GlobeOp Financial Services S.A. **2nd March 2009**

Preliminary Results Analyst Call

Duration: 00:36:55

Presenters

- **Hans Hufschmid -** *CEO, GlobeOp Financial Services*
- **Martin Veilleux -** *CFO, GlobeOp Financial Services*

Presentation

Operator

Thank you for standing by and welcome to the GlobeOp Analyst Investor call. At this time all participants will be in a listen-only mode. There will be a presentation followed by a question and answer session at which time if you wish to ask a question you will need to press *1 on your telephone. I would now like to hand the conference over to your speaker for today. Please go ahead.

Joan Wasylik - *GlobeOp Financial Services*

First of all, before we begin, we have a quick housekeeping point. Certain statements in this announcement of preliminary results are forward looking statements. By their nature, forward looking statements involve a number of risks, uncertainties or assumptions that can cause actual results for events to differ materially from those expressed or implied by those statements. Forward looking statements regarding past trends or activities should not be taken as representations that such trends or activities will continue in the future. Accordingly, undue reliance should not be placed on forward looking statements. Thank you.

Hans Hufschmid – *GlobeOp Financial Services - CEO*

Good morning and good afternoon everyone. My name is Hans Hufschmid; the CEO of GlobeOp Financial Services. Joining me today is Edward Annunziato, our Chairman, and Marty Veilleux, our Chief Financial Officer. We are pleased to welcome you to our earnings call today. First I will run through a few highlights from our 2009 preliminary results announcement issued this morning before handing over to Marty to talk through additional financial detail. We'll then open the call to questions.

I'm pleased to announce another solid set of full year results for GlobeOp, despite extremely difficult market conditions. We have not only weathered the storm, but emerged stronger.

We attracted important new clients and added new business in new market segments. AuA – Assets under Administration - grew by 24% overall in 2009 to $109 billion, registering 30% growth since June. Overall we added $33 billion in new, middle, back-office and fund administration business from existing clients and new funds.

The first half of the year was marked by continued financial market uncertainty. It is therefore notable that our clients registered positive returns every month of the year. Subscriptions increased every quarter, while redemptions declined each quarter.

Taking advantage of new market dynamics and increased demand for independent valuation and transparency, we generated strategic business gains in new sectors.

- Promark, a major US fund manager, is a new independent evaluations services mandate.
- We also took on the administration for a $13 billion portfolio of non-performing loans for a non-hedge fund client.

GlobeOp ended the year with a strong balance sheet, healthy cash position and a promising pipeline of future business.

Based on these results, the Board is recommending a final dividend of 1.35 pence per share, which represents a 23% increase on 2008.

During 2009, we kept the market fully informed of a legal settlement related to events that occurred several years ago. The settlement enabled us to close the books on past events and to focus on future opportunities.

We also expanded our shareholder base during the year. A number of new major institutional investors now hold substantial stakes.

In 2009 we proved our mettle. Our people and processes performed well in exceptionally adverse conditions. Looking ahead, we are encouraged by the return of positive secular trends, including subscriptions outpacing redemptions, an upsurge in new fund start-ups and strong fund performance. We believe that our powerful and scalable technology platform uniquely positions us to grow both organically and through acquisitions. We enter our second decade in robust health and look forward to continuing our progress in 2010. I'd now like to ask Marty to review our financial results in greater detail. Marty?

Martin Veilleux – *GlobeOp Financial Services – CFO*

Thank you, Hans. We are very pleased with our core operating performance in 2009. Revenues were $156.5 million, adjusted operating profit was $36.8 million and AuA ended the year at $109 billion. All were above our internal targets. We believe they indicate the resilience of our business, the power of our operating model and our ability to manage through very challenging times.

In addition we saw very encouraging trends as the year progressed. Inflows to client funds steadily improved and outflows declined. We added new business throughout the year and our profit margins expanded in the second half of 2009.

