

## Australian Securities Limited

New integrated IT system contributes to 20% growth for Australian Securities Ltd

**A**ustralian Securities Limited (ASL), a public unlisted company, is a successful boutique financial institution which has provided investment and finance service to thousands of clients for more than 80 years. The company offers the Australian Securities Income Fund and a range of financial products with flexible financial terms. More than 70% of clients have been referred by existing clients.

### Situation

ASL's old IT system was nearing obsolescence, and was something of a mysterious black box with only one expert user. It was restricting business growth, and the high level of manual data entry and multiple handling of information forced procedural constraints.

ASL first began defining requirements for its new system in 2007, after CEO Michael Clarebrough decided existing systems were holding the business back.

Principal and interest loans could not be calculated; a planned property fund could not be managed; ASIC reports could not easily be generated; multiple entry of data increased the margin for error; potentially simple payout calculations were taking half an hour; and changes to direct debit details were wasting time in the accounts department. The system also carried a high degree of risk, as it was difficult to train people and

retain them, and there was only a single expert user.

ASL had enjoyed a long-standing relationship with Fenwick Software, and retained the company as independent experts who could advise on the selection and implementation of systems from other vendors.

“Companies such as ASL can have problems selecting and implementing new systems because they only do it every 10 years or so,” says Fenwick Software Director Steve Langmaid. “They generally don’t have a structured approach to identifying possible suppliers and have difficulty comparing proposals from multiple vendors. Financially, they can fail to allow a realistic budget for implementation, the ongoing support required and for the required commitment from their own staff.”

ASL sought an integrated system which would enable it to increase

“It has helped us increase revenue because we’re operating more efficiently, and it calculates everything we should be collecting from our loan contracts. So we’re a lot more profitable because of it.”

—Natalie Clarebrough,  
ASL, Project Manager



## CASE STUDY



### Overview

#### Country

Australia

#### Industry

Financial Services

#### Customer Profile

Australian Securities Limited (ASL) is a public unlisted company, providing investment and finance to thousands of clients for more than 80 years.

#### Business Situation

ASL had a custom-developed but restrictive database system and was using a legacy accounting system.

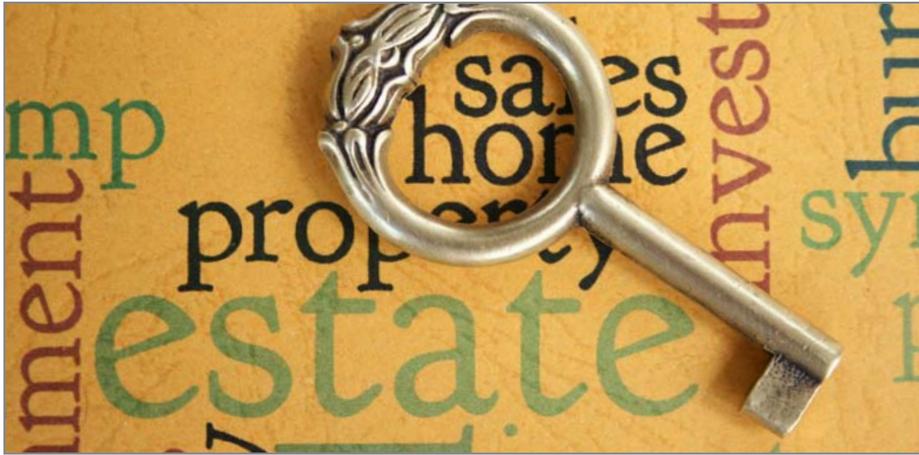
The accounting system was approaching obsolescence and was restraining the future growth of the business. Nor could the systems give ASL the capabilities needed to introduce new products and gain a competitive edge.

#### Solution

Fenwick Software's solution was to combine a standard off the shelf financials package integrated with custom-developed software by Ammerlaan Initiatives for the fund financial management system (FFMS).

#### Benefits

- The ability to introduce new products
- Increased revenue
- Improved staff morale through more efficient processing
- Removal of dependence on an expert user to operate the legacy system
- Process and procedure improvements
- A strong platform for development of an extranet



**CASE STUDY**  
**Australian Securities Limited**

*“Users have more knowledge and understanding, there’s much more transparency and they feel more confident of the system,”*

*—Natalie Clarebrough,  
 ASL, Project Manager*

revenue and profitability, contain personnel costs, improve staff morale and boost retention of staff and clients. The system also needed to accommodate accounting standards applicable to a financial institution and ASIC reporting requirements.

Additional objectives were to:

- Easily introduce new products
- Provide automated discharge calculations
- Reduce turnaround time.
- Increase daily settlement processing.
- Reduce duplication and manual entry
- Reduce mortgage set up time
- Reduce administration time for partial discharges
- Provide accurate and efficient reporting.

**Solution**

Conscious that there must be a better, simpler way, ASL worked closely with Fenwick Software to define its requirements in a consultative process with all key stakeholders. Business benefits and objectives were set, all business processes were examined and their functionality requirements summarised.

