



## GROW Inc Case Study

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# Cutting Superannuation Fund costs by 45% and Giving People Control Over Their Financial Future

GROW Inc's Corda-powered platform harmonizes the fragmented world of superannuation for the world's third largest pool of pension assets—cutting costs and increasing the value of pensions on retirement.



An aerial, top-down view of a city street at night. The street is illuminated by streetlights, and several cars are visible. On either side of the street are various buildings, including a large, modern building with a curved facade on the right and several smaller, older buildings on the left. The overall scene is a dense urban environment.

“GROW Inc’s innovative DLTA system was built using R3’s trust technology, Corda, and challenges the status quo of legacy platforms in the Australian superannuation industry and beyond.

Mathew Keeley,  
CEO and Co-founder, GROW Inc

## GROW Inc's DLTA—at a glance

40% in superannuation cost savings

Increased processing speed and transparency

A\$100m demonstrated customer savings over five years

Improved value and experience for fund members

Platform: Corda



## About GROW

**GROW Inc** is an Australian fintech startup that was launched in 2017 with the aim of providing people with a “clearer idea of their financial reality”. The company’s founders identified how Distributed Ledger Technology (DLT) could be used to tackle the silos and inefficiencies in Australia’s superannuation industry.

That’s precisely what GROW Inc has done with its DLTA platform, built on Corda. GROW Inc was an early member of the R3 ecosystem and has accessed the product and technical support, executive sponsorship and go-to-market support of R3’s **Venture Development program**.

## The industry problem

Australia’s superannuation system, the third largest in the world, has built up high costs and inefficiencies—issues that negatively impact fund members’ investment returns, fees and user experience. Legacy systems and manual processes that dominate providers’ workflow means no single version of the truth exists and expensive technology improvements are required to adapt to changing regulations.

## The solution

To tackle these inefficiencies, GROW Inc has developed a superannuation administration platform called DLTA, built on **Corda**. The platform leverages R3’s trust technology to provide all participants in the superannuation value chain with a single version of the truth and handles the full range of processes involved in superannuation administration and investment management. This significantly lowers operational costs, enables superior propositions to be designed, distributed and administered, and positions funds to leverage best-in-breed capabilities across a number of ancillary verticals to deliver better member experiences and outcomes.

DLTA’s value proposition has resonated strongly with pension funds in Australia and overseas, with two funds soon to go live with the company’s technology and service-based offering. Collectively, these funds represent over A\$1.6 billion in assets under management.

## The outcome

In 2019, GROW Inc performed multiple proof of concepts for DLTA (then known as ‘TINA’) with several superannuation funds. The results emanating from the proof of concept program noted that cost savings of up to 40% were available using the whole suite of services, coupled with dramatic improvements in processing speed and transparency.

**“ Throughout the testing and validating of the core transactional functionality of TINA, it was proved that TINA has the capability to deliver all the identified functional scenarios... proving the overall capability of TINA as an alternative administration platform for superannuation funds.**

**KPMG**



## The pain point

### A huge and growing market in urgent need of change

As the primary source of income for people in retirement in Australia, superannuation has grown into a huge industry. Today, there are about 15 million superannuation fund members holding around 24 million accounts indicating that a high proportion of members have more than one account. In addition, the scale of the industry is material, holding over A\$3 trillion (\$2 trillion USD) in assets under management, projected to rise to around A\$6 trillion over the next nine years. It is the third biggest pension pot in the world.

Whilst the original values of profit-to-member funds continue to achieve generally positive outcomes for members, a dependency on legacy technology, operations and processes creates significant inefficiencies that deplete the ability of funds to add maximum value to members. Australian Prudential Regulation Authority (APRA) statistics highlight that administration costs have continued to rise over the last 5 years for superannuation funds, in spite of greater efficiencies supposedly being delivered by providers during this time.

The price of this scale-up has been inefficiency and higher operational cost, issues that impact scheme members. GROW Inc Chief Executive Officer and Co-founder Mathew Keeley takes up the story.

"Companies are operating in silos with complex legacy systems and costly business processes," he states. "They try to work around the lack of transparency but over time these inefficiencies result in back-office waste. Distributed Ledger Technology (DLT) is a clear solution to harmonize data and transaction-processing across the industry and enable more compelling services, increased collaboration, better member experiences and greater control for people over their financial future."

"The average person in Australia has multiple accounts, which means multiple sets of fees," he explains. "Many of those accounts have low balances. People are not making regular contributions so they're missing out on compound interest. On the other hand, fragmented systems across a provider's registry services, investment management, regulatory reporting and other activities mean a lot of manual processing and increasing cost-to-income ratios."

This results in lower returns and higher fees for fund members, poor user experience, and means people are less engaged with their most important financial asset.

