



From Uncertainty to Stability

# Maximizing the ROI of an Investment Accounting Solution

## REPLACE THE ENORMOUS COSTS OF INACTION WITH A LONG-TERM APPRECIATING ASSET

When it comes to investment accounting solutions, the choice between using advanced technology or sticking with manual processes can have a significant impact on your business outcomes — in particular, it can dramatically impact the value of your portfolio. The “cost of inaction” to your business is the cost you incur from not making the crucial decision to enable your business to scale.

Business leaders who take the leap and implement mission-critical investment accounting software can seize the opportunity to grow their AUM dramatically without the need to hire more people or tackle their ever-increasing complexity of operations.

Today’s investors increasingly hold positions in globally diversified assets as they search for yield and cash returns while balancing regulations. Without technology to support this AUM diversity, the back-office operations teams are stretched to the limits. Often working nights and weekends to capture data from hundreds or thousands of sources, many of which have no automated connection to their existing system, investment operations teams enter all the intricate data required and reconcile trades. It’s truly a herculean task requiring an army of people.

**Only Clearwater’s investment accounting software enables decision makers to gain a global singular view of investment portfolios, ensure regulatory compliance, and identify opportunities for greater yield.**

Yet there is an alternative. Modern software that includes automated data collection, aggregation, quality checks, reconciliation, and out-of-the-box reporting is used by thousands of organizations, giving their teams the time they need to focus on what really matters. Clearwater’s SaaS-based platform delivers a multi-asset class, multi-basis, multi-currency solution across different accounting, reporting and regulatory regimes and seamlessly scales with your business.

In today’s dynamic business environment where technology plays a pivotal role in enabling efficient operations, organizations that adopt modern software to capitalize on investment opportunities and maximize returns are ahead of the game. Some organizations have seen as much as an eight-basis point increase simply by choosing software over manual efforts.

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When organizations do nothing or fail to take timely action in implementing necessary IT upgrades or making technology investments, the cost of inaction can be enormous. These costs can multiply exponentially and encompass various dimensions, such as operational inefficiencies, increased risk exposure, missed revenue, and even inflict damage to your corporate reputation. Most importantly, the cost of inaction can manifest itself as burnout across your teams as they manage through volumes of mind-numbing data. By planning ahead, firms can avoid the potentially devastating consequences of inaction and safeguard their reputation.

## Common Examples of the Cost of Inaction

- **Internal Risk & Reporting**

Old software gives outdated reports.

- **Loss of Business**

Clients move to new businesses with better technology.

- **Retain & Attract Talent**

Complex software makes it difficult to attract top talent.

- **Acquisition Strategy**

Inefficient software leads to more tedious manual processes.

- **Failing an Audit**

Complacent procedures lead to inconsistencies and errors.

- **Complex/Structured Asset Types**

Legacy systems hinder performance with complex assets.

- **Timing of Data**

Slow data creates a competitive disadvantage.

- **Reputational Risk**

Word spreads about poor business procedures.

## The Consequences of Inaction: A Cautionary Tale

To illustrate the consequences of inaction, consider the following real-world example. During the holiday season of 2022, Southwest faced a challenging situation due to its outdated software for coordinating plane and crew schedules. Despite multiple postponements of software system upgrades, the airline's technical debt caught up with them. **The result? Approximately 35,000 nationwide flight cancellations nationwide and over \$1 billion spent on IT systems upgrade and maintenance after the failure.** This costly ordeal could have been avoided with timely action and the implementation of modern technology.

## Success Stories: Making the Right Choice

On the other hand, organizations that embrace change and choose modernization can transform their operations and achieve remarkable results.

Consider the case of a teacher retirement fund in the U.S. that contracted with a custodian bank for investment-related services. Previously, this fund lacked an automated accounting system and relied on manual processes to reconcile transactional records. The fund administrators struggled to catch accounting inconsistencies, resulting in performance miscalculations and discrepancies.

Once the fund made a wise decision to switch to Clearwater Analytics, it gained increased oversight of its custodian bank's accounting data. This transition allowed the administrators to review internal investments, alternative investments, and investment strategies through a single pane of glass. Clearwater's automated platform enabled faster, more accurate reporting and enhanced control over portfolio data.

**With Clearwater's automated, integrated platform, Delphi's team can do more in less time, all with greater insight and control over their portfolio data.**

For Delphi Financial Group, Inc. (Delphi), a North American-based financial holding company whose subsidiaries maintain core franchises in both life and property and casualty insurance operations, left no stone unturned when they chose Clearwater. Delphi is a member of the Tokio Marine Group, Japan's largest non-life insurer and a leading global insurer.

The amount of custom data necessary for Delphi's portfolio is critical for Tokio Marine's reporting and risk management purposes. With the Clearwater compliance modules and other custom-built rules, incorrect or inconsistent data elements such as ratings and property types are now flagged close to real-time. In the past, these discrepancies were not caught in a systematic and timely manner, causing delays in reporting. With Clearwater's automated, integrated platform, Delphi's team can do more in less time, all with greater insight and control over their portfolio data.

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## Trade Inaction for a Long-Term Appreciating Asset that Maximizes Returns and Minimizes Risk

Clearwater has transformed the world of investment management, accounting, reconciliation, and reporting. We help global organizations streamline data collection and do it for them. Clearwater monitors investment policy compliance, doing the research and configuring the reports so you don't have to. And we give users the tools to analyze portfolio performance and risk with just a few clicks.

**More than 1,000 insurance companies, asset management firms, and corporations around the world trust Clearwater.** Our offerings continually employ the cutting-edge technologies such as AI, machine learning, and robotic process automation to better support our clients, producing better results together. When Clearwater delivers new features and functionality, they become immediately available to the entire Clearwater client base.

Likewise, when our single instance, multi-tenant architecture adds new securities to our common data repository, every client, whether new or existing, enriches the Clearwater global data set by making it more complete and accurate. This network effect provides our clients with a meaningful competitive advantage that is transformational at its core.

When you choose Clearwater, you are gaining an appreciating asset that delivers multiplying value to your organization and the entire community of Clearwater clients, thereby making every organization better together. So, instead of shying away or putting it off, consider the long-term value of a state-of-the-art investment accounting platform solution for your investment operations and reap the rewards.

**Want to learn more? Connect with us.**

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