

Rome wasn't built in a day

Third Rome, a newly-established asset and wealth management service provider, has gone from nothing to having a sophisticated technology platform in just four months. Maxim Yanpolsky, the company's COO, shares the experience of undertaking such a swift project.



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Third Rome's core team originates from Russia-based Renaissance Investment Management, one of the arms of the Renaissance Capital financial group. Third Rome was founded by Andrei Movchan, former CEO of Renaissance Investment Management and now CEO of the newly-launched venture (it opened for business in summer 2009). It caters for high net-worth and ultra high net-worth individuals of Russian origin. Maxim Yanpolsky, the company's COO, describes it as 'an independent multinational partnership entity which has subsidiaries in various jurisdictions'.

The IT set-up is also scattered across various locations and the company heavily depends on outsourcing, although it also has in-house developed solutions. It uses a number of data centres, 'which are accessible by Third Rome's teams internationally and support their day-to-day activities', explains Yanpolsky. 'These days, you can have technology virtually anywhere in the world.'

The development began with setting up an infrastructure for the 'product factory, where portfolio managers build and manage products'. There is a set of control tools and functions that make sure that this is done in accordance with investment and compliance rules and do not violate investment restrictions. These components comprise the core. The portfolio management system has the essential function, says Yanpolsky, so selecting the right system was vital to successful operations.

The selection process lasted for about a month. It was largely based on the previous

experience of choosing and implementing a system at another financial institution. This helped to speed the process, notes Yanpolsky, but he adds that the decision at Third Rome was unbiased.

In the course of the first project, Yanpolsky and his team researched the market and evaluated a range of suppliers, including Advent Software, Charles River Development, DST Global Solutions and Odyssey Financial Technologies. Accenture, the bank's technology partner and integrator, assisted with the selection. 'It introduced us to the right vendors and made sure that they understood all of the questions we had and verified the answers,' explains Yanpolsky. Accenture also provided the information of the vendor's stability, performance and future plans.

'We went through a very thorough selection process. We talked to various business users and looked at the demos and pilots. Based on the feedback, we compiled a very detailed questionnaire of about 150 questions,' recalls Yanpolsky. The document was prepared by the bank's team, without assistance from Accenture. Business divisions were given the task of filling out the relevant sections of the questionnaire for each evaluated system, and the result was then analysed by the project team. Based on the findings, Odyssey's offering was 'number one' functionality-wise. There were other important criteria taken into consideration, adds Yanpolsky, namely the stability of the provider ('we live in very uncertain times and need a reliable partner'), the cost of ownership and the ease of integration. The



latter was a vital component, he notes. Of the two finalists, Advent and Odyssey, the former was not prepared to create the requested interfaces at that time. Advent offered to provide just the solution, but the interfaces were going to be the job for the financial institution and its integrators. Having consulted with the market, the project team learned that they would have been the first to undertake it. Such a course was deemed too risky. So, says Yanpolsky, Odyssey's Triple'A Plus front and middle office suite was an obvious choice, even though it is 'a very expensive solution' for a start-up operation such as Third Rome.

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With the deal at Third Rome being finalised and the contract negotiations under way, the preparatory implementation work began in July. There was a business process description and a rapid gap analysis, carried out jointly with Accenture, Third Rome's technology partner. The implementation proper kicked off at the end of July. Accenture acted as a business integrator, while Odyssey provided the solution as well as 'consultancy and expertise'. The vendor was also responsible for adapting the system to Third Rome's requirements. 'The gap analysis identified three main gaps – in the order allocation and execution area, market data interface set-up, and related to specific requirements for trading Russian fixed income securities,' says Yanpolsky. The vendor's willingness to customise the system was another reason for choosing Triple'A Plus, he adds. 'At the same time we decided that the amount of customisation should be kept to reasonable minimum.'

The completion of the first stage and the go-live took place on 1st of October. 'It took just three months and it went very smoothly. I was amazed.' He puts the suc-

cess down to the quality of the participants from all parties – Accenture, Odyssey, the institution itself and Fincell (a Swiss IT consultancy that does some IT development for Third Rome, for example, a fee calculation application that sits on top of Triple'A Plus). Whilst Yanpolsky was confident in his internal team, he also successfully managed to get the vendors 'to put together the best team for the project'.

The first phase consisted of deploying the main functionality for portfolio management, equities, fixed income and plain vanilla derivatives trading, interfaces to prime brokers, market data interface, client reporting and performance attribution func-

tionality ('a standard set' for performance calculation etc), order management and order execution functionality. The project is now in phase two, which includes exotic derivatives trading and adding more sophisticated performance attribution functions. The implementation of a new CRM system, Salesforce, and its integration with Triple'A Plus, is also currently under consideration.

Risk management functionality and expanding the reporting capabilities are also high on the agenda. 'In wealth management, customer reporting is the key. Our clients don't want just standard reports, they want bespoke,' explains Yanpolsky. He says that Third Rome has already received positive feedback for its endeavours in this field. 'One customer noted regarding the reporting that he wished we were a bank.'


As for the regulatory reporting, it is done through a proprietary data warehouse, which is also used for accounting functions. Regulatory reporting is a very complex issue for Third Rome, states Yanpolsky. The legal requirements vary from country to country. Thus, the data warehouse acts as a core which accumulates all

data and the jurisdiction-specific regulatory reporting is then done by the relevant applications. A similar approach is taken for the accounting, with all the data accumulating in the central database at the data warehouse and then used by local tools across various locations of the company.

Stage-two work will be completed by the end of November, with further enhancements planned for Q1 and Q2 2010. 'We are growing, so we are in constant development,' states Yanpolsky. There will be more interfaces and systems. 'We have the clients' requirements in the high frequency and algo trading areas. All this calls for a lot of new technology to be implemented and designed. As Triple'A Plus acts as our corporate portfolio management system, it will have to be integrated properly with all new software.'

Risk management is among the top priorities for Third Rome. Its risk management platform will be composed of industry best-of-breed and custom-built solutions. The project is under way, but no names can be disclosed yet.

'It's very unusual, but I am very happy with the project so far,' says Yanpolsky. The system was delivered on time and within the budget. 'The management is impressed,' he notes. In the case of Third Rome, the team negotiated a fixed implementation budget and also ensured that the required software changes are 'delivered quicker and better'. There were also very rigid timeframes and a clear understanding among the participants that these timeframes had to be met. This meant sometimes working longer hours and weekends, admits Yanpolsky.

He cites the dedicated team, understanding and support from top management and business divisions, and the involvement of the company's CEO as among the main contributors to the successful outcome. Not having any legacy systems (so no historical data to migrate) or processes to interfere with the implementation has also helped the institution. Yanpolsky believes that Third Rome has created a solid platform to drive and extend its bespoke services in the future. 

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