

# Opes Prime Creates New Financial Services Product in Five Months with Standards-Based BPEL Solution



Opes Prime Stockbroking Limited  
Melbourne, Australia  
www.opesprime.com.au

## Industry:

Financial Services

## Employees:

More than 40

## Oracle Products & Services:

Oracle Database  
Oracle Real Application Clusters  
Oracle BPEL Process Manager  
Oracle Consulting Services

*“This has been a very successful project because the transition from business process design to implementation was very easy. Oracle BPEL Process Manager made it a very simple process.”*  
– Stuart Coggins, Head of IT, Opes Prime Stockbroking Limited

Opes Prime Stockbroking Limited is a specialist provider of securities lending and equity financing services, with offices in Melbourne, Sydney, and Singapore. One of the company’s services is lending equities to its customers, typically institutions who may find themselves unable to satisfy their settlement obligations. Opes Prime provides short-term share loans to assist in these circumstances.

This service has proven very successful, leading Opes Prime to plan to provide online, real-time stock loans to retail investors. The company quickly realized the manual processes it used for its previous stock loan product would not support the greater volumes of a retail offering, and decided to acquire technology to automate delivery of the new product.

Opes Prime selected Oracle BPEL Process Manager to develop FIRST, an industry-leading system to deliver the new retail stock loan product. The software enabled the company to model and implement more than 400 business processes, and link the solution with the numerous third parties that make stock loans possible. Oracle also provided consultants to help the development process, a collaboration that resulted in swift and easy delivery of the new product.

## Reaching a New Market with Industry-First Product

Opes Prime’s securities lending business involves the loan of listed equities to institutional, retail, and wholesale clients.

“If I sold my shares through a stockbroker and on settlement day could not deliver the shares, the stockbroker comes to us to borrow the shortfall,” explained Stuart Coggins, Opes Prime’s head of information technology. “This service is valuable because it provides a safety net for brokers.”

**Key Benefits:**

- Facilitated fast modeling of more than 400 business processes and subsequent implementation in a new application
- Attracted a large number of industry participants to a new product through the use of standards-based Web services infrastructure
- Enabled application development to be completed within a year by three developers with flexible, easy-to-use tool and easy access to Oracle advice and resources
- Ensured high system availability and stability through the use of clustering technology

While larger investors have long recognized the value of the service, it is not currently available to Australian retail investors. Opes Prime believes the big players in the industry intend to offer retail stock loans one day, and that it should leverage its experience in the field into a retail offering before its larger rivals can reach the market.

The retail offering enables investors to borrow and sell stock when they believe a share price is falling. They buy it back at a lower price and make a profit.

“Today, if individuals go to a large stockbroker and ask to borrow 500 shares, the stockbroker will be reluctant to help you because it is too expensive and risky,” said Coggins. “We saw that if we could automate the business we could consolidate small loans, so that instead of borrowing a handful of shares, we could borrow larger amounts.

“That’s what we needed a system to do: interact with retail customers and other players in the industry to facilitate consolidated stock loans so it would be possible to make smaller retail loans,” he said.

### **Fast, Flexible Development with Web Services Infrastructure**

Coggins expected that building the new service would require “heavyweight integration tools”. Upon investigating the capabilities of Oracle BPEL Process Manager, he discovered that its combination of business process modeling and integration technology would provide the best approach for creating the new loan product.

According to Coggins, Oracle BPEL Process Manager enabled faster application design while allowing Opes Prime to change its specifications as the new system evolved.

“As a developer by trade I know that flexibility is an absolute must-have,” he said. “This is a huge investment for Opes Prime and we are aware that change can cost a lot of money. Oracle gives us the freedom to make changes as the project evolves while staying within budget. This is a far better outcome than developing something that does the job but is inelegant.”

The Oracle solution turned concept into reality at a greater speed than Coggins believed would have been possible using other tools.

“The fact that Oracle is based on Web services means we are in great shape,” he said. “The technology gives us an edge because we can offer Web services interfaces to financial institutions, increasing the likelihood that they will participate in the application.”

### **Designing 400 Business Processes in Five Months**

In 2005, Opes Prime engaged Oracle to perform a two-week technical design of the infrastructure required to create the new loan product. This design phase identified Oracle BPEL Process Manager as the best tool to provide integration infrastructure and to model and implement the many business processes required to make the service a reality.

“We then conducted extensive modeling of the business processes that would be required to make the new retail product possible,” Coggins said. “Oracle BPEL Process Manager was the key tool for this phase. It lets us model our business processes in a visual way and made many decisions easier.”