Looking closer at AuA, we began the year with $88 billion and we ended it with $109 billion, for a 24% annual increase. During the year we added $33 billion from new business, that was comprised of $28 billion from new clients and $5 billion from new funds at existing clients. Subscriptions into client funds added another $20 billion of AuA and positive performance at our clients' funds added $14 billion for the year. This was offset by $46 billion of redemptions and terminations, but most of those were in the first half of the year.

In fact, 2009 was a year of two distinct halves – so let me provide those AuA figures for each half of the year. Again, we began the first half of 2009 with $88 billion. We added $15 billion in new business that was comprised of $11 billion from new clients and nearly $4 billion from new funds at existing clients. Subscriptions in the first half added another $8 billion of AuA and positive fund performance added $5 billion in the first half. Then, in line with our expectations, redemptions and terminations in the first half totalled $33 billion. So our AuA declined by just $5 billion during the first half of the year – a very notable performance in such a turbulent market place at the time. So we ended the first half with $83 billion of AuA and then we grew it 30% over the next six months to $109 billion by the end of 2009.

In the second half we added $18 billion in new business that was comprised of $16 billion from new clients and almost $2 billion from new funds at existing clients. Subscriptions were $12 billion in the second half and positive fund performance added another $9 billion. Redemptions and terminations sharply declined to $13 billion in the second half. Revenue for 2009 was $156.5 million as compared to $185.2 million in 2008. Our MBA revenue was $145.6 million and it continues to represent 93% of our total revenue.

2009 revenue was impacted by lower than average AuA for the year than we had in 2008. Monthly AuA from January through October was lower in 2009 than it was for the same month in 2008. However, AuA for November and December of 2009 exceeded those figures for November and December of 2008. MBA revenue was also impacted by lower average service fees per AuA during the latter part of 2009. This mainly relates to the addition of a non-hedge fund client with $13 billion of AuA in September. The workload and hence our cost and our fees on that mandate are lower than typical, thus average MBA fees during the last four months of 2009 were approximately two basis points lower than the same period of 2008.

But even as we added this business and added other new business in the second half of the year our head count did not grow. In fact, staffing went from 1,554 at the end of June to 1, 538 at the end of December. This shows the leverage of our operating model and power of past investments. I'll discuss operating expenses in more detail shortly.

Risk Reporting revenue was $6.8 million in 2009 and Transaction Solutions revenue was $3.8 million. Both are below 2008 levels, but each was up slightly in the second half of 2009 versus the first half. Plus, we added our largest Transaction Solutions customer late in the year. Second half revenues do not reflect the full impact of this mandate.

As reported in our interim results this past summer a $43.5 million pre-tax charge was recorded in the first half of 2009 for the settlement of a longstanding legal dispute. Because of this an operating loss of $19.3 million was recorded for the year. Operating profit for 2008 was $38.2 million.

However, this charge will yield a $16.5 million of tax benefits, so its net effect on 2009's income was $27 million.

Looking at the cash flow impact, we paid $27 million of the settlement in 2009 and realised $3.8 million of the tax benefits. So we now have $16.5 million dollars of settlement payments remaining and they will be offset by $12.7 million of tax benefits yet to come. So there is less than $4 million of net cash outflows remaining as we enter 2010.

We also show adjusted operating profit in our results announcement as we utilise that measure internally to assess our operating performance. A description and reconciliation to IFRS operating profit is shown in the notes to the release.

Adjusted operating profit was $36.8 million in 2009 versus $50 million in 2008. As a percentage of revenues, adjusted operating profit decreased to 23.5% in 2009 from 27% in 2008.

But second half margins were much better than the first half. During 2009 costs were aligned with lower levels of revenue and production efficiencies were improved. As such, adjusted operating profit margin expanded from 20% in the first half of the year to 27.1% in the second half of 2009. This improvement was driven by improvements in employee costs and technology expenses as a percentage of revenues.

As mentioned earlier, our head count declined slightly in the second half of the year, even as we added new business. This reflects the improvements in productivity and efficiency based on investments in technology, staff training and increases in employee tenure. The reduction in technology cost is primarily related to exiting our leased data centre in the first half of 2009 and putting our new data centre in Yorktown Heights, New York into production.

