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**THE RIPPLE EFFECT**

Stories of purpose and lasting impact

# Less noise, please, and more signal

**The order management systems for a large global investment manager were raising false compliance warnings. Why, and what could be done?**

# CAN COMPLIANCE PROFESSIONALS COMPLY IN THE SAME WAY?

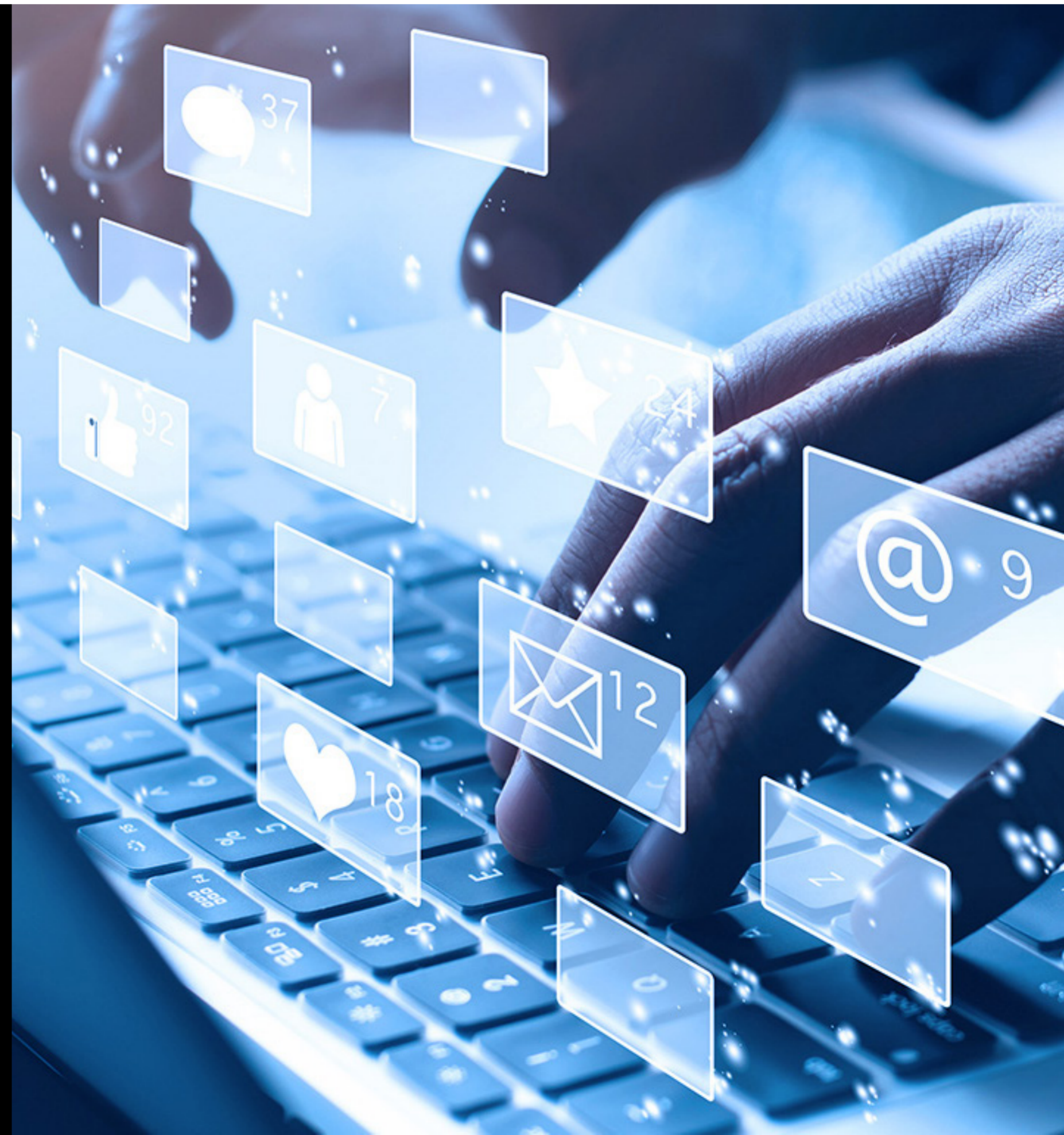
## THE SITUATION

Sure, computers are great for making light work of complex tasks, but there's always a catch: They only do what they're told to. Precisely and only that. So, if a digital tool produces less-than-optimal results, chances are good the problem is in what it was told to do in the first place.

