

Enterprise Publishing for Compliance Documents

The Client

Our client is a mid-size investment funds manager servicing institutional investors, financial advisors and investment individuals with a broad range of investment products. They came to InvestorCOM to find a solution for publishing their compliance documents.

The Challenge

Prior to partnering with InvestorCOM, our client created their compliance documents (MRFPs, Financial Statements, Fund Facts, Quarterly Performance Disclosures, Prospectus) using an outside vendor and traditional typesetting.

At time of engagement, our client's fund accounting team was responsible for producing MRFPs and Financial Statements (FS) in English and French for 40 funds. The team consisted of 2 people and the process to manage the MRFPs and FS consumed both Full Time Employee (FTE) resources during the reporting cycle. Their day-to-day responsibilities were on top of this, so during a filing period the strain on internal resources was immense. The FTEs were working in excess of 60 hours per week for an extended period of time – 90 days for annual filings and 60 days for interim filings. With two different year-ends for their funds, this amounted to over 6 months of the year FTEs were required to work excessive hours. This resulted in fatigue, stress, strain and overtime costs.

It took 2-3 weeks for the typesetters to generate the first set of proofs, and on average there was a 10% typesetter error rate. An additional 3 rounds of Author's Alterations (AAs) took 2-3 days per round. Adding in the internal review time meant that 6 weeks each cycle was consumed by typesetting. Considering interims file in 60 days, meeting the filing deadline was a major concern. AAs and last minute charges added 40% to the final production bill.

KEY ISSUES:

- Time crunches
- Data issues
- Resourcing constraints
- Blackout period - no summer vacations
- Overtime costs
- Very high stress levels

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“InvestorCOM’s go/no-go strategy allowed us to run the MRFPs in parallel with our existing process without assuming any additional risk.”

Associate Director, **Canadian Mutual Fund**

Additionally, the fund administration group took on more responsibility including the Fund Facts and Prospectus. As the number of funds grew and internal resources remained the same, our client knew that they had to find an alternative process that would deliver cost savings and internal efficiencies. MRFP and FS were key challenge documents they needed to tackle first.

The Solution

InvestorCOM worked with our client to implement its InvestorCOM Publisher™ solution, prioritize their business needs and develop a phased implementation plan that would deliver measurable results. Our client’s key drivers were to: (1) mitigate risk (2) reduce costs (3) reduce strain on resources (4) save time (5) have a single platform for all compliance documents.

1. Mitigate Risk

Compliance documents are subject to regulatory requirements and as such many asset managers are reticent to change, no matter how painful the current process is. The risks associated with changing vendors, perceived additional workload and potentially missing filing deadlines is often the deciding factor to maintain the “status quo”.

To mitigate the risk factors associated with changing vendors and adopting a new way of doing business, InvestorCOM established a “Go/No-Go” strategy with our client as part of their onboarding strategy. InvestorCOM automated the publishing of their MRFPs first cycle, in parallel with their existing publishing process for the FS. We committed to specific deliverables by a certain date and if those deliverables were not met, our client had the option to revert to their traditional process for that cycle. Happily, InvestorCOM met the deliverables, the project proceeded on schedule and FS were onboarded next cycle.

To mitigate risk associated with data quality, InvestorCOM recommended programming to source data files. InvestorCOM documented the business rules and created documentation to automate the processing of data with minimal human intervention. This has resulted in fewer data errors and a 40-50% internal resource savings.

To mitigate risk associated with document quality, InvestorCOM built the historical documents in the online Publisher tool as part of the onboarding process. This allowed for

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“The biggest cost savings are probably with the MRFP and FS typesetting, given the sheer volume of documents and number of proof cycles.”

Associate Director, **Canadian Mutual Fund**

1:1 blacklining (using the built-in black line tool) to ensure 100% data and template accuracy. For subsequent production cycles, the client needed only to provide the current data and final production documents were available online for review/edit/approval within days.

2. Reduce Costs

The reduction in internal resources required is a key consideration and a major benefit of our automated publishing platform. In the case of our client, key individuals – including the Director of Regulatory Reporting and the Manager of Fund Services – were deeply involved in the production of compliance documents. This meant that their “regular” duties suffered each time a regulatory deadline loomed and any non-essential work was pushed out.

With InvestorCOM Publisher™, their internal cost savings are significant, and benefits are multiplied each time a new document is added to the InvestorCOM Publisher platform. At time of engagement, our client had 2 FTEs responsible for managing the MRFPs and FS for 40 funds. After two years, our client still has 2 FTEs but they are managing MRFPs and FS for 80 funds. In addition, they are managing over 700 Fund Facts, 100 Quarterly Portfolio Disclosure documents (QPDs) and the annual Prospectus English and French through InvestorCOM. Historically, they were working 60+ hours per week during filing cycles and stress levels were very high. Now they are working regular business hours even during peak cycle times!

