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## Centerprise Offers Enterprise-Wide Management Solution

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NEW YORK — Financial services firms are increasingly evaluating the workflow processes and operational risks involved in their daily activity, not only as a cost-containment measure, but also as a method to improve business performance. While other industries use the numerous enterprise resource planning (ERP) solutions available in the market from a variety of vendors such as SAP, Oracle and PeopleSoft, there has been a lack of vendor focus in the financial services space, as well as few pieces of software or applications that directly examine the business processes of financial firms on an enterprise-wide level.

Centerprise Services, Inc., hopes to grow its business by capitalizing on this lack of enterprise management solutions for financial firms. The company, created in 1999, spent two and a half years developing its flagship product, CenterSphere, a system that incorporates a variety of modular components to provide enterprise-wide workflow and process management. The CenterSphere platform is both open and scalable, extends from front-end to back-end, and supports multiple users with multi-national capabilities.

"We figured if we're going to add some value to financial services, we should really try to create an ERP solution for financial services to address the management and control issues for a capital markets organization," says Reto Tuffli, Chief Executive Officer and Senior Principal at Centerprise. "In order to drive down costs and get everybody on the same platform, ideally you want to drive information from the same set of data. That itself involves a lot of logic to make sure the person sees what they should

see, and can drill down and make associations with different kinds of data. [But it's] really just a foundation, because what you should be doing with that is managing all your processes in a workflow. You should have tools for being able to monitor whether things are being done correctly."

Tuffli adds that a thorough audit trail of the activity within a business can be used for insight into operational risk, as workflow information can be incorporated into key risk indicators. Although mapping workflow process is an integral element to operational risk, he says, measuring and quantifying operational risk through analytic models is only the initial level. "We want to go beyond that and actually give you a platform for starting to really tackle and reduce operational risk," he says.

Much of the architecture of Centerprise's application services has been built on IBM platforms and products, mainly WebSphere MQ Series messaging middleware technology. Tuffli says IBM's technology is well suited as the infrastructure of a solution aimed at financial firms. "How many of the top-tier banks have MQ series in-house already? It's really deeply penetrated, and it's one of the reasons we chose them," he says. "There is still obviously an interface job that needs to be done, but this kind of messaging and queuing infrastructure is what the industry is already using to try to grapple with this."

Throughout Centerprise's product development, IBM has been working closely with the vendor. The two are in

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the initial stages of considering a business partnership with a joint solution, while the technology relationship between the two companies has deepened. Many at IBM acknowledge the success of Centerprise in incorporating the middleware technology. “When [Centerprise] started to market their product, some of us went to visit their development premises to look more closely at what they had done with all our technology. I must admit that most of us were impressed by the results,” says Francis Lacan, Global Head of Risk Management Solutions at IBM and strategist for IBM Financial Markets.

“There is quite a consensus on several points; one is what they have achieved is outstanding. The quality, both functionally and technologically, is really good,” adds Lacan. “Secondly, the approach they have taken is innovative and fits a growing demand in the market for improved control, improved supervision and improved process integration. They’ve arrived on an area where a lot of organizations are starting to look, essentially because they have to deal with increased risk and are required to control their operations better.”

Centerprise developed its product in a category that previously did not exist. The traditional ERP vendors occupy one end of the spectrum and do not hold servicing the financial industry as a top priority, says Lacan. They also do not have the necessary full skills set and approach to easily penetrate the market. On the other end of the spectrum are risk management vendors, who solely focus on risk measurement and reporting. “That situation has left an empty space in what we call the enterprise integration business, which Centerprise rightly identified,” says Lacan. “They were extremely ambitious because even the large software corporations know that this is an empty space, but so far, no one has made serious attempts to penetrate it.”

Lacan says Centerprise has the technology that positions their solution to be successful in this space. “[They have] an open system that complies with existing environments and legacy systems; no organization is going to reengineer all their systems to be able to do serious business integration and optimize supervision,” he says. “Their product is [also] organized around the notion of business integration. It is not a product that comes from one end and grows to occupy that space; they start from the middle.”

It is this unique positioning that is attracting the interest of financial firms looking to manage their business on an enterprise-wide level. A leading Japanese securities firm is in the process of evaluating Centerprise’s offering, specifically the components of the solution that cater to workflow and process management functions for their broker-dealer business. While the firm is limiting its consideration to components of the solution, since implementing the entire solution package would result in costly replacement of numerous legacy systems, the firm’s chief financial officer says the total solution would be an ideal front-to-back solution for companies that are starting with a blank slate.

IBM and Centerprise were the winners of the second annual CompTIA ASPire Awards, an award that recognizes best practices in the application service provider (ASP) industry. The CenterSphere platform was designed from its initial development to be able to run in the ASP model. Lacan acknowledges this ability to be offered as an ASP model as another differentiator.

“Centerprise started from a technology that is already open and scalable and meets the different criteria to be ASP-enabled,” he says. “Many software vendors are trying to ASP-enable existing applications, and it’s a difficult task. It’s something that Centerprise will not have to have because they are lucky enough to be starting with recent technology.”

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