



# INTEGRATED ADVISOR SOLUTIONS<sup>LP</sup>

## IAS Case Study

### Local RIA Selects IAS to Integrate Portfolio Management Software with Custodian's Back Office

One of the most fundamental elements found in most registered investment advisory firms is the presence of separately managed accounts. However, it's specifically this element that generally places the greatest amount of stress on a firm's operations staff. Allocating trades, invoicing, and rebalancing across hundreds of accounts can consume significant blocks of time and human resources. And generally, the more successful a firm becomes, the greater the amount of stress experienced.

#### The Firm

Possessing more than 30 years of portfolio management experience, this RIA manages personal, commercial, and retirement plan wealth using predominantly separately managed accounts custodied at a large discount brokerage firm. Most of these accounts are initially allocated and subsequently rebalanced against model portfolios that most closely match the account holders' investment objectives.

"I can't imagine how other firms manage without having access to solutions like these."

- Director of Investment Research

#### The Challenges

- The firm's sales successes had begun to place an inordinate processing burden on the firm's operations team in the business processes common to nearly all RIAs - trading, billing, and rebalancing - due to a significant increase in the number of accounts handled by the firm's portfolio management software (Advent Axys).
- The process of calling or manually faxing trade order memorandums to the custodian was being phased out for all individual account trades, reserved only for firmwide block trades. The custodian had provided a back office trading upload interface but no assistance with integrating that interface with the firm's portfolio management software system.



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- The process of printing and manually faxing client invoices to the custodian was obsolete and had already been strongly discouraged by the custodian, which had included invoicing upload functionality in its back office interface.
- Client accounts holding mutual funds (representing over 95% of the firm's managed accounts) were routinely charged short-term redemption fees from the custodian because the effort required to manually calculate minimum holding periods for all positions in all accounts being rebalanced was simply too labor intensive.
- Staff morale was suffering due to the presence of additional technological learning curves from unfamiliar custodial interfaces, and clients began expressing dissatisfaction after incurring several quarters' worth of unnecessary fees.

## The Solutions

After initially evaluating the firm's operational preferences surrounding trading, billing, and rebalancing, we wrote custom Axys reports designed to automate trading and rebalancing processes through the use of custom labels placed in account client files. We also wrote a custom report designed to dynamically build Axys groups based upon specific points of commonality, such as a portfolio's investment objective. The firm prefers to allocate like portfolios against a common model in order to expedite the trading process and properly interface with the custodian's back office operational preferences.

Our custom trading report outputs properly formatted .CSV files that import directly into the custodian's back office trading template for instant upload. Additionally, a centralized repository for all trade files for compliance and historical review exists due to inclusion of an incremental file naming scheme.

We also created a custom Axys billing report designed to automate the process of sending client invoices to the custodian. This report also generates properly formatted .CSV files that import directly into the custodian's back office invoicing template for instant upload.

What had previously taken over a week's worth of manual work now takes less than five minutes!



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In order to prevent client accounts from incurring early redemption fees, we created a custom Axys report that evaluates the last purchase date of each mutual fund slated to be sold during a rebalance operation. If a specific number of days has passed (as dictated by a user interface prompt within the report), that fund is deemed “safe to sell”. All accounts that hold any funds that are not safe to sell are listed on a report output and are optionally removed from the group slated to be reallocated.

After training the firm’s staff on how to use the custodian’s back office interfaces and our custom Axys reports, the firm has increased the number of managed accounts by 40% while simultaneously reducing the amount of operational overhead by 100’s of man-hours per quarter.

Upon considering the value of our solutions, the firm’s principals decided to retain Integrated Advisor Solutions to manage the firm’s entire installed IT infrastructure and provide future Advent Axys custom solutions.

The Firm	A local RIA struggling with managing the growth of separately managed accounts
The Challenges	Integrating Advent Axys with custodian back office resources and scaling operational efficiencies in trading, billing, and rebalancing
The Solutions	Custom Advent Axys trading, billing, and rebalancing reports designed to leverage the processing power of Axys, seamlessly interface with the custodian’s back office, and dramatically reduce staffing requirements

### Your Success Is Our Objective

Since 1996, IAS has been a leading provider of technology, operations, and marketing services to RIAs. We provide our clients with technically advanced resources designed to enable them to compete equitably with much larger financial services organizations. To learn how we can help your firm, please visit [www.integratedlp.com](http://www.integratedlp.com) or call us at (888) 411-4IAS.

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