And that's where a particular global investment manager found itself with a specific module within its order management systems (OMS): This module—responsible for monitoring investment restrictions—was throwing out false warnings and alerts. And not in just one region, but all over the place. How come?

Because the systems were following directions! The company's operating model for investment compliance monitoring (ICM) was distributed rather than centralized, meaning people without context for the other parts of the business were giving the ICM disjointed directions, leading to duplicate—and possibly incomplete or inaccurate—rules. These employees didn't have a shared understanding of roles and responsibilities for investment compliance work, so there was a lot of process duplication, not to mention unnecessarily high staffing costs.

Getting these issues in hand would mean nothing less than overhauling the ICM operating model: reengineering organizational structures, processes, data, technology, and governance systems around compliance. Besides clarifying *who* should really be doing compliance work, a new target operating model would also need to describe *how* that work would be done. (How, for instance, would jurisdictional compliance responsibilities be assigned for global products?) Finally, all rule sets within the manager's various OMS—both compliance and investment—would need to be revisited. This would be a heavy lift.



## THE SOLVE

Deloitte collaborated with the investment manager to design a target operating model for a refreshed global ICM function, starting with a vision of what kind of activities, responsibilities, and accountabilities this model would define. Detailed documentation of process flows, policies, procedures, and role profiles gave the model more fidelity; a new ICM organizational structure—including regional centers of excellence for compliance professionals, and a shared service center for rule coding, testing, and ICM maintenance—brought it a step closer to reality.

To kick-start the new operating model, we launched a proof of concept with the client to fully recode the rules in the OMS from the source contractual and regulatory documents. Lifting the hood on all the OMS was no small task: They handled investment rules for some 250 institutional accounts and regulated products in North America alone, with an additional 300 in EMEA, as well as more than 15 regulatory rule sets. Work on the ICM operating model suggested the systems could be streamlined, with a further check on completeness and accuracy to be sure nothing was lost in the shuffle.

To tackle this level of scale and complexity, we used [UnifyIC](#), Deloitte's cloud-hosted Software-as-a-Service technology used to assess, enhance, then automate a lot of the manual parts of the investment compliance process. With UnifyIC, we pinpointed investment restrictions within contractual documentation, extracted them, enriched them with interpretive insight, established account-restriction-rule associations, then passed the analysis on to the newly formed Rule Coding & Testing teams so they could standardize and streamline OMS rules on a global scale and establish a governed (and auditable) mapping from source document to rule.

Doing this helped show the investment manager how it could centralize restrictions held across its OMS and generally improve consistency while reducing duplication. It also provided insights into possible talent realignments in support of the new ICM operating model and streamlined OMS.

**WORKING TOGETHER** MAKES FOR  
**LIGHT WORK**

# THE IMPACT

Through its collaboration with Deloitte, the investment manager's newly designed operating model for ICM clarified roles and responsibilities across the function and distributed work globally, thus reducing work duplication and bringing down staffing costs. These changes—when paired with streamlined, auditable OMS rules on a global scale—removed the source of false warnings and alerts. The systems were now being given the proper directions.

Work on ICM-related tasks was set apart as a specific function in the new model; the resulting resource realignment reduced full-time employee allocation by 25%.

Rule coding for the OMS was accelerated through a new, robust process for delivery of standardized investment restriction requirements, mitigating a high residual risk item for the company.

To maintain global oversight and governance of compliance, a net-new, low-cost shared service center for rule coding, testing, and ICM maintenance tasks was created overseas.

The OMS were streamlined such that all EMEA products and accounts—as well as a significant North American population—benefited from a recoded rule inventory; a 50% reduction for those accounts overall.



ALL SIGNAL, NO NOISE.

# LET'S CONNECT.

Do these challenges sound familiar?



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