For our client, the typesetting costs associated with the MRFPs and FS were significant, especially when the Authors Alterations (AAs) were taken into consideration. Compounded with auditor changes, the number of proof cycles often exceeded 3 rounds. This resulted in skyrocketing production costs that exceed budget by up to 40%. It also made it difficult for our client to determine which additional costs were associated with typesetter errors and which costs were true AAs.

With InvestorCOM Publisher™, all changes can be made online at no additional cost – the concept of “Authors Alterations” is a thing of the past. our client gained control of their production cycle and saved the firm upwards of 40% in additional charges each production cycle.

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“InvestorCOM delivers a 40-50% time savings over traditional methods and we have taken on more work. It provides us with the ability to shift focus to higher value-add activity.”

Fund Complex Manager, **Canadian Mutual Fund**

3. Reduce Strain on Internal Resources

Typically the summer is “black-out” period for many fund companies, including our client, who have a December 31 year-end. With an August filing date for interims, most key employees cannot schedule summer vacations with their families.

Now that our client has automated the publishing of all their compliance documents through InvestorCOM, key individuals are able to book summer vacations! InvestorCOM takes a disciplined approach with all our implementations which results in transparent, automated and repeatable processes that dramatically reduce the time it takes clients to manage these programs.

For example, prior to automating the Fund Facts document with InvestorCOM, our client dedicated 4 FTEs and 4-6 weeks to complete the preliminary, pro forma and final Fund Facts filings. Last production cycle with InvestorCOM, our client resourced only 2 FTEs and 4-5 days total to complete the filings!

4. Save Time

With traditional typesetting, after the first round PDF files were produced – chaos begins! According to the client, “There were lengthy delays receiving the first proofs, and once received we had to review every single page and match back data to the supplied excel spreadsheets; there were consistency issues across documents, lots of typos and numeric errors. We had to print out and mark up paper copies of the proofs or electronically markup PDFs and we were relying on typesetters to make all changes correctly; they would probably capture 90% of the edits but 10% need to be re-corrected. This back and forth process caused lengthy delays and often caused unknown changes in other parts of the document. Version control issues compound for French with every change.”

InvestorCOM Publisher™ changed all that. Since InvestorCOM programs directly from client data, there are no issues with data integrity; our client is confident that “data in = data out”. Production proofs are ready online for review/edit/approve within days of sending production data. Global changes literally can be made in minutes and new documents are ready for distribution. This has saved our client upwards of 50% in time each production cycle and resulted in faster turnaround of proof cycles.

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“Having InvestorCOM come to us and offer an e-delivery option is fantastic; you would never have a traditional print vendor sacrifice their print revenue for you.”

Associate Director, **Canadian Mutual Fund**

5. Single Platform

Since there are many common data elements between the MRFPs, FS, QPDs, Fund Facts and Prospectus, the concept of a single data source to populate multiple documents appealed to our client. Further, having one common publishing platform for all their documents allowed multiple users to work on different sections of the same document at the same time without version control issues. No PDF markups, no waiting for French translation!]

Other Savings

Support for French Translation InvestorCOM uses French translation tables so French proofs are ready at the same time as English. Translators can log into Publisher™ and run black lines to compare English changes from any two dates and make required changes to French. Any numeric changes made in English are automatically updated on the French documents with correct number formatting. This degree of collaboration allows many users to access and make changes to the same document in a managed process, without the bottle-necks that typically arise through traditional, sequential typesetting steps.

CDM Program Management

InvestorCOM has taken on the management of our client’s Continuous Disclosure program in compliance with National Instrument 81-106 including opt-in mailings to new clients, annual reminder mailing, response collection, dynamic MRFP/FS booklet production and multi-channel fulfillment including traditional print/mail and e-delivery.

While the opt-in rate is low, e-delivery saves considerable costs. Not only are postage and printing costs eliminated, our client is providing investors with a choice to receive their documents in the channel of their choice. According to our client, “Every little savings count. Where we can reduce operation costs, it definitely helps the performance of the fund and makes us more competitive”.

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Document Hosting

InvestorCOM also hosts all of our client’s compliance documents on their public web properties. This virtually eliminates the need for internal IT resources to post new or amended documents.

About InvestorCOM Inc.

InvestorCOM (www.investorcom.com) is a leader in providing financial technology and outsourcing services to banks, asset managers, insurance companies and investment dealers. We have developed an innovative suite of FinTech solutions in response to increasing regulation and demand for more effective communication and disclosure from the financial services industry. Our solutions address the document composition, delivery, compliance, marketing, reporting and analytics needs of our clients.

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