

M4 Systems Case Studies

CC&G

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CC&G Clears Up with a Fully Integrated Microsoft Dynamics Solution from M4 Systems

Overview

Country or Region: Italy
Industry: Financial Services

Customer Profile

Part of London Stock Exchange Group, CC&G is an Italian clearing house managing the Central Counterparty services across a broad range of financial trading venues and asset classes.

Business Situation

A requirement to move all group companies to Microsoft Dynamics GP prompted the review of systems at CC&G. The organisation operates a highly complex and regulated Clearing system which needed to interface to the Microsoft solution.

Solution

M4 implemented Microsoft Dynamics GP and, using a combination of dexterity and .Net, developed a series of high quality customisations which move key financial data from the Clearing system across to Dynamics GP.

Benefits

- Streamlined processes
- Efficiency gains
- Improved accuracy of data

“The project would have been a challenge for any supplier; I firmly believe that it was a combination of the approach, along with M4’s determination and belief in the project that made it a success.”

Franco Pozzi, Chief Financial Officer, CC&G

Part of London Stock Exchange Group, Cassa di Compensazione e Garanzia S.p.A. (CC&G) manages the Central Counterparty (CCP) services across a broad range of financial trading venues and asset classes.

A requirement to move all group companies to a common reporting platform prompted the review of systems at CC&G.

The Italian clearing house had two key objectives from the project; to implement Microsoft Dynamics GP, the group accounting solution of choice, and to develop an interface between Dynamics GP and the highly complex and regulated Clearing system which would remain in place.

M4 developed a series of high quality customisations integrating the Clearing system with Microsoft Dynamics GP, resulting in efficiency gains and streamlined processes for CC&G.



Microsoft Dynamics™ GP



Situation

The only company in Italy operating as a clearing house, Cassa di Compensazione e Garanzia S.p.A. (CC&G) manages the Central Counterparty (CCP) services across a broad range of financial trading venues and asset classes.

Acting as the buyer towards each seller and as a seller towards each buyer, CC&G's presence eliminates counterparty risk, becoming the guarantor of the final settlement of contracts. CC&G members use the company's safeguarding system to remove the risk associated with buying and selling products such as shares, warrants, closed end funds, investment companies, index and energy futures and Italian Government bonds across a number of markets including MTA, MIV, ETFPlus, IDEM and BrokerTec.

Headquartered in Rome, with offices in Milan, CC&G's activities are under the supervision of Banca d'Italia and Consob, who regulate its activities.

Part of London Stock Exchange Group and a subsidiary of Gruppo Borsa Italiana, a requirement to move all group companies to a common reporting platform prompted the review of systems at CC&G.

Following the merger with Borsa Italiana in 2007, London Stock Exchange Group (LSEG) made a decision to implement a common financial reporting platform across all group companies. Already in use within LSEG's UK operating companies, Microsoft Dynamics GP was selected as the common group accounting system. The Finance integration project began in 2008 encompassing all group companies with the exception of CC&G.

Franco Pozzi, Chief Financial Officer at CC&G, explained the reasons behind the group's approach "CC&G is a peculiar business; very few companies operate in the way that we do. While we share some common everyday finance processes with other companies within the group - that's where the commonality stops. CC&G operates a highly complex and regulated Clearing system which needed to interface to Microsoft Dynamics GP – a key differentiator to the other group companies."

At the time it was felt that the highly integrated nature of the Clearing systems and their interface to the legacy accounting system (ACG) was sufficiently high risk to merit a separate project. The group finance integration project completed in April 2009. Following the successful completion of the first group end of year reporting activities using the new integrated solutions, attention turned to CC&G.

"Previously month end would take 3 working days to complete and several late nights! We have reduced this to 2 standard working days."

Franco Pozzi,
Chief Financial Officer,
CC&G

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Solution

CC&G had two key objectives from the integration project; to replace the existing ACG accounting solution with Microsoft Dynamics GP, and to develop an interface between Dynamics GP and the Clearing system which would remain in place.

