

ISIS — mixing business with charity



photo by David Skinner

They say charity starts at home and for one Bermuda-based business that was quite literally the case.

Sharon Beesley and Audette Exel, founders of The ISIS Group, were sitting around a kitchen table one day in 1997 when they came up with the idea of starting a company to fund an innovative, not-for-profit organisation, The ISIS Foundation, with the aim to make a positive difference in the lives of children in the developing world. Twelve years later, their vision has become a reality.

The pair, who are best friends as well as structured finance and banking lawyers by trade, who worked together at Bermuda Commercial Bank (BCB), decided to focus on their key strengths of consultancy and corporate finance work, and find a niche market for the business.

Having shared similar experiences travelling through some of the most disadvantaged parts of the world and working in an orphanage in Moldavia in Romania, they realised that the wealth, resources and skills of the business world could be harnessed to improve the lives of the most vulnerable people in society, and believed the link between business and development was crucial to establishing sustainable and effective social change.

They thought the concept of a business and charity mix would be a perfect fit for their venture, with the management team for both parts of the operation working out of the same office.

Meanwhile, the pair wanted to keep the administration and project costs separate from each other and to be open, transparent and accountable, with The ISIS Group paying 100 percent of The ISIS Foundation's administration fees — almost \$3 million in the past 12 years — and infrastructure financing; while The Foundation projects, which have so far touched the lives of tens of thousands of people in poverty, are funded by donations made by individuals and businesses.

“That has been one of the distinguishing aspects of the business and charity working together and it is one of the early examples of corporate social responsibility,” said Ms Beesley.

“We want to make sure that donors' money is spent as we said it would be spent.”

Alex Wright talks to the key people at The ISIS Group, serious players in the financial world, and at the same time, supporting disadvantaged children around the globe

Today ISIS has offices in six countries across the world, including ISIS Ltd./Law, the latter of which was set up in April 2008, which offers consulting, corporate legal services, offshore structuring and is the representative office of ISIS (Asia Pacific); ISIS Fund Services, offering fund accounting and corporate administration services; and The ISIS Foundation, which oversees the management and administration of health and education projects in Nepal and Uganda — all based in Bermuda.

In Australia, ISIS (Asia Pacific) Pty Ltd. acts as a placement agent and representative office of ISIS Ltd. and ISIS (Asia Pacific); and The ISIS Foundation (Australia) also has roots there.

The Nepal operation comprises The ISIS Foundation (Nepal), an international non-government organisation, which funds and supports health and education projects through six partner organisations, and The ISIS Children's Foundation Nepal, set up to assist trafficked mountain children.

The group's work in Uganda ranges from a partnership with Kiwoko Hospital to a street kids rehabilitation project, while it has membership of the International Charitable Fund of Bermuda for tax deductibility and specialist staff contracted to help with research and medical issues, and support from nine hospitals in Seattle, US, as well as The ISIS Foundation (UK) in the UK.

Two years ago the business was restructured with Ms Exel returning to Australia to head up the operation there, which makes up a large part of The ISIS Group's administration team, but its Bermuda base is still very much the flagship office.

“We probably could not have set up ISIS anywhere else apart from Bermuda because of its receptiveness to innovative concepts,” said Ms Beesley.

“The domestic and international business

community have been very supportive of our work in Nepal and Uganda to help improve the lives of thousands of children in those countries and that is very rewarding.”

ISIS has grown from two people, starting from humble beginnings in an office space in Washington Mall, to a staff base of 28 currently at ISIS Law, ISIS Fund Services, ISIS (Asia Pacific) Pty. and ISIS Ltd.; while 133 employees work for The ISIS Foundation, many of whom look after 136 displaced children in 10 homes in Nepal, supported by funds from the Kathmandu Kids Club, which raised \$200,000 for a recent sponsored walk to Mt. Everest base camp, and individual donors to the Foundation.

One Bermuda re/insurance company that has been taking its corporate social responsibility particularly seriously is Aspen Re, which partnered with ISIS in Uganda to help work on building a new maternity ward at Kiwoko Hospital and other projects as part of its programme, with a group of 10 employees heading to the central African nation to lend a hand.

The Group has not yet been fully impacted by the economic downturn, according to Ms Beesley, but it is looking ahead to find ways of raising funds for the charity to support its projects in the Third World in the future, including forming partnerships with other parties to help finance the administrative costs.

“What makes us different was right from the beginning we tried to make a difference,” said Ms Beesley.

“It is an ongoing battle, but I think that ISIS, like the rest of the charitable world is definitely exposed to a deficit in terms of people's ability to give — we have certainly seen a downturn in business and that is challenging to continue with the commitment to funding the administrative costs.”

The Foundation's work in Nepal is centred in the capital Kathmandu and the remote and disadvantaged mountain district of Humla in the north west of the country, including training people in the installation and maintenance of sustainable technologies, such as solar lighting and smokeless stoves, and providing children with access to adequate education. It also focuses on primary health care and literacy, as well as strategies to combat child trafficking.

