

## Case Study

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## Showcasing the processing power and automation that stood the test of COVID-19



Demonstrating resilience through the market turmoil while operating remotely

**AUM**  
£197 BILLION

**FIRM TYPE**  
ASSET MANAGER

**PREVIOUS SOLUTION**  
IN-HOUSE, MANUAL PROCESS

**CORFINANCIAL SOLUTION**  
SALERIO

## ABOUT

Baillie Gifford employ over 1000 people and now manage and advise £197.8bn (US\$245.3bn) in specialist equity, fixed income and multi-asset portfolios for a global client base (all figures sourced by Baillie Gifford as at August 2020). An asset management firm founded in 1908, it is headquartered in Edinburgh with offices in New York, Hong Kong, Dublin, London and Frankfurt. Baillie Gifford is unique in the UK in being a large-scale investment business that has remained an independent private partnership. This ownership structure has allowed the firm to keep its efforts focused entirely on its clients and their investments.

## CHALLENGE

Over a 14-year period Baillie Gifford had developed and operated an inhouse post-trade system for equity and bond trade matching and custodian messaging. Volumes had increased substantially over this period and although the system itself still coped with the custodian messages, there were numerous manual workarounds for various types of trade. In addition, exception management was conducted over various systems for different instruments.

"Where there were client-specific requests for information, we were often relying on our developers having to create bespoke code," said Louise Laidlaw, Head of Settlements at Baillie Gifford. "We wanted a system that would give us more operational control rather than having our developers create even more customisation. The amount of custom coding had become an operational concern for us due to the keyman risk that it created. More significantly, we experienced some problems when we were cancelling SWIFT messages with our custodian banks and needed more flexibility and controls around messaging."

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The inhouse system was therefore recognised as approaching the end of its lifespan and rather than undertaking an internal rebuild, the decision was taken to seek a solution on the market. This option had significant buy-in across Baillie Gifford, partly due to the number of technology projects already underway but also the reduction in maintenance cost that an off-the-shelf solution would entail.

Louise Laidlaw: "We decided that it was time to transition our existing operating model to a strategic solution that encompassed the whole trade processing lifecycle. Not only were we looking for a comprehensive, automated exception management system, but also the right people to work with. We wanted a real partnership, with open and honest discussions."

## SOLUTION

Baillie Gifford embarked on a thorough selection process, inviting ten of the leading vendors in this sector to tender for the contract. Following the RFP process, corfinancial was shortlisted to showcase Salerio and respond to various case studies that Baillie Gifford had set. The corfinancial team stood out as having a deep understanding of Baillie Gifford's objectives. corfinancial also impressed with the continuity of their team throughout the process, from sales through to implementation, forging a strong rapport and engendering trust with Baillie Gifford.



**“We noticed a positive impact on the day-to-day practices of our settlement team as they transitioned from a trade processing working model to a Salerio automated exception management solution.”**

After a detailed evaluation process, Baillie Gifford selected corfinancial's Salerio to automate its global trade processing.

During the implementation, corfinancial took part in Baillie Gifford's weekly 'Stand-up sessions' involving their development and operations teams, to review progress and iron out any issues. These discussions included Salerio's data feed interfacing with several other Baillie Gifford systems. Louise Laidlaw: "The communication between both parties was excellent, largely stemming from the deep relationship developed with corfinancial's stable unit."

The corfinancial team included sales, project management, development, analysis, support and QA staff. After system testing and training on the new configuration, the system went live in March 2019, with corfinancial on-hand as ever during the go-live day.

