

## Top 3 Investment Bank

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### Prime Brokerage Operations

North America; London

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#### Project Sponsors:

#### Senior Managing Directors

#### Project descriptions:

- Non-technology, self-funding operations improvement projects to support customer service improvement, operating gains, new service offering development and new technology deployment
- Scope of projects:
  - Trade support/Middle office
  - Cash securities [Cashiering]
  - Asset servicing
  - Margin/Collateral management
  - Listed derivatives options
  - Account/Client services
  - Operations risk/Control
  - Treasury/Payment services
- Improvement benefits [Typical]:
  - Operating cost . . . . . ↓20%
  - Head count . . . . . ↓15%
  - Break even point . . . . . .6 mos.
  - ROI [12 month]. . . . . .3.0x
  - Service improvement . . . . . ↑25%

## Prime Brokerage Operations

**Situation Analysis:** ClientCo is one of the world's three largest and most prestigious investment banks. Its prime brokerage group is a world leader, providing a full line of services for hedge funds and other specialty traders which range in size from the industry's largest to its smallest boutiques.

**Improvements Identified:** Over a period of several years, The Lab has helped ClientCo in its effort to dominate this highly-competitive segment within the broker/dealer industry. Our projects cover the spectrum from basic operations and customer service improvement to assistance with new offering development. Representative examples include:

1. **New Account Set-up**—The complex needs of even the smallest hedge funds create significant challenges for account installation. Rapid, error-free account setup is one of several factors which influence hedge funds' selection of their prime broker. Consequently, prime brokerage service providers compete intensely along this dimension, promoting their capabilities to rapidly set up new clients, create new accounts and handle the newest products. For ClientCo, The Lab helped standardize and streamline every aspect of this complex process, which spanned the full breadth of ClientCo's enterprise-wide product, service, and technology capabilities.
2. **Operations Improvement**—The Lab documented over 120 operational processes—from routine, morning reconciliation tasks through account termination covering the entire product line: equities, fixed income, derivatives, synthetics, etc. Our activity-level maps delivered over 350 non-technology improvements which cut the existing levels of waste and re-work by over one-half. Operating performance metrics were installed to deliver continuous improvement gains and keep low-value tasks from returning.
3. **Customer Service Improvement**—Although service requirements and trading characteristics vary extensively by customer, The Lab helped standardize and document hundreds of work activities, transactions, and job tasks. Our “place mats” provide simple user-friendly tools to quickly orient front line employees on the scope of their responsibilities, productivity goals and service level commitments. The Lab developed organizational capacity models that forecast staffing needs and eliminate downtime.

**Overall Results:** The Lab worked both independently and alongside various ClientCo internal improvement groups: Six Sigma, IT, etc., to achieve self-funding implementation in six months or less.