Looking at taxation, our effective tax rate for 2009 was a benefit of 69% in 2009 versus a charge of 43% in 2008. Current year taxation includes the $16.5 million benefit related to the settlement I discussed earlier. Current year taxation also contains a benefit for an increase in deferred tax assets related to our share options and restricted stock awards. That is, with the increase in our share price during 2009, accounting rules required us to increase the estimated value of future tax deductions that we will be able to take when share option awards are exercised. The opposite effect occurred in 2008 when our share price declined. There were also one-time adjustments made in each year. Without these adjustments and without the share price related tax assets and the benefit related to the legal settlement, our core tax rate in 2009 was 25% and in 2008 was 33%.

Looking at our balance sheet and financial position, we ended the year with $42.6 million in cash, even after making $27 million in settlement payments and we have no bank debt.

During 2009, capital expenditures were $8.5 million versus $17.8 million in 2008. 2008 included significant non-recurring investments that will benefit many years, such as the purchase of our new data centre in Yorktown Heights and the expansion and upgrade of our data centre in Harrison, New York. Such investments were not replicated, nor necessary in 2009.

In summary, we believe our 2009 core operating results were quite good considering the very turbulent market place. We believe we have continued to demonstrate our ability to carefully manage our operations and drive margins while adding significant new business.

As noted in our outlook statement, we've had a promising start to 2010 and we look forward to making additional progress in the months ahead. With that said, let me hand it back to Hans for his closing remarks and then we will take your questions.

Hans Hufschmid – *GlobeOp Financial Services – CEO*

Thank you, Marty.

In closing, I'd like to repeat that our performance in 2009 confirmed the fundamental strength of GlobeOp's business model. Our continued focus on expanding and improving our service offerings, while optimising costs, has built firm foundations for sustainable growth.

Looking ahead, it is still early to know if the market recovery seen in 2009 is self-sustaining, but I believe there are encouraging signs with subscriptions outpacing redemptions and our addition of new clients so far in 2010. We have a promising new business pipeline and we will continue to explore potential strategic acquisitions to supplement organic growth.

An independent, transparent, financially stable service provider is particularly important to fund clients and their investors during times of market change. Our ability to adapt creatively to new market opportunities positions us well for the long-term. We are focused on a successful year in 2010. I'd now like to open the call to questions.

Questions and Answers

Operator

We will now begin the question and answer session. If you wish to ask a question, please press *1 on your telephone and wait for your name to be announced. Should you want to cancel your request, please press the # key. Once again, to ask a question please press * and then 1. Your first question comes from Phillip Middleton from Merrill Lynch. Please ask your question.

Phillip Middleton – *Merrill Lynch*

Good afternoon. I wanted to ask you two brief questions. Firstly, obviously you're seeing good subscriptions. I wondered if you could give us any details about what sort of style investors are looking for at the moment and whether you think that's changed over the last 12 to 24 months. And second, you comment briefly about M&A in your trading statement. Is there anything else you want to say there about your policies?

Hans Hufschmid – *GlobeOp Financial Services – CEO*

Hi, Phillip and thank you for the question. So subscriptions... We don't really measure our clients by training strategies and stuff like that. We do ask the question and we have a listing of all the different strategies on our platform and one that I think is standing out in 2009 and still does, is anything to do with distressed debt. So we saw quite a few of the new start ups in particular involved in distressed debt.

On the M&A side, it's a very logical next step. So we've built this platform that is the most cost-efficient platform and we believe the highest quality service platform in a vastly different position from many of our competitors who are struggling. And so, for us, acquisitions have always been an opportunity, but prior to 2008 there was really nothing available. I think we looked at one potential acquisition of a small administrator and decided not to proceed. We looked at a few last year, medium to small administrators – nothing came out of it, but what we did learn is that our technology and setup is just light years ahead of what those particular administrators had. I think we'll make a concerted effort in 2010 to scope out potential acquisitions and, you know, it's difficult to say whether we'll find anything or whether we'll have any success, but it is clearly something that we will focus on.

Phillip Middleton – *Merrill Lynch*

Thank you.

