

Media Release

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Virtual Net Outsources To Latvia

Virtual Net (Europe) plc, a technology based network for Advisers with its Central Office in Kent, is believed to be the first adviser firm within the UK to outsource business functions to Riga, Latvia. It has successfully outsourced two business functions to Enigma Operations Limited -

1. Commission EDI reconciliation process and
2. New systems development work

Enigma Operations Limited is based in Riga, the capital city of Latvia, which is one of the newer members of the EU. The outsourcing decision to Latvia was based on a number of factors but the major benefits include 2 hours travel from the UK: English being a major second language: and membership of the EU with all of the benefits that entails for employment benefits and risk management legislation.

Virtual Net has been working on this for over 12 months. "Europe" was included in the company name when launched in the year 2000 to take advantage of situations like this and to prepare itself for any possible European Adviser Network when currency and taxation are congruent across Europe, however far in the future that may be.

As a result of the outsourcing last month, Virtual Net has managed to reduce its Central Office personnel numbers by 25% with expected savings of around £400,000 over the next 3 years. At the same time it has brought in a more efficient commission process for member firms of the network that can see all transactions – including detailed renewals – and still withdraw their commission on a daily basis.

Junior Sobowale, CEO of Virtual Net, commented: "We have been planning this for some time based on the need to continue to increase efficiency. We now lead the network arena in EDI and

commission reconciliation at incredibly low costs. Latvia has highly qualified people who are keen to make a positive input into a businesses development.

“We are now working with Enigma to re-engineer all of our systems to make them more efficient and better for members. We will be able to reduce developments costs by up to 70% through this outsourcing relationship, and improve quality.

“Virtual Net is on an aggressive growth strategy. Virtual Net will continue to invest in quality support services for our network members and our FSA Direct customers. I am confident that we can continue to grow as a supplier of first class compliance services to all advisers in the marketplace.

We will also work with Enigma to talk to other providers within the marketplace who are looking at the outsourcing marketplace, to reduce their costs and improve quality. We believe all advisers can benefit, as well as their customers, and that has to be important for us all as a profession.

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Notes:

Latvia is a small country on the Baltic Sea with the ancient history and traditions.

In the 1990s and early 21st century, Latvia focused on "rejoining Europe"; its two major goals, NATO and European Union membership, were achieved in 2004. The government denationalized private property confiscated by the Soviets, returning it or compensating the owners when that was not possible, and privatized most state-owned industries, reintroducing the prewar currency. After a difficult transition to a liberal economy and its re-orientation

toward Western Europe, Latvia still has one of the lowest standard of living in the EU, though its economy has one of the highest growth rates.

Virtual Net runs a network and a service offering to UK IFA's. Commission turnover over the last 12 months was around £10m.
