

Solving the investor information distribution problem

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Keep the investors assets with the firm:

Investment management firms share at least one characteristic with all other businesses - it is always less expensive and easier to keep an existing customer, than to capture a new one. Your firm has worked hard to acquire the investors whose assets you have under management. Unfortunately, high net worth individuals, foundations and corporate customers have a wide (and growing) range of choices about where to place their assets, and the cost to switch managers is reasonably low.

These factors provide a strong incentive for the investment management firm to keep their customers well informed about how their investments are performing with their firm. They need to provide a high level of customer service when the investor wants information, particularly when they are getting ready to make decisions. If the customer knows they have access to accurate and up to date information whenever they want it (and the way they want it), it provide a strong incentive for the investor to keep their assets right where they are...with your firm.

The majority of Investment Managers are managing specialty investments in closed internal systems

Many investment management firms presently use in house systems to administer their pooled/mutual funds. This has been done for very valid historical reasons, including their desire to respond to customer needs. However, many systems were originally developed long ago, using older financial languages (such as Cobol, or Microsoft Access), which provides familiarity for the development personnel. At the same time, these are typically heavily customized, hard coded fund administration/transfer agency applications run only within the walls of the investment management firm. To get data out, it typically requires manual intervention for customer service to go downstairs to development, ask for a specific report to be developed, wait for it to come back, and then manually email it to the customer. The process for distributing data can be cumbersome and expensive.

These applications have done a good job historically, but there's an underlying problem that is coming to the surface.... These internal systems were not typically designed for today's internet centric, information driven society, where customers have become much more used to immediate, self-service access to their own personally customized information. It is getting increasingly important for investment management firms to easily distribute customized information to the very person the investment management firm wants to please...their existing customers.

Look around...the “information availability” bar’s been set pretty high

Pretty much every large retail bank has built up a strong web based/email infrastructure to provide instant access to the retail customers need to track down transactions, move assets between accounts, download transactions to their local PC, or pay bills. Granted, the retail environment has a much higher volume of lower value transactions than a high net worth/corporate investor with an investment firm.

But don’t look now... in the minds of the investor, the bar is getting set higher all the time about how they want to access the assets that they have in more specific investments, including pooled funds. They want access from the browser on their desk, and if there are any special events, they want the option to be notified via email. This expectation will come to the small-medium investment management firms all too soon, and the ones that can respond to their customers needs will have the competitive advantage.

New fund administration platforms are adapting to new information access needs

The newest platforms in the market are designed to not only take care of the basic tasks of fund administration, such as account maintenance, net asset values, income and expense allocation, trading, pricing, and fee calculations, but they are designed from the ground up for controlled and flexible access to relevant data for the different “constituents” who require information, including the investor.

Built on the latest relational database technology, integrated with secure and controlled web access, these new platforms can also provide different kinds of data extracts from a central and consistent data source. The classic example is a nicely formatted month end report, delivered in Portable Document Format (PDF), suitable for printing and for human review of information, available on a secure, customer accessible website.

But in addition to that, newer systems can provide different views of information in different useful formats, such as Microsoft Excel™, which gives the customer ability to perform further analysis, without re-keying data from a report. They can also produce automatically generated PowerPoint™ presentations with graphs and tables, extracted directly from a specific investors data (useful for corporate investors demonstrating the investment managers performance to finance committees). After initial configuration, these newer types of reports are available to customers whenever they want them, with no additional labor from internal operations at the investment management firm.

Given newer automation capabilities, the newer platforms also have the ability to “push” data out to investors, based on significant events. For example the system can automatically email specific trade confirmations to a list of representatives for a client upon clearing of a trade, including their latest position. The system could be configured to email investors with new prices after the valuation process is complete for periodically priced pooled funds, without intervention from operations personnel. These kinds of high

touch, proactive information transfers will keep investors involved and aware of how their assets are performing, and shed a very positive light on your firm.

Summary

There is a sea change coming in how high net worth individuals, foundations, and corporations expect their investment managers to provide them with information about how their assets are being managed. New fund administration platforms are anticipating these faster, more flexible, and lower cost means for distributing investment information to the clients of forward looking investment firms. These platforms will not only free the investment managers to do what they do best (invest assets) from the drudgery of keeping the records, but they can also act as a powerful communications tool to proactively keep investors informed of how well you are managing their assets.

Who is Capnetix?

Capnetix helps investment managers stay focused on their investment decision making, by taking care of their fund administration bookkeeping, and keeping investors informed. Capnetix provides a state of the art, configurable web based administration platform and fund administration services.

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