

ELITE CASE STUDY AZTEC GROUP

PROFESSIONAL SERVICES FIRM TAKES ADVANTAGE OF
3E FLEXIBILITY AND SCALABILITY



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FUND ADMINISTRATOR'S FORESIGHT DELIVERS SPRINGBOARD FOR RAPID GROWTH

The Aztec Group provides comprehensive fund administration services to venture capital, private equity and real estate funds in several jurisdictions in the United Kingdom and Europe. The mid-sized, boutique firm employs more than 70 staff across four offices and manages about 40 funds with approximately US\$26 billion under administration.

Since its establishment in 2001, Aztec has experienced an average of 40% annual growth and has become one of the preeminent fund administration specialists. To help enable and support this growth, management has invested in leading-edge, fund administration technology designed to give clients the flexibility, direct access and scalability needed to manage their funds. This client-facing platform can handle complex financial structures and streamline the administration process to achieve optimum efficiency. It's no wonder the leadership team was attracted to the ELITE 3E® solution that provides equivalent outcomes for the group's financial management.

3E offers powerful core financial and practice management features and built-in application development capabilities—all seamlessly integrated into one high-performance system. Its Web-based user experience, proven scalability and SQL server environment, which are also consistent with the group's fund administration platform, convinced the management team to seriously consider 3E when it was first launched.

Simon Radford, CFO, recognized that the group's previous off-the-shelf time recording application was "creaking at the seams" with outdated technology and features. Plus, he was simply not happy with their general ledger (GL) program due to the difficulty of extracting financial data for timely reporting. These problems were magnified as the group was planning its second office opening. "We were in a position where we had to make a long-term strategic decision about our core accounting programs. We decided to take a bold step forward and shift everything to 3E," says Radford.

"One aspect of 3E that is particularly attractive is how it enables us to quickly serve new jurisdictions. We can get a new office up and running in very short timescales from an IT point of view."

Simon Radford
CFO

SUPPORTING RAPID GROWTH

In 2007, Aztec rolled out 3E to two offices: Jersey and their new office Guernsey. Since then, 3E has easily supported the group's growth with the opening of two more offices: Luxembourg and London. Because 3E is a Web-based system, the critical time and billing module can be quickly installed. "One aspect of 3E that is particularly attractive is how it enables us to quickly serve new jurisdictions. We can get a new office up and running in very short timescales from an IT point of view," shares Radford.

Aztec was the first nonlegal professional services firm and the first firm outside the United States to implement 3E. "Much of our business is underpinned by technology and we are not afraid to look globally for the right systems to suit our needs. 3E's capabilities in conjunction with the stability of Elite as part of Thomson Reuters were attractive to us. After a rigorous review of possible solutions, we felt 3E was the right decision and held comfort in the fact Elite has dedicated resources to resolve any issues we encountered on implementation," explains Radford. The group recently upgraded to version 2.5 and is pleased with the enhanced features and overall stability of the solution.

THE AZTEC GROUP

The boutique fund administration business employs more than 70 staff with offices in Guernsey, Jersey, London and Luxembourg. With more than 40 funds and approximately \$26bn under administration, Aztec has established itself as one of the preeminent specialists in the industry.

CHALLENGE

To keep up with growth, the group had to upgrade its financial management system to handle increasingly complex billing requirements and provide better reporting.

WHY ELITE 3E?

3E offered flexibility and scalability in a Web-based environment that could support the group's long-term growth goals.

BENEFITS

- Enhanced visibility of business performance
- Supports rapid growth in a decentralized office structure
- Better understanding of time and costs at all staff levels
- More efficient IT support

“With 3E, it’s safe to say that we can now handle any invoicing nuance. It allows us to accommodate our clients’ complex and sophisticated billing arrangements and therefore support the goals they are trying to achieve.”

Simon Radford

MANAGING MULTI-CURRENCY BILLING COMPLEXITIES

Because the Aztec staff provides very focused services within the industry, the firm considers as a boutique or specialist player. Part of the group’s unique selling proposition to potential clients is that it can deliver a flexible, tailored approach to fund administrations, as opposed to a one-size-fits-all model. This promise extends to its clients’ complex billing requirements.

“As typical in the private equity industry, our clients are constantly trying to push investment boundaries in new ways. Because of this, they often end up with very complex fund structures, especially when combined with an offshore element. The flow of money and billing arrangements tend to be similarly complex,” says Radford.

For example, some clients might have a euro-denominated fund and provide monthly payments in euros, but Aztec’s staff bills them in sterling, requiring foreign exchange (forex) conversions along the way. Other instances include a multitude of currencies that may have split-billing requirements across a number of entities. One client might have several different invoices billed in different currencies. Sometimes the group takes on the forex risk, but sets up protection against that risk, which is managed by its dedicated treasury function.

“We would have spent an inordinate amount of time managing this range of billing requests with our old system,” says Radford. “With 3E, it’s safe to say that we can now handle any invoicing nuance. It allows us to accommodate our clients’ complex and sophisticated billing arrangements and therefore support the goals they are trying to achieve.”

INCREASED VISIBILITY OF BUSINESS PERFORMANCE

3E includes a built-in Metrics Designer that allows Aztec to define new metrics and the logic to populate them. At this point, the group focuses on two or three key performance metrics to gauge the financial health of the company on a monthly basis. Radford loves how the staff can drill down into each data set to provide a deeper understanding of the numbers. This helps identify any anomalies or track a genuine trend.

“We are committed to a proactive approach to business in terms of our internal management and supporting our clients. The system enables us to generate and distribute key performance data within a half day of the close of our monthly timesheet period. Management can quickly assess any potential issues or big successes and take positive steps with this information in hand,” adds Radford.

Financial statements are also easy to produce as a PDF or spreadsheet, which is useful when meeting regulatory requirements within each jurisdiction, such as capital adequacy reporting.

Radford is particularly excited about leveraging the power of 3E to help reduce the group’s investment in receivables and work-in-progress through earlier billing. The built-in workflow capabilities can affect this metric in a number of ways. 3E Billing offers automatic routing features that streamline bill editing and processing to eliminate any potential bottlenecks. 3E Collections workflow consists of a sequenced set of steps, where each step has a predetermined action to be performed either by the system or by a staff member.

“We’ve already experienced big improvements in this area, and we see the 3E workflow features having an even larger impact in the future,” says Radford.

MEASURING EFFICIENCY BENEFITS

The flexibility and transparency of 3E has had some significant effects in various operational aspects for Aztec.

Because 3E is built on a modern, standards-based platform, the group’s support function is much more efficient. Radford has been able to maintain a high ratio of billable-to-support staff during the group’s growth, which is paramount within its decentralized office structure.

“We are now able to make real-time decisions that translate into higher-quality client service and ultimately bottom line benefits.”

Simon Radford

Enhanced visibility on key performance metrics has given Radford and the management team a better understanding of their time and costs. Being able to easily track and analyze these numbers can positively affect pricing and cost containment.

Finally, Radford believes 3E is helping to provide better service to the accounting department’s client—their internal staff. With direct access to meaningful financial information, the group’s relationship managers are armed with up-to-date details that help them run their accounts more efficiently.

“Analyzing our performance to a greater level of detail prompts a richer and timelier dialog among group leaders. We are now able to make real-time decisions that translate into higher-quality client service and ultimately bottom line benefits,” says Radford.

For more information about ELITE 3E,
please call **(323) 642-5200** or visit **elite.com**.



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