Multi-Billion Dollar Asset Manager Automates Pricing

An asset manager with **$10 billion AUM** focused on structured credit and private deals across multiple sectors globally automates its pricing process using IVP Price Master

Achieved **100%** Audit Transparency | Automation Resulted in **60%** Cost Reduction

Situation

To support month-end pricing, the asset manager used traditional manual processes. Specifically, the firm created one spreadsheet per month-end and used a master spreadsheet to collate monthly data. This time-consuming approach required a dedicated team of four to five professionals, resulting in a cost-intensive process bogged down by challenges.

Challenges

Large number of broker and specialist pricing sheets received via email

» Professionals downloaded attachments from more than 100 emails and manually collated prices in a spreadsheet dedicated to a given month-end process.

Lack of transparency

» Manual actions and pricing changes performed in the spreadsheets could not be tracked, making it very difficult to justify specific actions to auditors.

Traditional approach

» Traders became accustomed to entering prices and comments manually within spreadsheets.

Excess challenges and solicitations

» More than half of all quotes were challenged based on stringent internal criteria.

» Users had to manually examine quotes to identify those breaching tolerance.

» Tracking the flow of more than 1,000 challenges and solicitations consumed a great deal of time, often taking until BD10 to close month-end pricing.

Missing time series view

» Pricing team was unable to track a security's price movement over a specific time period in an Excel spreadsheet, and therefore could not visualize time series data and identify securities that required an in-depth analysis.

Solution

The asset manager implemented IVP Price Master, an end-to-end automated pricing solution, to transform their pricing process. After analyzing the existing steps, the IVP team reengineered the process to boost efficiency by automating broker challenges and solicitations, incorporating custom calculations, and consuming pricing sheets directly within IVP Price Master. Excel-based add-ins helped meet traders' workflow-specific requirements.

The IVP team then implemented changes to help reduce costs and save time, including:

» Integration of portfolio data with security and position details from the portfolio management system.

» Sourcing of securities, including asset backed securities (ABS), mortgage backed securities (MBS), and loans, among others.

» Automation of data collection from pricing sheets received via email.

» Application of waterfall pricing rules for each asset class to arrive at a final price.

» Configuration of pricing tests to align with the valuation policy and an exception management module for resolving exceptions.

» Implementation of a "generic uploader" for ad hoc and on-the-go pricing updates.

» Addition of an Excel-based add-in allowing traders to input prices, comments, and other changes as needed.

» Providing an out-of-the-box valuation committee package and manual actions audit report.

Benefits

» Reduced costs **60% with automation** that can be managed by one person instead of five.received from the pricing sources so that users can easily initiate the challenge process on poor-quality quotes.

» Allowed users to specify the quality of a quote from various pricing sources so they can easily initiate challenges on low-quality quotes.

» Automated data collection from pricing files received via mail, eliminating the need for manual processing.

» Reduced time to close the month-end pricing process by four to five days.

» Provided a golden source for storing and sending prices to the accounting system.

» Enabled users to view the time series of prices at a broker level.

» Provided an exception management module to handle exceptions smoothly.

» Established **100% audit transparency** for all manual actions.

Summary

With a solution from IVP, a **$10B AUM** asset manager improved efficiency in pricing by automating a variety of previously manual steps. This saved costs and enabled the firm to close the month-end pricing process much more quickly.