

PROJECT CASE

# Allocation of fund income to internal service providers

*«calculo executes the monthly allocation of fund income automatically using an adjustable key and at the same time enables a complete, audit-proof recording of all steps and corrections.»*



Marcel Hardegger, Head Group Controlling Operations, LGT Group



# LGT Group

In close cooperation with Group Controlling, Sowatec's solution called «calculo» was successfully integrated in LGT's system landscape. This solution ensures a smart and efficient allocation of fund income to the internal service providers.

## Our customer

LGT is the largest Private Banking and Asset Management group in the world that is wholly owned by an entrepreneurial family - the Princely House of Liechtenstein (state December 2020). LGT has a great deal of experience in managing family assets.

With 3700 employees working in more than 20 locations worldwide, LGT combines long-established services in Private Banking and Asset Management.

Group Controlling is responsible for the allocation of income from company's own funds according to the conditions of the Global Transfer Pricing.

→ [www.lgt.ch](http://www.lgt.ch)

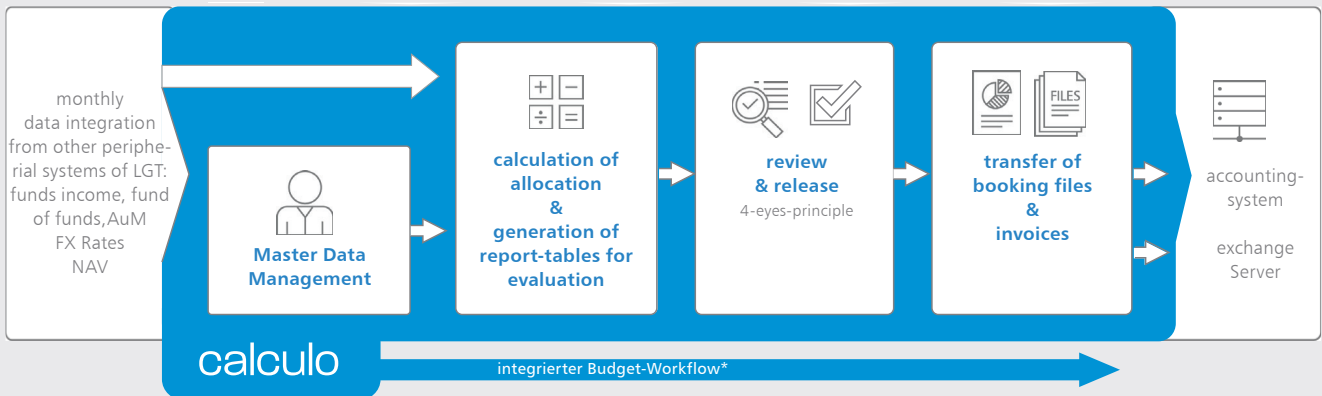
## Initial situation

For the internal monthly allocation of income from the company's own funds, Group Controlling utilized an application that did not allow either new fund structures or new allocation keys. In addition, the application did not meet the requirements of the LGT Group anymore, namely the complete traceability of the calculations and assignments.

The income from LGT's own fund structures need to be allocated monthly to the various internal service providers of the LGT Group using a predefined and customizable allocation key, in order that all parties involved are appropriately compensated for their work. The predefined key is based on different pricing models.

## Project goals

- automated monthly allocation of fund income from various fund structures with variable allocation key
- complete traceability of the calculations and assignment
- meaningful reports for the Management
- efficient preparation of budget figures
- use of modular, expandable software
- flexible data integration



Sowatec AG has revised and optimized the existing allocation processes together with Group Controlling. In addition, individual work steps could be completely automated with calculo.

## Our solution

- ✓ Mapping of different logics in the allocation process for an efficient monthly allocation of fund income from different fund structures and asset classes
- ✓ Implementation of a tailor-made allocation key with a profile for each type of income, which relies on master data and allocates the fund income without any remaining credit
- ✓ Individual allocation steps and corrections are recorded seamlessly and audit-proof in a database
- ✓ Export option of meaningful and specific reports
- ✓ Flexible management of access rights for internal stakeholders
- ✓ Automated budgeting workflow that takes place parallel to the allocation of fund income in calculo
- ✓ Simple and seamless integration into the existing LGT system landscape as a new state-of-the-art solution in terms of a straight-through processing (STP) approach
- ✓ Flexible adaptation to future requirements is guaranteed by the modularity of calculo
- ⚙️ Thanks to Sowatec's agile project management, a first version with the most important tools could be put into operation at an early stage

*« Thanks to automated payment interfaces and standardized reports, efficiency improvements in various units group wide could be achieved and processing errors can be reduced. The accountants receive clear information overviews which simplify the monitoring and booking of the payment flows .»*

Patrick Altherr, Head Group Controlling, LGT Group



## In conversation

Interview with «Philippe Baumgartner, Group Controller, LGT», about «calculo».

### How did the cooperation with Sowatec come about?

We used various channels to look for a new software solution for the allocation process. The name „Sowatec“ was mentioned in discussions with other banks. After doing some research on the website, we made a first appointment.

### Which criteria were decisive?

We were looking for a partner who understands our needs and processes in the banking sector and has the appropriate experience. From a software point of view, the flexibility of Sowatec’s solution was decisive for us, because all structures should be able to be processed using the same application.

### The new solution has been in use for 6 months.

#### How is the feedback from internal stakeholders?

The internal stakeholders appreciate the extended evaluation options and the more specific reports. In addition, we were able to significantly reduce the workload of other departments. Payments can be made directly from calculo thanks to an XML export. In addition, the budget workflow is now an integrated process that no longer has to be done manually.

### What hurdles did the project face during the implementation?

We have been using a new fee split with new allocation logics since the beginning of 2020. Without calculo, we would not have been able to use these software-based logics. Since we had to take this into account in the budgeting, we were pressed for time. Thanks to the open communication and task prioritization, a first version with the most important tools was delivered ahead of time. Budgeting could therefore already be carried out on calculo. Thanks to regular exchange, complicated detailed questions could be discussed in detail so that any difficulties that arose could be responded to at an early stage.

### How did you experience working with Sowatec?

The cooperation was always professional, reliable, focused and goal-oriented, even under time pressure. Thanks to testing days on site, various points could be processed efficiently.

### Are there any plans for further application areas?

There is currently no further use case in our department. Within the organization, however, the name Sowatec is present and will certainly be introduced as an option for similar projects.

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