



## **IRESS LAUNCHES UK WEALTH MANAGEMENT DIVISION**

### **IRESS SELECTED AS STRATEGIC SUPPLIER BY SESAME BANKHALL GROUP LARGEST UK DISTRIBUTION NETWORK TO DEPLOY XPLAN**

### **IRESS UK WEALTH MANAGEMENT ESTABLISHED WITH EXPERIENCED LOCAL EXECUTIVE TEAM**

IRESS is pleased to announce the launch of its Wealth Management division in the United Kingdom on the back of its selection as strategic supplier of wealth management advice technology by Sesame Bankhall Group (SBG), the largest distributor of retail financial advice in the UK.

IRESS' goal is to establish a competitive and comprehensive advice platform to meet the needs of the UK advice market, and over time to build a business similar to its leading wealth management operations in other markets.

The UK division has been initiated with a local management team comprising the directors of the respected financial services consultancy, AT8 Group. This experienced local management team will be responsible for the delivery to SBG, and management and growth of the IRESS wealth management business in this strategically important market.

This opportunity will leverage complementary capabilities:

- IRESS' market leading and differentiated technology;
- IRESS' executive team experience, relationships, and knowledge of the UK marketplace through local management; and
- SBG's significant adviser distribution network and knowledge of local requirements, and commitment to leverage IRESS technology.

These represent a unique set of capabilities to establish and prove local capability from which to build a highly competitive and substantial operation with strong growth prospects.

#### **United Kingdom Wealth Management**

The UK wealth management software market is at least twice that of Australia, serviced by a range of niche technology vendors. Advisory networks tend to use a combination of suppliers to meet the range of advice and technology requirements, across which there are varying degrees of integration.

The UK financial advice market is facing a new regulatory regime from 2013 as part of the UK government's Retail Distribution Review (RDR). RDR will require many advisory firms to change their businesses to operate under fee-based service models. These impacts will require a new generation of software to support fundamental changes in practice management.

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IRESS considers this environment an opportunity to leverage its scale, experience and integrated technology suite to differentiate from existing providers and provide a compelling option to distribution networks.

### **IRESS & Sesame Bankhall Group (SBG)**

SBG has been assessing future-ready technology solutions in order to differentiate itself from its competitors, and to address regulatory change and heightened requirements for its advice network. SBG regards the UK's Retail Distribution Reform (RDR) as a strategic opportunity for financial advisory firms to evolve their businesses, but has recognised that to achieve this in a cost effective and efficient manner, investment in technology is essential.

Over a similar timeframe, IRESS has been encouraged by the opportunity for its integrated product range to meet forward-looking demands of UK advice networks, based on feedback and workshops, to assess functional capability, flexibility, and the direct applicability of XPLAN in the UK. On this basis, identification of a seed client in support of an organic entry has been a key objective.

Following a review of global solutions, incorporating a formal tender process, SBG has selected IRESS' wealth management platform, XPLAN, as the best suited to meet its short and longer term strategic objectives for the 12,000 direct and indirect advisers it services across the UK.

IRESS and SBG have entered a long-term strategic supply agreement where XPLAN will be deployed as SBG's next generation advice platform. SBG provides IRESS with first-hand experience and knowledge of local requirements that will focus the delivery of XPLAN in the UK. In addition, the partnered commitment to implement XPLAN (commencing later in 2012) will establish IRESS' capability and relevance in the region.

Commenting on the significant agreement between SBG and IRESS, George Higginson, CEO of SBG stated "SBG strives to add value to our members, and the provision of XPLAN is an excellent example of this. XPLAN will be SBG's advice delivery platform to provide tools in support of the transition to a service and fee-based world with streamlined business processes to help our firms maintain first class service to their clients."

IRESS Managing Director, Andrew Walsh, said "IRESS is delighted to be selected and endorsed as a partner by SBG against strong global and UK based competition. The UK represents a strategic growth opportunity for IRESS and the opportunity to work with SBG to deliver a premier localised offering is unique and significant for both parties."

### **Management**

Establishing a qualified UK based management team to oversee the relationship with SBG and growth of the division has been a priority for IRESS, consistent with its strategic planning.

The nucleus of the UK operation will be the former directors of the financial services consultancy, AT8 Group, who have agreed to wind down their existing operations and are now retained as key executives of IRESS. This team will be responsible for building IRESS' broader local team with UK domain expertise and specific product skills; delivery to SBG; and management and growth of the IRESS wealth business in the UK.