In addition, legislative changes such as 'Protect Your Super', APRA's scrutiny of underperforming funds and changes to industrial awards and baseline contributions are proving costly to implement. This cost is passed on, in part, to fund members; an extra two or three basis points of cost can result in thousands of dollars of additional fees.

Last year, the superannuation industry charged its members a total of about A\$7 billion in fees. People are increasingly shopping around, further impacting superannuation fund trustees as members take their assets elsewhere.

**“The combination of the efficient, exceptions-based processing offered by the DLTA platform, as well as the open architecture operating model, means that funds will be able to innovate, differentiate and improve their products and services in a manner that will deliver materially better outcomes to fund members.**

**Executive Manager,  
Operations of an Industry Superfund**

## Delivering the solution

### Multi-party transparency for industry level transformation

When GROW Inc launched in 2017, it began with an online application targeting consumers with a simpler and more intuitive way to manage their retirement savings. GROW Inc's founders realized that true industry transformation demanded that the application also become a business-to-business solution, to boost efficiency and transparency across the funds management industry.

DLT was chosen as the right technical solution because of its unique ability to drive shared business logic and secure, private and immutable data sharing, both at the firm level and across multiple competitive organizations. Corda emerged as the platform of choice.

Mathew Keeley says, "The nature of Corda and its design principles support the complex business needs of superannuation and other financial services organizations. Its permission-based access provides an additional layer of security compared to traditional platforms and its scalability and configurability allow the use of smart contracts to quarantine and automate information that enters the network. These features were essential for us to build a platform that solves the unique set of problems faced by the super industry and beyond."

GROW Inc developed a comprehensive pension administration and registry application and network, built on Corda. The solution, DLTA, has been designed to handle everything that companies do from a superannuation and investment management perspective. "Most superannuation products in Australia bundle life insurance in too, so we also enabled the platform to support insurance configurations and workflows. It also handles all the tax and regulatory reporting for the funds, and all the operational workflow, from members onboarding, claiming hardship payments, switching investments, to closing accounts," Keeley adds.

DLTA also enhances companies' ability to innovate around their product and services. "The DLTA platform was designed and built to enable custom configuration rather than requiring custom builds to support a variety of products. This expands the scope and capability that superannuation funds can create in their value propositions, without the hefty financial investment" he says.

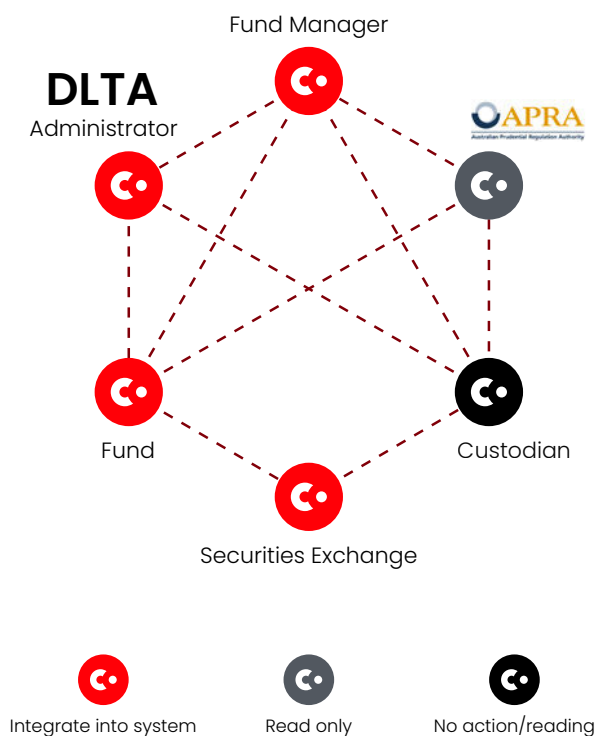
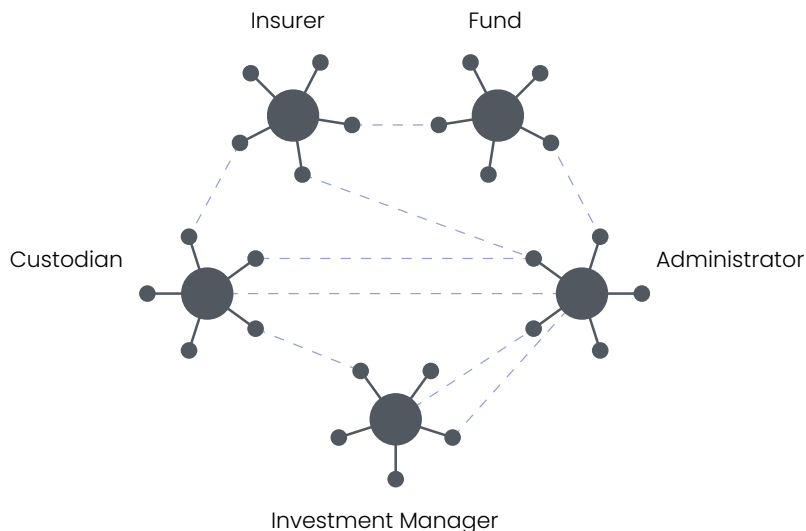
By using Corda, GROW Inc's platform can connect its customers with other actors in the ecosystem through DLT, but also benefit from Corda's ability to plug into, and integrate with, other best-in-breed back-office platforms, whether these are databases, customer relationship management (CRM) systems, artificial intelligence (AI) and analytics tools, or anything else.