Operator

Your next question comes from Keith Baird from Oriel. Please ask your question.

Keith Baird - *Oriel*

Hi, guys. I have a couple of questions. Should I just give them to you sort of one by one?

Martin Veilleux – *GlobeOp Financial Services – CFO*

Sure, go ahead, Keith.

Keith Baird - *Oriel*

The first one is really on staff needs. I mean, as you sort of scale up the business and grow the AuA, do you think you're going to need more in the way of headcount, having sort of worked it down in the last half of last year?

Martin Veilleux – *GlobeOp Financial Services – CFO*

Right, well, one of the great things that we're experiencing right now is just a tremendous amount of efficiencies and productivity gains and a lot of that has to do with all the investments we've made over time and we're really starting to see the benefit of that. Be that as it may, our number one focus is ensuring that we have supreme client satisfaction and quality, so that really takes precedence over the efficiencies, but even with that you could see from the second half of 2009 we added 30% to our AuA. Some of that AuA was at lower basis points and had less workload, but still we added 30% to our AuA and our headcount came down. Right now we still think we're in a period where we only need modest amounts, but select amounts of headcount to meet new business that we're adding to our platform, but I would say it's definitely below historical trends and probably will be for the duration of the year.

Keith Baird - *Oriel*

So that's going to be a source of positive operating leverage in the next few years?

Martin Veilleux – *GlobeOp Financial Services – CFO*

Absolutely.

Keith Baird - *Oriel*

And I've got another question on revenue margins. How do you see that developing? I think I'm right in saying that as you pick up new clients, we may well see a kind of gradual reduction in the overall revenue margin. Is that still correct?

Hans Hufschmid – *GlobeOp Financial Services – CEO*

So the revenues themselves and the fees that we charge, right. So that's one aspect and that really hasn't changed much over the years. It's hard to say... I mean, maybe it's come down a little bit, but really difficult to say. We certainly don't think there is any pressure on fees themselves. We don't lose business over fees and the margins.

Martin Veilleux – *GlobeOp Financial Services – CFO*

Right, but it does depend on what the mandate is. So, for instance, as we do get into new potential areas like the non-hedge fund client in the second half of 2009, the workload was much lower, the needs were much lower and the number of transactions that we had to support was much lower, so the fees where commensurately lower. Right now the pipeline was more focused on traditional hedge-fund type business, so as Hans said, there isn't any pricing pressure there. The only thing that would result in lower average fees would be a truly significantly-sized individual mandate. So obviously if it's a $5 to $10 billion mandate they would get better pricing than a $500 million mandate, but obviously would be also very highly productive and profitable for us.

Keith Baird - *Oriel*

Right, yes, okay. Got it. I've got another question here on tax rates. What kind of a tax rate do you think you will be paying in the future?

Martin Veilleux – *GlobeOp Financial Services – CFO*

So when you cut through all of the noise – and we did that, I thought, pretty effectively in both our tax footnote and our financial review discussion – you get down to a 25% core tax rate in 2009 and 33% or so in 2008. Part of the difference was that we used some prior NOLs in Ireland in the 2009 tax rate to get down to 25% and there was also a favourable mix of countries the profit came in. I don't think you can count on 25% every year; I don't think we'll go back up to 33%, so I think it's somewhere in that range between those two figures, depending on exactly which countries the profits fall into. So I think choosing a midpoint as sort of a target is probably the safest way to go.

Keith Baird - *Oriel*

So something say around 30 wouldn't be too unrealistic?

Martin Veilleux – *GlobeOp Financial Services – CFO*

Right, so 29, 30 would be in the midpoint of that range of 25 to 33 and that is what I would say is a good, safe range to assume.

Keith Baird - *Oriel*

Yes, okay. Finally, I just wondered what your view on the hedge fund industry as a whole is? Now, it looks like it's going to come through the worst and we should be looking for some sustained level of growth, I would have thought. Is that the way you see it?