Fenwick Software adopted a use-case approach in the system specification, with each use-case showing the process the system must support and the roles people play when they use the system. Collectively, the use-cases gave ASL a clear picture of what the system would do and how it would operate. The specification was then independently sized using Function Point Analysis to give ASL an accurate estimate of the likely development costs.

**“A really great process”**

“This really was a great process,”

Natalie says. “Once we had completed the functional specification, we got the project sized. This provided us with some insight as to how much the project would cost. We were then able to add or delete functionality depending on our budget.”

Fenwick Software then searched for suitable packages and custom software developers. Three were considered before the standard financials packages SAP Business One was selected, integrated with custom-developed software by Ammerlaan Initiatives for the fund financial management system (FFMS).

“The process of clearly defining the requirements was critical,” Steve says. “It allowed us to explore various options for delivering the system, without committing to a single solution too early.

“SAP was selected as a good mid-range ERP and financial system with long term viability and a good range of support providers. It also suits the multi-entity nature of ASL and the funds it manages.”

Off-the-shelf products were unsuitable for the FFMS because ASL’s product is unique, according to Natalie.

“To maintain our competitive edge, the system needed to work to our processes, so we had to build our own.”

Because ASL’s business is unique, with few direct competitors, there are few package providers. A custom-developed solution allowed ASL to have exactly the system it wanted with control of its own destiny. The FFMS also allowed ASL to create a very efficient and integrated system that delivered the business benefits of decoupling revenue growth from staff numbers.

**Benefits**

Fast forward 18 months, and ASL has not only experienced a 20 percent growth in business, but staff are now suggesting innovations that will further improve ASL’s new integrated system. “It’s a very good system and we’re very happy with it,” says Natalie.

All staff are now able to use the system, and its transparency ensures everyone clearly understands how the loans and investment fund processes work. Morale has improved, and confidence in the system means staff are taking ownership of it and identifying further developments for a phase two release at the end of 2011.

**Supported growth**

ASL achieved significant growth in FY 2009/10, and its new system has delivered:

- The ability to introduce new products
- Increased revenue
- Improved staff morale through more efficient processing
- Removal of dependence on an expert user to operate the legacy system
- Process and procedure improvements
- A strong platform for development of an extranet.

**An efficient, integrated system**

Since the system went live on 1 January 2010, ASL has realised a number of business benefits including:

- Removal of reliance on a single key person
- Greater transparency and understanding from all staff
- Weaknesses and areas for improvement identified, including the mortgage management system (MMS), processes and management of control accounts

- A good platform for future development of a client extranet and redevelopment of the MMS.

Additional benefits that were not expected include:

- Removal of reliance on a single key person
- Greater transparency and understanding from all staff
- Weaknesses and areas for improvement identified, including the mortgage management system (MMS), processes and management of control accounts
- A good platform for future development of a client extranet and redevelopment of the MMS.

**Process improvements**

Improvements in processes, procedures and staff morale have had a major impact on the business.

“The key user is less stressed, and is able to manage tasks more efficiently and effectively,” Natalie says. Paying interest to investors and debiting borrowers’ accounts is quickly accomplished, leaving time for other key tasks.

Payout calculations that used to take 30 minutes are now accomplished in five minutes, and cheques printed automatically. Previously, calculations were prepared by staff and given to accountants who had to re-enter all data, with an increased likelihood of errors.

Changes to direct debits, such as updating details, changing bank accounts or suspending direct debits, once took up to an hour. Staff can now deal with such changes as they talk to the client on the phone, and are happy to take responsibility for a process they once avoided.

“When you understand something a bit better you come up with your own ideas, so we’re looking at incorporating ideas from staff in a phase two release by the end of the year.”

**Post-implementation review**

In its post-implementation review, ASL identified a number of steps and processes that it felt had been done well. These included:

- The use of external advisors to provide specialist expertise

- Budgeting for significant internal project resources, including a full time internal project manager and key stakeholders
- Use of functional sizing to establish a project estimate and the resetting of requirements to meet budget
- Fenwick Software’s adoption of the usecase approach
- Regular project meetings to deal with issues and set short term goals.
- A strong working relationship between all third parties.

ASL is now proceeding with development of the extranet, and vendors are being reviewed with Fenwick Software.

Anticipated key benefits are enhanced customer loyalty and retention, and reduced internal processing costs for common client transactions.

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*—Natalie Clarebrough,  
 ASL, Project Manager*

**Fenwick Software advisory services**

**Fenwick Software helps implement new systems for SMEs.**

We understand the technology and what it can do for our clients’ businesses. We understand our clients’ businesses so that we can devise ways to use this technology in the most effective way. We engage client staff in the thinking process, facilitate discussions about what is possible, and in collaboration we design improved processes. Our objective is to improve the efficiency and profitability of our clients’ businesses. We have been doing this since 1976. Our people have that rare blend of hands on development expertise plus deep industry experience that lets us provide practical, independent, business-focussed advice to clients. Fenwick Software provides experienced staff who are expert in:

- business analysis of requirements
- business case definition
- RFI/RFP preparation and evaluation
- vendor negotiation
- package selection
- package implementation

