Protégésoft Overview

- Specializes in Financial Services Industry
- Have excellent reference sites in Singapore
- A hyper-growth company
- Winner of Global Itanium Solutions Award 2008
What are Commercial Grids?
Commercial Grid

Offering online computation or storage as a metered commercial service, known as utility computing, *computing on demand*, or cloud computing.
Commercial Grid Objectives

- The goal is to advance the functionality of existing Grid technology, so that

1. **Increase awareness of Grid applications and services**
2. **End-users can not only consume but also sell services on the Grid**, therefore, creating a new economy in which all end-users can actively participate (generate income)
Motivation: Closing the Gap to Open Grids

Enterprises or HPC Centers combine their IT resources to solve their Computation intensive Applications.

Consolidation of IT resources in enterprises

All spare bandwidth, storage, and computational resources are purchasable on demand by anybody from anybody...

Open Grids ever?
Motivation for a Project on Grid Economics and Business Models

- There are many technical solutions for Grid computing

- But, only a few sustainable applications of Grid technology exist. They are
  In the area of high-performance computing and,
  To a limited extent, in the commercial environment

- What is the reason for this low take up? Are there no other sustainable business models?
Sustainability of Commercial Grids

- Sustainability of Grid Computing is about finding a business model which guarantees RoI (Return on Investment) to recover at least the cost for this new infrastructure.

- To achieve sustainability in the Grid environment, tools for users (researchers, organizations, companies, general public) are needed so that users can benefit from the Grid.
Environmental Scan for FSIs

**Regulatory Framework**
- Must comply to the regulatory requirements.
- Higher operating costs

**FSI**
- Insurance Carriers /FM's Squeezing Margins
- Ballooning list of competitors
  - Claiming that they can provide better service

**Suppliers**
- Clients expect higher ROI

**Customers**
- Substitute Services
Protege Portfolio Builder

- An asset-allocation-software.
- Uses strategic and dynamic asset allocation techniques to optimize portfolios.
- For composite fund management.
- User defined investment policies.
- Rebalanced on an ad-hoc basis or periodically.
Dynamic Rebalancing

1. Swapping a non-performing assets to a risk-free asset
2. Swapping a risk free asset to a performing asset

Start with a balanced portfolio
In a bull market
In a bear market
Address investing customers key issues

- Dynamic Rebalancing allows wealth manager better managed client risk return efficiency ratio on-demand requirement.

- **Improves customer benefit and convenience** eg wrap, managed portfolio and free switching.

- Allow wealth managers to **capture additional risk-free returns** for the benefit of their clients.
Wealth Management in Asia Pacific

Private Banking
- High Net Worth Individuals
- Double digit growth since 2003
- HNWI market growing at **8.9% per annum**
- Portfolios start at SG$500,000.
- Fees @1.5% = SG$7,500
- $$$ from 100 clients = SG$750,000

Retail Wealth Management
- Personalized Services for the Mass Affluent
- Asia will be home to 3 of the 4 largest economies in the world by 2030
- Portfolios from SG$10,000
- Fees @3% = $300
- $$$ from 100 clients = $30,000
- **2500 clients to generate the same revenue**
# System Impact

<table>
<thead>
<tr>
<th></th>
<th>Legacy Systems</th>
<th>Protégé Portfolio Builder</th>
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<tbody>
<tr>
<td><strong>No. of accounts</strong></td>
<td>1</td>
<td>980 / minute</td>
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<tr>
<td><strong>Time taken</strong></td>
<td>0.5 hours</td>
<td></td>
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<tr>
<td><strong>Effort to rebalance and print 100 dealing tickets</strong></td>
<td>9 Man days</td>
<td>STP</td>
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<tr>
<td><strong>Training required</strong></td>
<td>6 months</td>
<td>0.5 day</td>
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<tr>
<td><strong>Pain Points</strong></td>
<td>Data integrity issues Portfolios weren’t optimized</td>
<td>No human intervention Complete automation of portfolio optimization</td>
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Address critical market challenges

- Unlock **New Market Potential** eg provide services to the non addressable market.

- Save the costly portfolio manager time for better manpower deployment

- More financial product “Go to market” can now be executed more rapidly as processing are integrated more tightly and consistently

- **Differentiate services further**, thus achieving better market share eg wrap, managed portfolio and free switching.
Opportunities/ Challenges for Financial Services Firms

**Opportunities**
- Asia represents one of the world’s fastest growing asset management markets
- Years of government sponsored local savings initiatives are now being upstaged by retail mutual funds.
- Rising health care costs
- Changes in legal framework

**Challenges**
- Comply with regulatory requirements
- Matching higher expectations of clients – eroding profit margins.
- Undifferentiated products / services in the market – resulting in high employee turnover.
- Lower margins from suppliers – unprofitable
Degree of Digitality

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<thead>
<tr>
<th>Degree of Digitality</th>
<th>Potential to change consistence</th>
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<td>Fishing</td>
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<td>Air Travel</td>
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<td>Live Concert</td>
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Business Models

1. Through distributors
   - Costs are increased through intermediation.
   - Producer → Intermediary → Retail → Customer

2. Collapse of the middle
   - Costs are lower without intermediaries
   - Producer → Retail → Customer

3. Info-mediation
   - MSN, Google, Ebay, Yahoo & Amazon
   - Producer → Info-mediation → Customer

4. Functional Intermediation
   - Per Unit Costs are driven down further thru shared resources.
   - Producer → Retail → Customer
Channel Compression

Two trigger points:
1. Turf warfare
2. Costs
Alternate Channels

Manufacturers → Distributors → Retailers → Customers

Hedge Fund Managers → Online Portals → Customers

Example: MSN, Ebay

Zero front load
Annual Management Fees
Performance Fees
Channel Convergence

Unit Trusts → Online Portal
Savings → Online Portal
Securities → Online Portal
Insurance → Online Portal
Hedge Fund Managers → Online Portal

Customers