In taking the solution to market, GROW Inc highlights the close collaboration and support from R3. "R3's capital and technology support in the development of GROW Inc's offering has been instrumental to our success," Keeley comments. "We look forward to a continued working relationship with R3. The future is bright."

The R3 ecosystem comprises hundreds of firms in the financial services, asset management, technology development and delivery business supporting close collaboration. This also allows startups to benefit from R3 and its partner's global work and innovation, both in financial services and beyond it in other sectors. "Seeing the large global organizations working with R3 across different industries is a great validator of the platform's capabilities for us and our clients," he says.

In addition, GROW Inc is on the **Corda Network**, opening up opportunities to interoperate with the growing ecosystem of Corda applications to support future value propositions and experiences for customers and end users using DLTA.

Figure 1. Superannuation administration—from disjointed past to connected future



#### The Past: disconnected hub and spoke model

- Everyone has different records of the truth
- Bilateral reconciliation across individual databases
- Operational changes require expensive and time consuming projects

#### The Future: a connected network

Where nodes on the network can connect the future of superannuation and investment administration could be materially more efficient, with real-time processing from a superannuation fund directly to a securities exchange.

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Matthew Keeley,  
CEO and Co-founder, GROW Inc

## The results achieved

### Dramatic reductions in operating costs—flowing through to fund members

In just 18 months, the platform was ready for live simulation testing and GROW Inc launched several advanced trials with super funds. The results have highlighted dramatic cost savings, alongside the other benefits such as better integration, faster product innovation and improved value and experience for fund members.

“One fund, with which we conducted a seven-month trial, recognises the benefits that the DLTA platform can bring, noting 40% lower costs across the whole suite of services. For this customer alone, that’s a saving of A\$100 million over five years. This is all due to the efficiencies generated from our platform.”

DLTA’s proposed pricing is expected to reduce costs by 34% over 5-years for another client, when compared to its current administrator’s offering, on a like-for-like basis. “With our market traction growing, we’re now at the client onboarding stage, which is really exciting,” explains Matthew Keeley. “We have early adopters soon to go live, including a large, global investment manager due to launch a new high value, low-cost super fund later this year. It’s great to now have the validation of managing real money and looking after real customers.”

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**Matthew Keeley,**  
CEO and Co-founder, GROW Inc

## Next steps

### Building the customer base and driving further innovation

As GROW Inc expands its client base, it’s examining how an infrastructure powered by Corda can work with AI to further enable innovation—all underpinned by the secure data and value transfer that Corda ultimately provides.

Matthew Keeley comments: “The full network benefits will take some time to be fully realized but the good news is it’s not a technology issue, it’s a business process issue. With DLTA we’re already able to achieve significant efficiencies relative to the processes that exist today. And we’re only just getting started.”

Finally, having been along the distributed ledger technology development and innovation path with DLTA, what advice would Matthew Keeley give to others looking to undertake the same journey? He says, “When starting out, you have to be aware of the misconceptions around the technology that are still out there in a lot of industries. The technical side will likely come together a lot quicker than the market’s understanding of DLT. You need to focus on the business benefits and be ready to play the role of educator and advisor on the technology —this is another way in which working with a partner like R3 can support your go to market efforts.

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CEO and Co-founder, GROW Inc



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## About R3

R3 is a leading provider of enterprise technology and services that enable direct, digital collaboration in regulated industries where trust is critical. Multi-party solutions developed on our platforms harness the “Power of 3”—R3’s trust technology, connected networks and regulated markets expertise—to drive market innovation and improve processes in banking, capital markets, global trade and insurance.

As one of the first companies to deliver both a private, distributed ledger technology (DLT) application platform and confidential computing technology, R3 empowers institutions to realize the full potential of direct digital collaboration. We maintain one of the largest DLT production ecosystems in the world connecting over 400 institutions, including global systems integrators, cloud providers, technology firms, software vendors, corporates, regulators, and financial institutions from the public and private sectors.

For more information, visit [www.r3.com](https://www.r3.com) or connect with us on [Twitter](https://twitter.com/inside_r3) or [LinkedIn](https://linkedin.com/company/r3cev-llc/).

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