Hans Hufschmid – *GlobeOp Financial Services – CEO*

Those are certainly the indications. I mean, if you look back at history a little bit from when Lehman's collapsed in September of 2008, post-Lehman, the best way to look at this is really looking at subscriptions, right? Because redemptions require forward notice, we usually have a pretty good view on redemptions. We came out in December of 2008 and said that we were expecting $30 billion of redemptions in the first half of 09 and we ended up with $33 billion. So, you know, the redemption window is a pretty clear window. The subscription window, that's the piece that has a lot of uncertainty to it because somebody could stop a payment on the day they're supposed to make it. To give you an example, on September 1, 2008 we had $2 billion of subscription, which is at the lower end of the range type of subscription amount and that was on $106 billion of AuA.

In October 2008, one month later, we had $200 million of subscriptions and I don't think we've ever had that low a subscription amount until after year one when we started the firm, with six or seven clients. That $200 million started to grow again. It was about $400 or $500 million by the end of 08, started at $600 million in January 09 and then really grew back into the billion dollar range by mid-year and the $2 to $3 billion range towards the end of the year. In January of 2009 we had $5 billion of subscriptions, $4.3 billion of redemptions, so a remarkably large subscription amount and it is also remarkable that there was a positive net subscription in January. That's the first time that we've seen that since 2005 and 2005 was the only other time since 2002 or something like that, so it's a very unusual thing. January, traditionally, is a negative month because people take the money out of the hedge funds in January and then reinvest it in February and March. So, to me, that is another very positive sign.

If you look at all our numbers last year, we said 30% growth in the second half, 24% growth over the year. That was despite the fact that we had $20 billion of headwind in other words we had $20 billion in net redemptions. So even if you get that number to zero, it makes us feel very good about 2010 and obviously so far for the first two months that number has been positive. It's a long way to answer your question, but all the signs that we are seeing right now are pretty good.

I mean, the last thing I should add really to this is new clients... I mean, new fund start-ups. That's something that died in 09. There's virtually nothing in the first half of 09 and obviously it stops cold right after September 08 and that's starting to pick up again and we're seeing more new business start-ups since 2007, or 2006 even, so that's another positive sign. Even though these start-ups are smallish - they're not the multi-billion dollar start-ups - they start at $100 million, $200 million, $300 million, but they do start and I think that in itself is very encouraging.

Keith Baird - *Oriel*

Right, thanks very much.

Operator

Your next question comes from Gurjit Kambo from Numis. Please ask your question.

Gurjit Kambo – *Numis*

Hi, good afternoon, guys. I think Keith's asked most of my questions actually, but I've got a couple left. Firstly, in terms of your new clients that you're winning, by region, is there any sort of bias by region and, secondly, by type? I know you said you're sort of spanning out away from the hedge fund clients – could you perhaps elaborate a bit more on that and are you targeting specific clients? So that's the first question. And second, just in terms of the capacity that you feel you have in your AuA with the current infrastructure and if you were to increase the headcount, would that be biased perhaps to India more so than to the UK and the US?

Hans Hufschmid – *GlobeOp Financial Services – CEO*

Okay, let me take your first question and then I'll give Marty the second question. So the new clients. I don't think there's a bias really between London and New York... I mean, London/Europe/New York – they cover 90% of all the hedge funds globally, but there's a lot of noise about Asia, but we really haven't seen that and I think what's happening in Asia more than anything is that large US and UK hedge funds opened up an Asia office as opposed to new hedge funds. I mean, we're working on one significant mandate in Asia and that's the first one that we've really seen in many years, to be quite honest. The type of funds starting up, lots of them have to do with distressed debt and, again, we have a competitive advantage versus our competitors. We have the processing of distressed debt and the valuation of distressed debt, that we've built out very strongly over the years and so, you know, we tend to do very well pitching for that business.

Gurjit Kambo – *Numis*

Okay, thank you.