AT8 is a well-known and respected consultancy that has operated in the financial services e-commerce market since 2006. Over this time, the AT8 business has advised distribution networks on wealth management and distribution technology appropriate for their needs. As such, the new IRESS executive team has a comprehensive understanding of the current needs of advisers and networks, and those requirements relevant in a post-RDR environment. Prior to establishing AT8, the executive team worked across a range of financial services, technology and vendor businesses.

Mark Loosmore, formerly of AT8 and now Business Development director of IRESS, said “the AT8 team has been especially impressed with the breadth and depth of IRESS’ wealth management platform, XPLAN. Advisers in the UK need a new approach to successfully operate post RDR and are looking to technology to bring efficiency and cost management solutions. XPLAN is broader, deeper and more configurable than any current UK offering and will take adviser technology here to a new level.”

## **Financial**

The structure of IRESS’ organic UK entry represents a highly attractive, and unique investment opportunity. The risk profile of this division is exceptionally low for a green fields operation given a substantial seed client and experienced executive team are in place from day one.

Underpinning the new division is a long-term supply agreement with SBG recognising seed status and expected user volume, comprising per user license fees in addition to agreed minimum site fees. 2012 will be dedicated to localisation and commencement of rollout, with minimum fees to be payable by SBG from 2013.

During the initial years of the rollout phase, the license fee revenue from SBG will be insufficient to offset operational expenses as IRESS focusses on establishing its presence in UK. IRESS’ net EBITDA funding requirement during the establishment phase will be fully expensed and limited to \$5.0m per annum, subject to regular review. Apart from general establishment, there are no upfront considerations.

## **Dividend**

To date IRESS’ dividend policy has been to pay 80% of underlying earnings, excluding losses from our startup operations in Asia. With this UK initiative further adding to the group’s strategic investments, the board believes it is sensible to consider dividend policy on an "everything in" earnings basis from here. Detailed dividend policy will be set in conjunction with full year results, the intent of which will be a payout ratio of not less than 80%, and subject to accounting limitations likely higher to partially offset the impact of strategic investments.

## **For more information, please contact:**

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## About Sesame Bankhall Group

The Sesame Bankhall Group was formed in 2009. It brings together the leading network, support service provider and mortgage club to create the UK's largest distributor of Retail Financial Advice.

Our unique blend of over 20 years regulatory experience and business support makes us the number one choice for thousands of advisers nationwide and accountable for almost a quarter of the UK financial advice market.

The group brings together three leading brands within the Financial Services Industry:

- Sesame is the largest Appointed Representative Network in the UK, with 1,400 member firms
- Bankhall is the market-leading support services business for 1,900 directly regulated adviser firms
- PMS operates the largest mortgage club for directly regulated mortgage brokers in the UK

The Sesame Bankhall Group is the largest single distributor of financial services in the UK and today is accountable for almost a quarter of the UK financial advice market.

## About AT8

AT8 is a specialist consultancy and business development company, principally aimed at the financial services and related IT markets. Its domain knowledge and expertise combined with the development of relevant products and services create compelling propositions for customers that achieve positive results quickly.

AT8's services are built around propositions that address specific problems or opportunities in its core and related markets. This requires an in-depth knowledge of the market dynamics and the application of thought leadership.

AT8's knowledge skill & experience covers:

- Financial Services – delivering effective e-enablement
- Point of Sale
- Back Office & CRM
- Wrap
- Worksite Marketing
- Business process review and re-engineering
- Sales & Marketing – business development
- Regulation and best business practice

## About IRESS

IRESS is a principal supplier of share market and wealth management systems in Australia, Asia, New Zealand, Canada and South Africa.

IRESS produces innovative, sophisticated solutions for financial market and wealth management participants. Our two core product streams, IRESS and XPLAN, comprise a market information and trading platform and an extensive suite of financial planning and associated tools. Both product streams support a diverse range of roles and offer front, middle and back-office functionality.

IRESS' clients range from large corporations through to independent operators. We support all financial market and wealth participants who have a need to manage and monitor industry information.

IRESS is a progressive, service-based organisation that employs over 650 staff in 14 offices worldwide. Located in the centre of the major financial districts, our staff have local knowledge and industry experience. Open channels of communication keep us focused and informed across the entire business.

We strive for excellence in our relationships with clients and industry bodies alike. We are client-driven, responsive and promote a culture that supports working with our customers and the industry to face challenges and keep pace with industry developments.