

Client Case Study

Avalon Sees Big Gains in Productivity, Accuracy, and Compliance Readiness with Advent Revenue Center[®]

PROFILE

Founded in 2001, Houston-based Avalon Advisors, LLC manages equity, fixed income, and balanced portfolios for wealthy families and the endowments, foundations, and trusts they serve. The firm has approximately \$3.3 billion under management.

BACKGROUND

Avalon uses a full suite of Advent solutions—Axys,[®] Moxy,[®] and Advent Partner[®]—and enjoys the benefits of a fully integrated office. As business grew, the firm found itself spending more time calculating fees and producing quarterly invoices—and then double-checking for errors. The firm needed a system that could handle its growth, reduce billing time, and assure greater accuracy.

SOLUTION

Avalon migrated to Advent Revenue Center—a faster, easier-to-use revenue management and billing solution. The firm reports that new accounts can be set up in a matter of minutes, and time spent on invoicing and preparation of financials has been cut by 22 days a year.

BENEFITS

- Significant time savings in generating quarterly fees and invoices
- Eliminates errors from manual intervention with rules-based setup
- Improves compliance and SEC review readiness with historical invoices and audit trails
- Integration with Advent's portfolio management platforms

In 2006, Avalon Advisors faced the need for a better, faster way to calculate client fees, generate invoices, and maintain its billing records. "Because we calculate fees on an average daily balance, the calculations and iterations became a lot more complex as our account base grew," explains Gary Bonner, Avalon's Chief Operating Officer. "It became a more labor intensive process."

Mr. Bonner also saw the need to better prepare the firm's historical invoices to meet growing compliance requirements. "I was looking for an application that would produce accurate historical fee calculations for prior periods to comply with any requests made during routine SEC audits, but the system had to be fast," Mr. Bonner says. "That was my mandate—to find something accurate, fast, and able to produce historical invoices electronically."

Perfect Timing

Avalon's search for a better system happened to coincide with the launch of Advent Revenue Center, the comprehensive revenue management solution for asset managers that charge clients on the basis of portfolio valuation. Advent Revenue Center is designed to automate fee calculations, streamline the invoicing process, improve standards of accuracy, and provide a central repository for revenue records and reporting. It also integrates easily with Advent's portfolio management platforms, making the exchange of data seamless.

Already a user of Axys and Moxy, Avalon was one of the early adopters of Advent Revenue Center. "The fact that it was built on a SQL server platform was of high interest to me," says Mr. Bonner. "I knew that I could get the data I needed when I needed it. I could write reports off of it if I wanted to. It would also store all the values, which meant that I could go back and produce invoices electronically—historically and accurately. On top of that, it would run a lot faster."

Saving 22 Days a Year

Now, after more than two years of experience with Advent Revenue Center, Mr. Bonner reports that it has delivered on its promise to accelerate the billing cycle. "The speed of generating the fees has been really incredible," he says. "In the old system, it actually took 40 hours just to calculate the fees. Now we can do it in two hours, even though we have many more accounts."

Before implementing Advent Revenue Center, Avalon had between 800 and 900 accounts. Today, that figure is closer to 1,300. "If we were still

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on the old system, the time spent calculating fees would have just continued to go higher and higher," Mr. Bonner observes. Instead, the opposite has occurred—Avalon has grown its account base significantly while cutting the billing process dramatically.

"Our productivity has been a lot higher," he says. "It used to take us about seven days from start to finish to get the accounts reconciled, set up, run, and billed. With Advent Revenue Center, it's down to about a day. By the end of the first day, I have everything already calculated. And by the middle of the second day, I have generated the spreadsheets to send off to our custodians."

That's just for one quarter-end billing, he notes. "If you look at four quarters, that was 28 days out of the year that we were spending doing fees the old way. Now, on an annual basis, we're down to six days. So we're saving 22 days in productivity each year by using Advent Revenue Center instead of our old system."

Confidence in the Numbers

Another major benefit Avalon has realized is an improvement in accuracy, according to Mr. Bonner. "We found process inefficiencies in our prior application that Advent Revenue Center improved upon. That's one reason the billing used to take so long, because we'd have to go back manually to make sure that all the calculations had been done properly. But the accuracy of Advent Revenue Center is such that I don't have to question whether it's right or not."

Advent Revenue Center's accuracy starts with the fact that it integrates seamlessly with Avalon's portfolio accounting solution. "The way Advent Revenue Center interfaces with Axy's is very important," Mr. Bonner asserts. "It means all of the information that's needed in Advent Revenue Center is pulled over correctly. There are no gaps. I don't have to worry about something being imported incorrectly."

Early in the transition to Advent Revenue Center, Avalon ran parallel tests with its old system to check for accuracy. The verdict: "Advent Revenue Center instilled confidence because we triple checked the inputs and results of the system and everything proved to be accurate. The result of this confidence is improved efficiency for our firm."

Mr. Bonner is also confident that Avalon is better prepared for a knock on the door from the regulators. "If SEC examiners were to come in, it would be easy to show them the system and how it's been set up. In the old system I would have had to go back and regenerate everything. Advent Revenue Center stores all the calculated values historically, so I can easily produce actual invoices to show to the examiners. From a compliance perspective, it gives me a lot of peace of mind."

"It Just Makes Sense"

Besides the improved productivity, accuracy, and compliance readiness, Mr. Bonner has simply been impressed by

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Advent Revenue Center's ease of use. "The old system was so difficult to use," he recalls. "It was really cumbersome. Advent Revenue Center is straightforward in how accounts are set up and added to groups, how fees are set universally at the group or at the relationship level. It's unbelievable how easy it is to use."

Ease of use has been especially critical in accommodating Avalon's growth and adding new accounts every quarter. "I might have 50 or 100 accounts that have come in during the quarter that I'm setting up," Mr. Bonner says. "It's easy to get new accounts set up in the system—which means we can start generating fees on those accounts immediately. It's a very logical, step-by-step process of adding the account, then generating the fee, and then exporting the fee out for collection."

One particular advantage of Advent Revenue Center compared to home-grown billing systems is that it is not dependent on one person's closely held knowledge of the system and the firm's billing practices. "The simplicity and the logical nature of Advent Revenue Center just makes sense," says Mr. Bonner. "It's set up in a way that somebody who had no experience in doing the billing would be able to understand."

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