Martin Veilleux – *GlobeOp Financial Services – CFO*

As far as the infrastructure goes and the capacity of the business, just looking at non-headcount related capacity, we have capacity in our various facilities this year for growth, both in the US and in the UK as well as India, so I don't perceive facilities cost going up much, if at all. And we certainly have continued to put in investments in technology that we have capacity there that supports new clients and new volume. So then, as far as new employees goes, one of your questions was implicit in there – would your headcount grow if demand continued to grow this year? And, yes, it would and I would say, similar to my answer earlier, it will grow, but it will grow slower than what you've seen in the past. So if you want to look at what you've seen in the past, you could say we have a 1,530-odd people right now, on $109 billion of AuA and use that ratio. You could also go back and look at history in 2007/2008 to see how much we added when AuA went up in those years and I would say we'd probably be at a noticeable reduction relative to that in 2010. But there will be some growth. The last thing you asked is, when we do add, will we be adding in India and I would say, again, that's something I think we've settled in at around 68/69% of our headcount and is in India, so I don't foresee any wild swings, any substantial increases in shifting that much higher or having it go any lower. So I would say the ratios in general shouldn't markedly change in the foreseeable future.

Gurjit Kambo – *Numis*

Great, that's very helpful. Thank you.

Martin Veilleux – *GlobeOp Financial Services – CFO*

Welcome.

Operator

Your next question comes from Nitin Arora from Execution Noble. Please ask your question.

Nitin Arora – *Execution Noble*

Hi, Hans and Marty. Most of my questions have been answered. Just one last question related to the employee costs again. In terms of variable costs, the bonus and the bonus costs have reduced from roughly $15 million in 2008 to $8 million this year. Is there any way where you can guide towards how this will look like for next year, how much growth you're expecting in those costs?

Martin Veilleux – *GlobeOp Financial Services – CFO*

So yes, so if you look in the footnotes, you saw that the variable compensation cost declined from the $14 million to $8 million range and obviously when revenue comes down and profitability is down and you have the settlement, it's fair to your shareholders to reduce that variable compensation. We think that we're going to, and we would hope that we're going to, have a very successful year of growth ahead of us in 2010, so I would envision that we would go back up towards those levels that we had in 2008 and it would depend on how much we grow, if at all, but how much we grow and how profitable that is. So that's a little bit hard to pin down, but one thing I think that's also important is even if you take out the impact of the lower variable compensation in 2009, our staffing costs for salaries, benefits and so forth only went up 1% as far as costs per person. So there's really basically no inflation in there, so I don't want people to think that the way we got to having lower staffing costs is simply because there was lower variable compensation. So, even with that said though, I think we're going to be able to continue to drive profit rates higher in 2010 than in 2009, even if we do go back to that normalised bonus and commission level that we had in prior years.

Nitin Arora – *Execution Noble*

Right, thanks, and just lastly on revenue margins. Other than the $13 billion contract, was there any other contract which had noticeably lower margins in H2?

Martin Veilleux – *GlobeOp Financial Services – CFO*

So we had another in the second half of the year that was perhaps a $3 billion hedge fund. When they're that large we do have basis fees that are lower than our average basis points just because of the size of them and how profitable they could be, so we do have to scale that fee down some.

Hans Hufschmid – *GlobeOp Financial Services – CEO*

Yes, it wasn't really even a hedge fund, it was sort of an insurance company. It was actually an insurance company hedge-fund type structure, within an insurance company, so the work that we do for that fund is not the same as we would be doing for a hedge fund that size.

Nitin Arora – *Execution Noble*

Right, and would you give us some sense of typically how large is your typical hedge fund client and what is the fee you charge on that?

Hans Hufschmid – *GlobeOp Financial Services – CEO*

So that hasn't changed.

Nitin Arora – *Execution Noble*

That hasn't changed. Okay. Thanks.

Hans Hufschmid – *GlobeOp Financial Services – CEO*

And I guess it's important to point out that the reason the average fees are down a little bit is because we're doing business away from our traditional hunting ground that actually is at a lower than our traditional hedge fund client but, you know, equally or more profitable and we're doing that by using the technology that we've built to service our clients, our hedge fund clients.

Nitin Arora – *Execution Noble*

Okay, thanks.

Operator

You have another question from Keith Baird from Oriel. Please ask your question.