Owing to its scale and profile within the Exchange, the earlier group integration project had been managed by Accenture. Responsible for the support and ongoing development of the Dynamics GP solution in place within the Exchange for a number of years, M4 Systems had been the primary consulting partner on the implementation of Microsoft Dynamics GP within Borsa Italiana.

Pozzi commented “Gruppo Borsa Italiana had established confidence in M4’s capabilities from the prior project. A decision was made that the roll-out of Dynamics GP and its interface to the existing Clearing system would be project managed and technically delivered by M4.”

From a day to day accounting perspective, the implementation of Microsoft Dynamics GP at CC&G was going to be relatively straight forward. The Chart of Accounts had already been agreed and rolled out at Group level and some of the Italian localisations could be adopted from the previous project at Borsa. The main job in hand, mapping CC&G’s accounts to group level, previously a manual process using Excel spreadsheets.

The real challenge was determined to be the integration between Microsoft Dynamics GP and the Clearing system. The system had been in place for more than 15 years. Running on an IBM AS400 platform, the first challenge the team had was integrating two solutions on two different platforms. The second, capturing and moving the data.

Working closely with the consultants responsible for the Clearing systems, M4 carried out a detailed assessment of CC&G’s requirements, the existing interface and the end-to-end clearing processes.

Pozzi commented “The interface needed to capture all daily movements accurately and pass them to the accounting system in a timely manner. The devil really was in the detail, this included the nominal transactions coming in – 1000’s of transactions from pretty much the whole Italian financial market on a daily basis.”

Using a combination of dexterity and .Net, M4 developed a series of high quality customisations which moved key financial data from the Clearing system across to Microsoft Dynamics GP. In line with CC&G’s need to report on settlement transactions broken down by customer, a clearing ledger was developed within Dynamics GP. Using journal numbers to generate customer statements, this approach allowed CC&G to generate reports aggregating summary information by customer – approximately 800 journals on a daily basis.

Following extensive user acceptance and data migration testing, CC&G went live with a fully integrated solution that met local, group and regulatory requirements.

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Benefits

The company's first month end close was considered a huge success. The chart of account mappings were correct resulting in successful first month Group reporting, the clearing ledger balances breakdown for each CC&G customer (Italian Banks) was also accurate first time round.

While early days, just two months later the Italian clearing house is already realising benefits from the new solution and is feeling optimistic about the future of Microsoft Dynamics GP within the organisation.

Pozzi commented "Using a fully integrated, group wide accounting solution has removed the need for spreadsheets and manual intervention. Previously month end would take 3 working days to complete and several late nights! We have reduced this to 2 standard working days. The manual mapping of our accounts to group has been removed; data is more accurate resulting in less time spent reconciling."

Whilst considered a success, like all projects, this one did not come without its challenges. Pozzi explains "Changing systems is never easy, particularly when group policy enforces it! Owing to the uniqueness of the business and complexity of the Clearing system interface, many were not convinced."

Working to tight timeframes and a change of sponsor mid project did not help with managing internal concerns and expectations. Two months later however, staff who were initially concerned about the new system have now embraced it. "Changing systems is like changing cars – you need to learn a new way of doing things! Microsoft Dynamics GP has a lot of potential – staff are looking forward to learning how we can use the solution to its full capacity, adding further value to CC&G."

When asked about the relationship with M4 Systems, Pozzi commented "We are a complex business, there was potential for many things to go wrong. The project would have been a challenge for any supplier; I firmly believe that it was a combination of the approach, along with M4's determination and belief in the project that made it a success."

M4 Systems

M4 Systems is a Gold Microsoft partner focussing on Microsoft Dynamics finance and accounting (ERP), Dynamics CRM and custom development solutions.

An internationally recognised ISV, M4 has a dedicated in-house development team offering customers the flexibility and capability to deliver rapid, cost-effective, integrated and sector-specific solutions.

For More Information

For more information about M4 Systems solutions and services visit: www.m4systems.com