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ODDO BHF AG optimizes its regulatory reporting with BearingPoint RegTech's Abacus software and managed services offering

The Franco-German financial group has efficiently positioned itself with a central platform strategy and outsourcing of regulatory reporting

ODDO BHF AG has relied on BearingPoint RegTech as its partner for the provision of regulatory reporting software to fulfill numerous reporting requirements since 2012 and has also outsourced its operations and application management to BearingPoint RegTech since 2017. This has enabled the bank to implement an efficient and scalable solution for a highly complex reporting environment.

About ODDO BHF

ODDO BHF is an independent Franco-German financial services group, with a history stretching back over 170 years. It was created from the alliance of a French family-owned business built up by five generations of stockbrokers and a German bank specializing in Mittelstand companies. With 2,300 employees (1,200 in Germany and 1,100 in France and Tunisia), and more than 100 billion euros in assets under management, ODDO BHF operates in three main businesses, based on significant investment in market expertise: private wealth management, asset management and corporates and markets. The Group has a specific ownership structure as 65% of its capital is held by the Oddo family and 25% by employees. This "partnership" ethos guarantees the long-term involvement of its teams. In 2019, ODDO BHF generated net banking income of 585 million euros, and on31 December 2019, the Group had over 890 million euros of shareholders' equity.

www.oddo-bhf.com

Phase 1: Start with Abacus Banking as a replacement for an existing reporting software

In 2012, ODDO BHF AG was faced with the challenge of having to replace its existing reporting software as the previous provider was no longer able to deliver. After an extensive request-for-proposal (RfP) process, ODDO BHF AG decided on BearingPoint RegTech's software solution suite Abacus.

Although the time schedule for the implementation of ABACUS/DaVinci was ambitious, the project was highly successful. The project was able to leverage existing functionality for raw data collection and enrichment. Furthermore, the cooperation with the software provider BearingPoint RegTech was constructive, adding value and expertise throughout the project. A major challenge was the extensive product range for a financial institution of this size. Both, the "mapping" of the data to the "RecordTypes" of the Abacus data model as well as the implementation of the

Abacus processes, were implemented efficiently and pragmatically. These processes were supported by precisely defined specifications from BearingPoint RegTech.

With hindsight, the quality of the cooperation between a financial institution and its software provider can be determined by how challenging situations where "things don't go so well" are handled. The ability as well as the willingness of a provider to identify and implement practical solutions in a timely manner was a very important criterion for the success of this project and one to which the BearingPoint team contributed significantly.

Phase 2: Bundling transaction-based reporting on one platform - ABACUS/Transactions

After a period of intensive use, during which the "Banking Solution Suite" was successively expanded with additional modules and components, the financial institution had to face a new challenge in the area of transaction-based reporting. In 2016, ODDO BHF AG started to use the MMSR reporting (money market statistics) module from BearingPoint RegTech's ABACUS/Transactions solution. The positive experience with the product and the module as well as the ongoing cooperation with BearingPoint RegTech in combination with the "Banking Solution Suite" prompted the bank to continue with the implementation of reporting obligations under MiFIR (2018) and "EMIR II" (2019) using ABACUS/Transactions. In this way, the bank was able to consolidate all reporting obligations for transaction-based reporting in just one software product. For MiFIR reporting, the main reporting area covered was the reporting area not already covered by the bank's securities service provider.

Although the report that has – in accordance with Art. 4 SFTR – to be submitted from April or July 2020 onwards must meet an even more extensive data requirement, ODDO BHF AG considers this challenge to be comparatively relaxed since usable synergies from the previous installation can be used.

Amongst the considerable advantages are the well-known interface structure as well as the continued use of a stable and

reliable processing platform. These advantages hold even in this project, which addresses a new market segment, and the data supply must be supplemented considerably (new types of business, other "life cycles", etc.).

Phase 3:Managed Services - Outsourcing of operations and application management

In 2017, ODDO BHF AG took a further step beyond the use of a standardized reporting software: the outsourcing of both operations and application management for test and production environments to an external service provider. The bank saw the benefits of combining operations, application management and software together with a single provider. The BearingPoint RegTech Managed Service offering was therefore particularly attractive, and the project has been very successful over the last two years. Fast response times, professional service quality and a straightforward approach to difficult situations and crisis management have been the hallmarks of the cooperation.

In addition to the reduction of direct IT operating costs, the cooperation between BearingPoint RegTech and ODDO BHF AG has also led to a noticeable reduction of workload at ODDO BHF AG.

Phase 4: Migration to the new software generation Abacus360

The outsourcing of these activities also allowed ODDO BHF AG to reassign employees to employees from IT operations to development activities, such as, pre-processing and interfaces redesigns, which were also due at that same time. The transition of the "Banking Solution Suite" from ABACUS/DaVinci to the next generation Abacus360 platform required the focus and attention of experienced employees at the bank. These employees could also be made available thanks to the outsourcing of operations and application management. In the context of the current large-scale project to replace the legacy mainframe computer infrastructure, the in-house reporting IT is certainly playing its party by fundamentally restructuring pre-processing, by connecting new core systems and, last but not least, by using the Abacus360 interface.

BearingPoint RegTech greatly supported this strategy through its "bi-directional interface adapter", which

enables identical data delivery to the "old" and the "new" Abacus data model. Thus, the migration could be performed step by step and a so-called "Big Bang" could be avoided.

Any initial skepticism about the performance and functionality of the adapter was quickly dispelled. BearingPoint RegTech's ability to react quickly also contributed significantly to the success of the project. For example, the on-schedule implementation of a new application system for credit processing using the new Abacus360 technology did not result in any problems during the reporting cycle.

Outlook

The phased transition to data delivery using the to the Abacus360 interface is almost complete. The seamless continued operation of the ABACUS/DaVinci delivery model minimizes migration risks considerably. For ODDO BHF AG, the outsourcing of the reporting platform with an extensive functional coverage, release management and operational support thus represents an efficient and scalable solution in a highly complex environment.

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About BearingPoint RegTech

BearingPoint RegTech is a leading international provider of innovative regulatory and risk technology solutions (RegTech and RiskTech) and services along the Regulatory Value Chain for Financial Services.

Customers representing 6,000 firms worldwide, among them large international banks, a major part of the largest European banks, leading insurance companies as well as supervisory authorities and central banks, trust BearingPoint's RegTech products and services.

We work closely with regulators and, as a member of standardization bodies such as XBRL, we actively contribute to the standard-setting process. We combine our regulatory know-how with our proven, reliable and forward-looking RegTech solution suite, expert consulting capabilities, as well as managed services and training seminars.

For more information, please visit **www.reg.tech**

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