-term fixed cost was unsustainably high and the choice of vendor would have led to a significant IT spend and would have tied up valuable resources long-term.

SMALLER VENDOR - The second vendor was smaller, but still followed a relatively IT- centric model. This vendor was well suited to applications in the finance department, however the firm would have encountered significant challenges in using the technology with the diverse applications outside finance, from static data cleanup to exchange reconciliation. Buying multiple different solutions for different business areas was deemed infeasible.

ICAP chose Duco Cube as it gave the operations teams a way to put controls in place without using up valuable IT time and because the service was immediately globally available to all areas on go-live.

DELIVERY AND SOLUTION SPACE

Duco Cube went live at ICAP at the end of February 2014, within less than 24 hours of contract signature. Duco client delivery assisted ICAP's staff in London and New York with the setup of the first few reconciliations through February and March and then ICAP's staff took over using Duco's "self-service" model.

IMMEDIATE WINS - Following end of February go-live, the finance department was able to reconcile its core accounting platforms, including Oracle GL, by March year-end, in time for audit. Additional assistance on this project was provided by subject matter experts from Mokum (now PwC) who expressed account treatment rules on Duco Cube in collaboration with ICAP.

INTERNATIONAL ROLL-OUT - The firm's Singapore operations unit began using Duco Cube midyear, putting in place controls against SGX and BARX. ICAP was able to implement strong change control, run out of the London office, using Duco Cube's built- in audit and approval processes.

ONGOING TARGETS - Duco and ICAP are currently working to automate ICAP's 400 bank account reconciliations and free up further staff time in this area, as well as reduce risk by shifting the process from month end towards end-of-day. Roll-out in the United States continues, focusing on internal controls, controls against exchanges and regulatory reporting and preparing to bring on board satellite offices in other states.

THE OUTCOME

ICAP chose Duco Cube as a solution that could standardise reconciliation controls immediately, across the globe and across the firm's diverse business units. Roll-out began **24 hours** after signing and covered **three** locations around the world within **six** months. Operations teams were able to pick up Duco Cube with little initial training and manual work has been reduced and auditability increased.

REALISED BENEFITS WITHIN SIX MONTHS

+ Control – removal of human error and creation of standardised processes

+ Data integrity – increased the depth of control beyond trade counts and verifying small numbers of attributes towards total integrity checks

+ Efficiency – reduction in time spent performing reconciliations and ability to establish centralised processes and teams ultimately reducing headcount and labour costs

+ Auditability – auditability increased through built in audit trails and versions and clear documentation of all changes to reconciliations

+ Management information – dashboard reporting provided in the tool allows ICAP to easily see the status of all reconciliations and to quickly act on issues that need addressing

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Global Broking Operations, between March and May put 40 core controls in place to reconcile between core internal systems and the outside world:

+ Daily exchange reconciliations between internal systems and EUREX, LIFFE, LTOM, OMX

+ Trade reconciliation between internal middle and back office systems, across asset classes (swaps, futures, options)

+ Static data controls

A small sub-set of 11 of these controls were measured to save about 10 hours of manual work per day, equivalent to just over one FTE.

FOR MORE INFORMATION

Please email us at info@du.co or contact us at one of our office locations at du.co/contact