Opes Prime brought a comprehensive design of the application and the required business processes to the table, but then worked collaboratively with two Oracle consultants to refine and express the design and processes as a technical solution.

“We designed the processes together,” Coggins said. “The Oracle consultants were a very good resource in terms of business analysis and their ability to express that in technical language.”

This approach simplified the overall development process. “We had designed a lot of business processes using Microsoft Visio,” said Coggins. “The Oracle team expressed those processes in technical terms. The transition was straightforward. It was like bricklaying. We put in the mortar and Oracle technology was the bricks.”

Opes Prime and Oracle designed more than 400 business processes using Oracle BPEL Process Manager in around five months. The software also provided the integration infrastructure needed to make those processes operational.

“I can give a BPEL model developed using Oracle to someone technically competent and they can understand what is going on,” Coggins said. “It is virtually written in English.”

### Grid Gives Room to Grow

Oracle's clustering and grid computing facilities were also important to Opes Prime, as they increased system reliability and provided a clear path to more scalable systems, ensuring the company can cater for growth of the retail stock lending service.

"We are running our application server and database in a clustered server environment using Oracle Real Application Clusters on Red Hat Linux," said Coggins. "The failover capabilities are essential to provide the availability needed for real-time retail trading. As we grow, we expect to adopt grid computing to give us the scale and reliability we need."

### Why Oracle?

Opes Prime selected Oracle because the company displayed enthusiasm and offered technology that was ideal for the project.

"We knew someone who worked at Oracle, and that person became enthused about our requirements, selling the concept internally," Coggins explained. This gave Opes Prime the confidence that Oracle would provide the support and advice needed to create the new application.

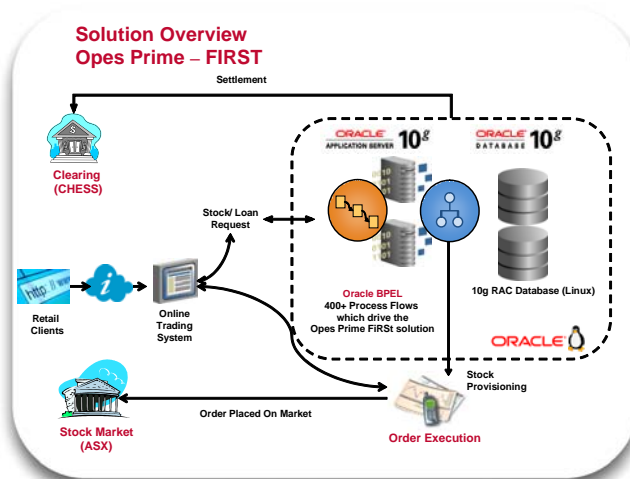
"With Oracle behind us, we knew the financial industry would be more open to our offering. We were very happy that Oracle wanted to help and saw it as a bit of a coup," said Coggins.

Initial engagements with Oracle confirmed his optimism. "Oracle explained its partnership with Red Hat, and the fact that it has specialists in the technology," Coggins explained. "We wanted to work with one vendor so Oracle now provides us with our Red Hat support.

"The Oracle team is fantastic. All we need to do is make one phone call to get what we need."

The performance and capabilities of Oracle's technology also swayed the decision, as Opes Prime realized Oracle BPEL Process Manager was an ideal modeling and integration tool for the creation of the new application.

## Implementation Process



*Diagram: The retail client requests a stock loan from Opes Prime. FIRST processes a series of checks including availability, risk, and the client's financial position. The stock is loaned to the client who then transacts as they wish. Once the order is executed on the market, FIRST matches the requests and orders and keeps the business informed of its settlement obligations. Open positions are managed within FIRST until the position is closed by the client.*

Five months' work between August and December 2005 saw Opes Prime develop its new Web-based share lending platform to the point where it was ready for public consumption.

At this point, the company realized its other back-office systems were insufficiently robust to handle the expected transactional load the new applications would generate. It re-engaged Oracle to provide new core infrastructure. Opes Prime expects to launch the new loan product in early 2007.

"A year in development may sound like a long time," Coggins said. "But with only two or three people on our team, that is a great implementation time. It is a shame more financial institutions do not use this technology."

### Advice from Opes Prime

- Document business processes thoroughly before commencing application development
- Work with a vendor capable of meeting all of your technology support needs
- Use Web services standards to ensure third parties can consume your services with minimal investment
- Select technologies with clear scalability paths to protect your initial investment
- Ensure the technologies you choose allow rapid change without extra investment. This ensures you do not have to make compromises that degrade a product

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