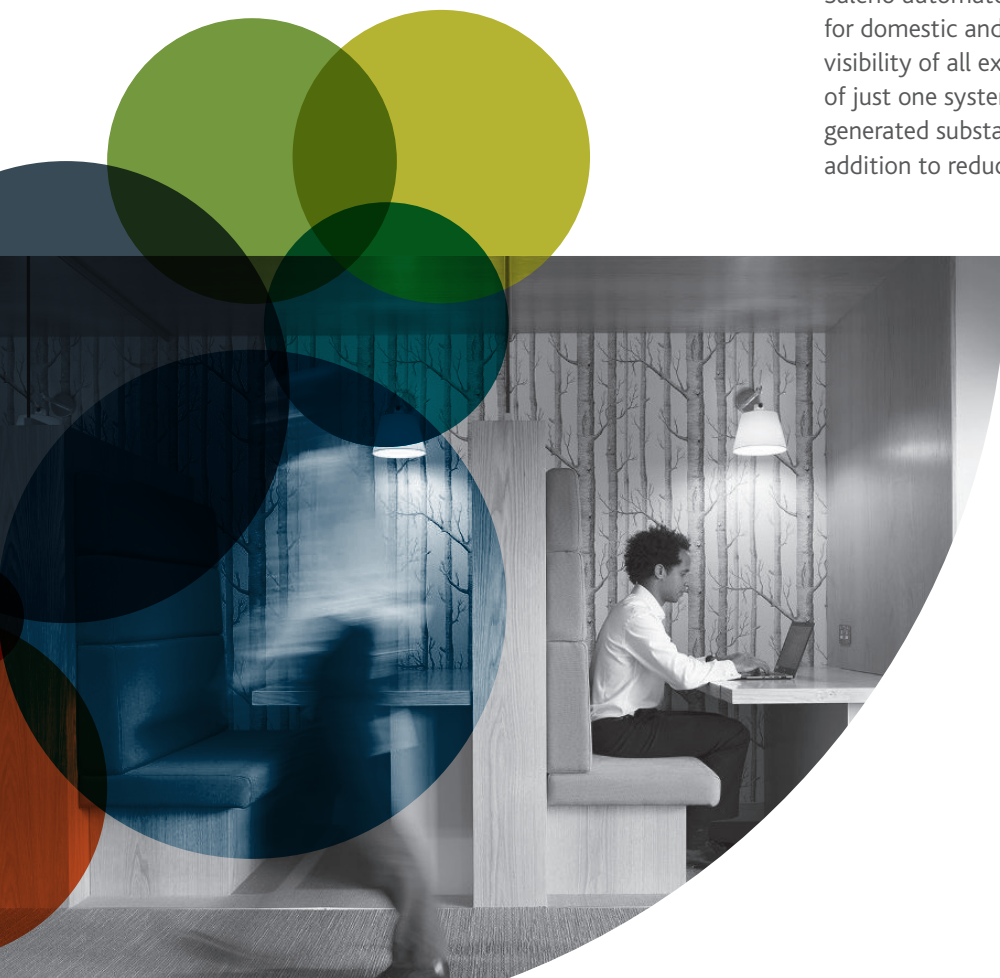
## RESULT

Louise Laidlaw: "We were surprised at how quickly the exceptions came through once we had switched on the system during the Monday morning. From the beginning, the reaction to Salerio has been very positive."

**There are now six Baillie Gifford staff using Salerio on a day-to-day basis.**

"We noticed a positive impact on the day-to-day practices of our settlement team as they transitioned from a trade processing working model to a Salerio automated exception management solution," said Louise Laidlaw. "The efficiencies and capacity improvements were instant, allowing our teams to focus on handling exceptions and adding greater value to our client relationships. We look forward to continuing the relationship with the Salerio team and capitalising on the global trading opportunities offered to us."

Salerio automates the process that matches trades for domestic and international markets and provides visibility of all exceptions on a single dashboard. The use of just one system within a global operating model has generated substantial cost savings for Baillie Gifford, in addition to reducing its operational risk.





"Bringing futures into scope with Salerio has eliminated some time-consuming, manual processing for us," said Louise Laidlaw. "Moreover, the transition has improved our control, authorisation and visibility of trade matching and settlement for futures transactions."

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#### FURTHER DEVELOPMENTS

Since that initial deployment, the relationship with Baillie Gifford has deepened. One reason for this is the way that remote working during the market turmoil of the spring of 2020 did not affect Salerio clients. Baillie Gifford was one such firm that enjoyed uninterrupted trade matching and settlement during lockdown – even when trading volumes suddenly spiked.

Indeed, Baillie Gifford believes that its smooth transition to remote working conditions, without any interruption to the service they provided to their investors, was testament to the software they had installed from corfinancial.

"In March we experienced a huge increase in equity, bond and FX trades. For example, our bond trading volumes more than doubled from the previous month and over a seven-day period we had more than 500 bond trades alone. In April, our bond trading volumes went up even further, by almost another 50 percent," said Louise Laidlaw. "It didn't matter how many trades came through; we knew we had the ability to cope using Salerio. Working remotely, even with these exceptional trading volumes, has had no impact on our operations whatsoever. The transition to home working was seamless and this theme came across strongly in feedback from my Settlements team."

Since lockdown, trade settlement teams have needed secure software that enabled them to adapt to both multiple working locations and unique market conditions. Salerio was designed to handle unprecedented surges in trading volumes even while operating remotely.

Bruce Hobson, Chief Executive at corfinancial. "The system has been able to provide a remote service at the level that gold standard clients like Baillie Gifford expect, and this standard has not faltered during the unprecedented market conditions we are faced with today."

The relationship between corfinancial and Baillie Gifford has also been extended due to the addition of new instruments. Initially, Salerio was used for Baillie Gifford's equity and bond trading, but since April 2020 futures transactions have been added to the asset mix.

"The fact that we went live on futures during lockdown bears testimony to the robust nature of the Salerio application and the flexibility of corfinancial's implementation team," said Louise Laidlaw. "We ran Salerio in parallel with our legacy futures application until we were ready to switch the old system off. Ultimately we had a flawless transition."

One key benefit for Baillie Gifford of utilising Salerio for futures trades has been the replacement of faxed trade notifications (a requirement from one of its custodians) with more streamlined SWIFT instructions. In a working from home environment, this manual handling proved to be particularly challenging before Salerio came onstream.

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## ABOUT CORFINANCIAL

**corfinancial** provides software solutions and advisory services to banking and financial services organisations worldwide. The firm has offices in London, New York and Boston.

There are five key problem areas corfinancial looks to solve through its primary software and service offerings:

**BITA Risk** provides end-to-end private client suitability, portfolio management, risk, ESG and monitoring oversight solutions; brought together in BITA Wealth to mirror and systemise the investment process of wealth managers and private banks and available individually for CIO and investment teams.

**SureVu** empowers buy- and sell-side firms to efficiently monitor and track security trades throughout the settlement lifecycle, enabling users to proactively manage and oversee settlement exposure.

**salerio** is a post-trade processing solution that enables asset managers, hedge fund managers and securities/fund services firms to automate the flow of securities and treasury trades from matching through settlement.

**costars** is an investment administration platform for third party administrators, fund supermarkets and wealth management companies.

**paragon** is a comprehensive front-to-back office fixed income portfolio accounting, processing and reporting solution for banks.

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 **bitarisk.**

End to end private client suitability, ESG, risk and portfolio management with enterprise monitoring and oversight.

 **SureVu.**

Tracks security trades throughout the settlement lifecycle to manage and oversee settlement exposure.

 **costars.**

Retail fund/transfer agency solution providing end-to-end administration for collective investments.


 **paragon.**

Fixed-income accounting hub delivers front to back office portfolio accounting and processing solutions.

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