

Case study

Transforming trading & operational efficiency through AIM.

Suva, accident insurance provider

Bloomberg
Buy-Side Solutions

Suva, the Swiss national accident insurance fund, is the country's largest accident insurance provider. Approximately half of Switzerland's workforce are insured with Suva and the organization employs 4,200 across 18 offices.

Like most insurers, Suva's financial health is heavily determined by the performance of its investments. Around half of the company's assets are invested in interest rate and credit investments, 30% are invested in shares and private equity, around 13% are invested in real estate and real estate funds, with the remainder invested in other alternative investments.

Suva's challenge

Suva first turned to Bloomberg in 1999 for help with the insurer's complex portfolios in an ever-evolving risk environment. At the time, all of Suva's fund managers were using the Bloomberg Terminal but were not actively trading via Bloomberg. In 2010, Arno Hartmann, head of operations at Suva, realized the firm needed to modernize and streamline the company's trading process.

"We had telephone trading, we had lots of paper involved," said Hartmann. "We had a very modern back office system, but it really didn't solve our problem."

At that point, Suva had approximately \$40 billion in assets under management and six people working full-time in the back office. Switzerland's largest accident insurer was using Microsoft Excel and legal paper to keep track of trades.

"Those six employees were totally overloaded and frankly, didn't do so many other things at that time, and the trade count wasn't that high," he said. "This process was absolutely not scalable. So, we looked around, and there were other offerings on the market, too."

But Hartmann needed a front office system with high data quality in an electronic trading environment. He was also looking for a partner with which to manage the project, instead of relying on multiple vendors to connect the dots. He found that Suva's key bottleneck was the lack of a foundation for a real front to back STP process, which starts with electronic trading.

"The most important ingredient to get STP working is that you start with electronic trading, you start with high data quality. This is so very important, and that all the processing then down the line is fully electronic. [With AIM], we don't lose this high data quality and basically the trade flows from the trading itself, over the allocation – nowadays using the pre- and post-trade compliance steps. Everything else flows down through the processing parts, matching to the settlement, all without any manual interruptions. We didn't have that at all."

"We had a very modern back office system, but it really didn't solve our problem."

—Arno Hartmann
**Head Operations and Technology,
Deputy Head Asset Management,
Suva**

The solution

Hartmann realized Bloomberg's Asset and Investment Manager (AIM) service could help Suva streamline trading operations. AIM is an enterprise service that is fully integrated with the Bloomberg Terminal, allowing users to move easily from the Terminal to tools for portfolio management, trading and operations.

AIM was a strategic match in this scenario. First, because AIM offers all the interfaces to all the Bloomberg and third-party trading platforms and matching platforms, such as DTCC CTM. Second, AIM allows users to access all their portfolios on the same system, all using the same high quality data.

"The PMs all had Bloomberg Terminals on their desk anyway, because they needed this data to think about their trading ideas," Hartmann said. "So, to be able to have your portfolio on the same system, to formulate your trades out of this richness of data and then to trade electronically, this seemed for me the right way to do it, really. Bloomberg also offered us the link to trading to our clearing brokers for futures, in terms of give-up trades, in terms of allocations. So, we had a lot of important real-time interfaces taken out of our responsibility, taken care of by Bloomberg. And we had this high data quality to start with."

The results, in Hartmann's own words, were amazing. Suva's trade count increased by a factor of 10 to 15 from the time the organization began using AIM. Suva has also trimmed overhead costs by 50%, with a current back-office employee headcount of just three. Those three individuals have the same responsibilities that six employees had previously, plus more, allowing Suva's productivity to increase enormously.

"We now have about 60 collateral agreements that we manage, and we didn't have OTC clearing before, we didn't have all these complex cleared and non-cleared varieties of CDSs and IRSs and so on," Hartmann said. "There is so much complexity added on top of all of this. It's just amazing how this enablement of high data quality and trade processing really worked in bringing us a huge step forward."

With AIM, organizations can:

- Lower operational risk while managing portfolio risk using benchmarking, rebalancing and scenario analysis tools. AIM also offers post-trade matching, settlement and reconciliation, along with portfolio accounting, performance measurement and data aggregation.
- Create a seamless workflow by using AIM to customize your organization's workspace, including order and execution management solutions. The platform's electronic trading solutions such as Bloomberg Fixed Income Trading (FIT), Foreign Exchange Electronic Trading (FXET) and other third-party digital execution platforms add to trading efficiencies. Additionally, AIM offers execution management solutions with the ability to route to more than 2,300 equity destinations.
- Make compliance less of a burden with AIM's pre-trade, post-execution and end-of-day compliance solutions. AIM has advanced compliance rule building, reporting and complete audit history along with the scalability to support your organization as trade volume increases.

How can Bloomberg Buy-Side Solutions solve your firm's technology needs?

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