In Uganda, the charity concentrates on the Luwero region, a rural area north of the capital Kampala, where it also supports a small street children's project, with The ISIS Foundation linking up with a bush hospital to increase its capacity to provide care for babies in an effort to reduce infant mortality in the district.

They have already set up a neo-natal intensive care unit which assists 500 babies per year through the provision of specialist volunteer medical training via an advisory service over e-mail and connections to the Seattle hospitals for equipment, support and advice on best practice.

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The saying: 'It is the people who make the company' certainly rings true for ISIS Fund Services.

The business, which was set up in October 2007 under the astute leadership of CEO Ede Conyers and the management team of Jason Bibb, managing director, Brian Desmond, chief operating officer, and Jane Lewis, associate director, consists of 12 staff who worked at Citigroup, and two who were together at BCB going back 25 years.

During that time, they built up a healthy client base, with some of their previous business following them to ISIS, but above all, they have established a renowned relationship and trust with their customers.

ISIS Fund Services secured \$1.5 billion in assets under administration in its first six weeks of business, which has grown to \$2.5 billion today. They specialise as a one-stop shop in customised hedge fund administration, in particular back office outsourcing and administration solutions, offshore and onshore legal advice, fund structuring, portfolio partnership and fund accounting, company secretarial and non-executive directorship services. The company, which lives by the motto of Thinking 'Outside the Box' and prides itself on its personal touch, as well as being an independent operation, consists of 14 staff working out of the Bermuda office catering for the needs of 40 businesses, for whom they perform corporate secretarial duties, managing 37 funds via its accounting transfer agency, as well as 20 client relationships.

The breakdown of the business is a 50/50 split between fund administration and accounting, net asset value and corporate secretarial work, especially for Australian clients domiciled in Bermuda, having taken on a portion of on-shore business since the company's formation.

Ms Conyers, who has more than 20 years of offshore fund administration and banking industry experience, was responsible for running

International Corporate Management of Bermuda, a wholly-owned subsidiary of BCB between 1992 and 1997, prior to launching Forum Fund Services Ltd. as part of the Forum Financial Group in September 1997.

The Group was taken over by Citigroup in December 2003 and Ms Conyers became the global head of alternative investments, with the company in charge of more than \$45 billion in client assets under administration globally upon her departure.

During her stint at Forum/Citigroup, the business was awarded the Best in Class by its clients from 2000 to 2006 in the annual Global Custodian Fund Administrators Survey, while she also acts as director of a number of offshore funds and companies, in addition to being a member of the Investment Funds Act Committee of the Bermuda International Business Association.

"The experience of Citigroup was great in certain respects, with exposure to so much more than you would be in a smaller organisation," said Ms Conyers.

"But I think we all like to do it our way here, and being able to turn things round quickly and be flexible and responsive is a bonus."

In an ironic turn of events, Ms Conyers provided The ISIS Group with a base to operate from in Washington Mall when it first started up and even used to have business referred to and outsourced to her company by The Group, before Ms Beesley and Ms Exel decided to bring her services in house and create the Fund Services branch, putting them up in the former Crow Lane Bakery site on East Broadway for the first year-and-a-half of operation.

But now ISIS Fund Services has moved into new state-of-the-art premises on the corner of Parliament Street above The Beach restaurant and bar and next to Hamilton Police Station to accommodate its growing number of staff and be closer to its clients in the centre of town.

In recent months, the financial world, and in particularly the hedge fund industry, has been rocked by Madoff's \$65 billion Ponzi Scheme scam and, to a lesser extent, by an alleged \$7 billion fraud by Texan financier Allen Stanford, as well as the global economic meltdown; however, Ms Conyers maintains that her business has weathered the storm well.

"Our clients have had no exposure to Madoff," she said.

"We have had only one that had serious issues with illiquid investments and some clients have had redemptions and lost assets.

"I think people just went into shock and crisis mode, so for us, it was a difficult time in terms of new business.

"It was just one wave after the next, with the market, including Madoff and Stanford, but in March things started to settle down and people were dealing with the realities of what had happened."

Ms Conyers believes that there is a lot of money waiting on the sidelines to be invested and predicts the markets will change for the better

with more growth as early as next year, for which companies, including hers, will want to be in a position where they are ready for when the opportunity next presents itself.

In the meanwhile, she is concentrating on enhancing the corporate secretarial side of the operation, which is less subject to the fluctuations in the markets, and playing to the company's strengths of being the administrator of choice for a number of groups as its core business.

Ms Conyers was keen to stress that it was not the hedge fund sector, or indeed the offshore jurisdictions, which caused the financial crisis, according to many people's perceptions, but rather that the public needs to have a grasp of how the industry works to understand its role in the world of finance.

"I think people who understand the hedge fund industry and its value will know there will always be a place for hedge funds," she said.

"It is all very well bringing in new regulations, but first the hedge fund industry needs to be understood and effectively regulated.

"However, I think there is a lot of opportunity and reasons to be optimistic about the administration side of the business in the future."

One thing is for sure — there will be plenty more to look forward to in the future if The ISIS Group proves to be as successful as it has been during its first decade in business, working hand-in-hand with The ISIS Foundation charity to improve the lives of disadvantaged children throughout the world. **BL**