Keith Baird - *Oriel*

Yes, hi again. I just wanted to come back on the other two revenue lines, not MBA, but the Risk Reporting and Transaction Solutions. Just wondering how you saw those developing given that they'd sort of reduced in 2009? Do you see that as a bottoming out and do you see those going up again or how is that going to develop?

Martin Veilleux – *GlobeOp Financial Services – CFO*

So each of those lines stabilised in the second half of 2009 versus the first half. So they both saw some increase. Risk Reporting is somewhat impacted by AuA levels, so as AuA goes back up that should help our Risk Reporting revenue. I wouldn't say at this point in time that we see substantial increases in that line of business, but maybe some modest AuA driven increases. Transaction Solutions, as we said earlier, we added our largest Transaction Solutions client that we have late in 2009, so by definition, with a full year impact, we will definitely see some growth in the Transactions Solutions revenue for 2010 over 2009. And the other thing we're trying to do is obviously that's a very notable client, Promark, that we discussed publicly and so we're trying to parlay that into perhaps some other valuation services wins that we could have, as Hans said, away from our traditional hunting grounds, so ideally that's not the last for the big fish that get added to the Transaction Solutions line, but even if it is, you will see an increase in 2010.

Keith Baird - *Oriel*

I mean, would that be sort of material, you know, in terms of total revenues?

Martin Veilleux – *GlobeOp Financial Services – CFO*

So we really need to put things in perspective. MBA revenue is 93% of our revenue. Something really has to happen in the MBA business for there to be a big impact on our overall results. Over time, as we build the Transaction Solutions business or rebuild the Risk Reporting business, that could have an impact, but again to have a near-term substantial increase in revenue, it's going to have to come, basically, from the MBA line of business.

Hans Hufschmid – *GlobeOp Financial Services – CEO*

We should say that, internally, we have one of the major objectives is to increase the 7% bucket. In other words, for them to play a bigger role, you know. That is definitely a major objective of ours.

Keith Baird - *Oriel*

I'm sorry I didn't quite understand that point, Hans. What was that again?

Hans Hufschmid – *GlobeOp Financial Services – CEO*

Well, internally we have, as we said, our own goals and what we are looking to achieve in 2010. One of the goals that we have is to increase what we call the 7% bucket, which is this transaction...

Keith Baird - *Oriel*

Yes, okay, the other two lines. And just finally, are there any other business lines that you're contemplating that you haven't gone into yet?

Hans Hufschmid – *GlobeOp Financial Services – CEO*

Yes, so we have one more that will also be in the 7% bucket, which is called Managed Services. As you know, we bought a building and built our own data centre in Yorktown in New York and that is a 20,000 square foot data centre. I think it's called a level three data centre. A level three data centre would be the type of data centre that an investment bank would have, a commercial bank would have. I mean, there's one higher level, which is level four. I'm told the only level four data centre out there is the Pentagon, but level four means we have [N] redundancies and we have [N+2] redundancies. So we have these two data centres in Harrison and in Yorktown with excess capacity and clearly the hardware housing is a big challenge for our clients, redundancy is a big challenge for our clients and even, you know, email, BlackBerry services and things like that are a challenge for our clients, so we throw that on the Managed Services and we are looking to sell that to existing and future clients. And we are going to report this separately in the future if it's meaningful, right?

Martin Veilleux – *GlobeOp Financial Services – CFO*

Yes, once it becomes meaningful, that is something that we would spike out, but it is certainly something we're seeding now and now that that data centre is full and running and we have some marketing and some sales investment behind that, but that's something that we would, you know, once we make some headway, we'll start reporting separately, but right now it's still at the beginning stages.

Keith Baird - *Oriel*

Right, so that's one for the medium term. Okay, thanks very much.

Operator

Once again, if you wish to ask a question, please press *1 on your telephone and wait for your name to be announced. There are no further questions at this time, Sir, if you can please continue.

Hans Hufschmid – *GlobeOp Financial Services – CEO*

So if there are no further questions then I think we'll close this. So thank you very much for joining us today and we'll look forward to speaking to you again at midyear. Thank you.

Operator

That does conclude our conference for today, thank you for participating; you may all disconnect.