

# Client Case Study

## CIBC World Markets Gains a Competitive Edge

### PROFILE

CIBC World Markets is the investment banking arm of one of Canada's largest banking groups, CIBC. In 2003, the unit launched its prime brokerage services. Based in Toronto with sales capabilities throughout the CIBC network, the prime brokerage group services hedge fund clients within Canada and internationally.

### CHALLENGE

CIBC was a new entrant into the prime brokerage business in Canada. It needed to catch up quickly in the eyes of the marketplace and carve out a differentiated niche for itself by delivering exceptional service and global capabilities.

### SOLUTION

CIBC installed Advent Geneva as its portfolio management and accounting technology platform. Geneva's reputation as the world's leading real-time, multi-currency global accounting and reporting solution for hedge funds, was an asset to CIBC's prime brokerage group in marketing to prospects. It also provided a scalable platform from which to service large and small funds, enabling the group to capture a segment of the market that its competitors ignored.

### BENEFITS

- Enables support for multi-currency, multi-asset class strategies.
- Provides adaptability to emerging instruments and evolving strategies.
- Allows real-time, global portfolio updating versus batch processing system.
- Improves connectivity with data warehouses, clients, and counterparties.
- Provides a scalable platform to accommodate long-term growth.

In a relatively short time, CIBC World Markets has become a major player in Canada's growing prime brokerage industry. Steve Banquier, executive director of the Prime Brokerage Group, attributes the group's success to three main client benefits. "CIBC has the largest network of retail brokers in Canada and, as a result, we have great internal access to stock for our securities lending program. We have a really strong team of good people here, and our technology is the industry standard. Those are the three things we tout to our prospects."

The technology Mr. Banquier refers to is Advent Geneva, widely recognized as the leading global portfolio management solution for hedge funds, fund administrators, and prime brokers. CIBC installed Geneva in 2005 and has since seen significant growth in its business. "I've been here three years," Mr. Banquier reports, "and in that time I'd say we've tripled the business."

The reputation of Geneva with clients and the capability of its platform has been key to winning clients and growing the business, according to Graham Jones, the group's director of Prime Brokerage and Alternative Execution Services. "We do lead with it as a significant advantage," he says, "especially now that we've used it awhile and we're feeling quite confident and strong about the capabilities it provides us with."

### Leaping to the Next Level

CIBC faced a major competitive hurdle as Mr. Banquier explains, "We were in a situation in which we were the last of Canada's five big banks to get into the prime brokerage business. We were playing catch-up." The prime brokerage team, however, turned the challenge to its advantage. "It was 'second mover advantage,'" says Mr. Banquier. "We saw the lay of the land. We knew what our competitors had, and a lot of them were stuck in the old mainframe batch processing systems that had zero flexibility."

CIBC made a strategic decision to go the opposite way with its technology platform. "The thought was we wanted to have something that had a great reputation, but more importantly would allow us to grow our business in whatever direction the market was going at any given time," says Mr. Banquier. "That meant giving clients the flexibility to think globally and respond quickly to opportunities in the world's markets. As the first portfolio accounting and reporting system to offer comprehensive instrument coverage and true, real-time multi-currency processing capabilities, we saw Geneva as the technology to support CIBC's strategy."

**"Advent Geneva<sup>®</sup> got us into the game and allowed us to leapfrog over many of the incumbent prime brokers in Canada."**

*Graham Jones, Director of Prime Brokerage and Alternative Execution Services, CIBC World Markets*

**"Institutions in Canada are just now getting their toes wet with respect to alternative asset classes. We're well situated to take on that sort of business."**

**Steve Banquier**

Or, as Mr. Jones puts it, "I think Advent Geneva got us into the game and allowed us to leapfrog over many of the incumbent prime brokers in Canada." Geneva continues to be a major selling point, he adds. "Advent brought us exceptional functionality and our clients have seen that. We certainly communicate Geneva's success in the U.S. and with some of the world's largest prime brokers, and that plays well in Canada at a high level."

### **Multi-Currency, Multi-Instrument Support**

"In the Canadian prime brokerage community, I think we have a competitive advantage through our technology in that it allows us to provide our clients reporting and information on multiple asset classes, such as options futures, swaps, and so forth," says Mr. Banquier. "It allows us to be multi-currency and multi-asset class, and those are probably the two most important things for us. Today, the flavor of the week might be oil and gas in Canada, but tomorrow our clients might be into convertible bonds in Japan, and then futures in Germany. We wanted to make sure that we had the flexibility to accommodate that."

CIBC's prime brokerage group has also emerged as a champion of smaller hedge funds, providing support and expertise for newly launched funds and guiding them as they grow. "We've designed the business and we've designed a technology platform that is not only scalable but can also accommodate very small funds as well as very large funds," says Mr. Banquier. "We have the flexibility, basically, to make money off of small funds, which a lot of prime brokers do not have. So we can capture both ends of the market."

### **About Advent**

Advent Software, Inc., a global firm, has provided trusted solutions to the world's leading financial professionals since 1983. Firms in 60 countries use Advent technology and manage investments totaling US\$18 trillion. Advent's quality software, data, services and tools enable financial professionals to improve service and communication to their clients, allowing them to grow their business while controlling costs. Advent is the only financial services software company to be awarded the Service Capability and Performance certification for being a world-class support organization.

### **A Framework to Grow**

Geneva's scalability, combined with its ability to adapt to increasingly complex strategies and exotic securities, has provided CIBC a platform that not only differentiates it today, but also will serve it well into the future as Canada's marketplace evolves. "Institutions in Canada are just now getting their toes wet with respect to alternative asset classes," says Mr. Banquier. "And that's the reason we chose Geneva. Because when that whole area starts to take off—and we're already doing work in that space—we're well situated to take on that sort of business."

CIBC World Markets is committed to the prime brokerage business and prepared to make the kind of investments to be a leader. "As a Canadian investment bank, what we're trying to do now is bring the world to Canada, and basically be the market leaders within Canada," Mr. Banquier explains. The prime brokerage business is key to that ambition. "We like it because it provides us with stable, steady returns, and we plan to be a key earner for years to come."

Mr. Jones likens the prime brokerage group's growth potential, appropriately, to the shape of a hockey stick. "Right now, we're kind of at the heel of the stick," he says, "and we're positioned to move up the stick from a technology perspective. Now, we just need to be aggressive in marketing and make sure we're getting out there."

"Geneva was the first step," Mr. Banquier concludes. "It has provided us the framework to grow."

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