

OPTIMIZING FUND ORDER
MANAGEMENT AND DISTRIBUTION:

THE **POWER**
OF A **FLEXIBLE**
OPERATING
MODEL



A RISING TIDE DOESN'T LIFT ALL BOATS - ONLY THOSE THAT ARE **SEAWORTHY.**

Despite the volatile market conditions, the investment management industry has gone from strength to strength. And the overall outlook looks promising, observes Deloitte¹.

But with competition, market uncertainty and complexity on the rise, industry participants must adapt their operating models if they are to differentiate their services and maintain a competitive edge in this increasingly challenging environment.

¹2022 investment management outlook, Deloitte, November 17, 2021, <https://www2.deloitte.com/us/en/insights/industry/financial-services/financial-services-industry-outlooks/investment-management-industry-outlook.html>

STRONG FUNDAMENTALS

EUROPEAN FUND AND ASSET MANAGEMENT ASSOCIATION (EFAMA)

figures show total assets under management in Europe rose 5.2% in 2020 to €28.4 trillion². By the end of Q3 2021 it reported AUM had climbed to an estimated €31.3 trillion. Net assets of UCITS and alternative investment funds (AIFs) increased even faster, growing 16.7% through 2021 to reach €21.9 trillion³. Equity funds sales hit a record, while UCITS bond and multi-asset funds also had a good year.

Asia Pacific's funds industry is also expanding and maturing rapidly, with double-digit growth in AUM over the past decade⁴. Given the region's increasing wealth and investment opportunities, further significant growth is expected over the next five to 10 years.

But institutions can ill-afford to be complacent. Enhancing client service capabilities and controlling costs will be vital if firms are to profit from the funds market's strong fundamentals.

²Asset Management in Europe report 13th edition, European Fund and Asset Management Association, December 2021, https://www.efama.org/sites/default/files/files/Asset%20Management%20Report%202021_4.pdf

³European Quarterly Statistical Release Q4 2021, EFAMA, March 2, 2022, <https://www.efama.org/newsroom/news/further-slowdown-net-sales-long-term-ucits>

⁴Asia fund managers and offshore platforms, a pair on a declining curve?, Deloitte, <https://www2.deloitte.com/lu/en/pages/real-estate/articles/asia-fund-managers-offshore-funds.html>



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LEGACY OPERATIONS A BARRIER TO SUCCESS

TACKLING THE HEAVY OPERATIONAL BURDEN

involved in fund order management and distribution is a particular priority for banking, asset and wealth management groups.

Order processing involves significant administration, and those tasks are becoming more complex. Transaction volumes have mushroomed, while firms must maintain connectivity to a medley of fund platforms and providers. Clients often invest in multiple funds for multiple accounts—their private pension, children's education, general life savings, etc.—with each investment bucket having a separate risk profile and financial goals. Funds have different cut-off times, notification periods, pricing frequencies, settlement lags, fee structures and base currencies. Demanding tax reporting and regulatory and compliance responsibilities add to the burden.

Legacy infrastructures are ill-equipped to cope. But updating technology to stay current with future advances requires significant ongoing investment. Firms are also questioning why they should devote time and scarce resources to commoditized activities that add nothing to the bottom line.

Cloud-delivered technology, or outsourcing of operational tasks to a trusted third-party provider, offers an alternative.

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WHY IT **PAYS** TO TAKE A MORE FLEXIBLE APPROACH

As competition intensifies and industry margins get squeezed, finding ways to enhance efficiencies and add value have never been more important. Outsourcing specific pain points can help in multiple ways.

COST CONTROL

Using a trusted partner for fund order management and distribution support activities can reduce total operating costs.

Rather than investing in their own operations infrastructure, a third-party provider delivering technology and services to multiple institutions can achieve significant economies of scale, enabling clients to benefit from the efficiencies gained.

MULTI-PRONGED AUTOMATION ADVANTAGES

Third-party providers have the budget and business incentive to develop highly automated operating environments by investing in sophisticated systems and streamlined processes. As well as delivering cost benefits, supplanting legacy technology and manual intervention with automated workflows:

- Reduces processing errors.
- Improves service speed and quality for end investors.
- Provides greater oversight and control of the orders and trades that occur.
- Limits the reputational risk for investment managers that stems from poor, inefficient performance.

Automated end-to-end workflows also allow for more investor-friendly, responsive, self-service capabilities. Where end clients can enter orders through a web portal or mobile device, the trade details can be captured directly in the system without the need to re-enter data manually, with the orders automatically routed through to operations staff for downstream processing.

SUPERIOR CLIENT SERVICE

Fund order processing delays and errors—a commonplace with old systems and manual procedures—are a sure way to antagonize new and existing clients. Fast, seamless order management fosters trust and a reputation for high quality client service.

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HEIGHTENED EXPERTISE

A dedicated provider servicing multiple clients will accumulate significant expertise around how to optimize processes, handle exceptions, troubleshoot problems and meet jurisdictions' different regulatory requirements.

SPEED OF CHANGE

In-house technology implementations are time and resource intensive. Firms have to evaluate the different systems available (or develop proprietary ones where preferred), devote staff and budget to the project, then spend months installing and testing the new infrastructure.

Moving technology to the cloud offers a more plug-and-play alternative. The capabilities and market connectivity are already in place, and implementation protocols well-established, making migrations relatively fast and painless, and limiting the project time and risk. Solution scalability and flexibility also make it faster and easier to distribute new funds, reach different client markets and handle higher transaction volumes.

FOCUS ON CORE COMPETENCIES

Working in partnership with a third-party provider can free up investment managers to focus their efforts on improving the front-end client and advisor experience, areas where they can develop a real competitive edge—rather than expending effort and resources on commoditized middle- and back-office tasks, and maintaining complex software.

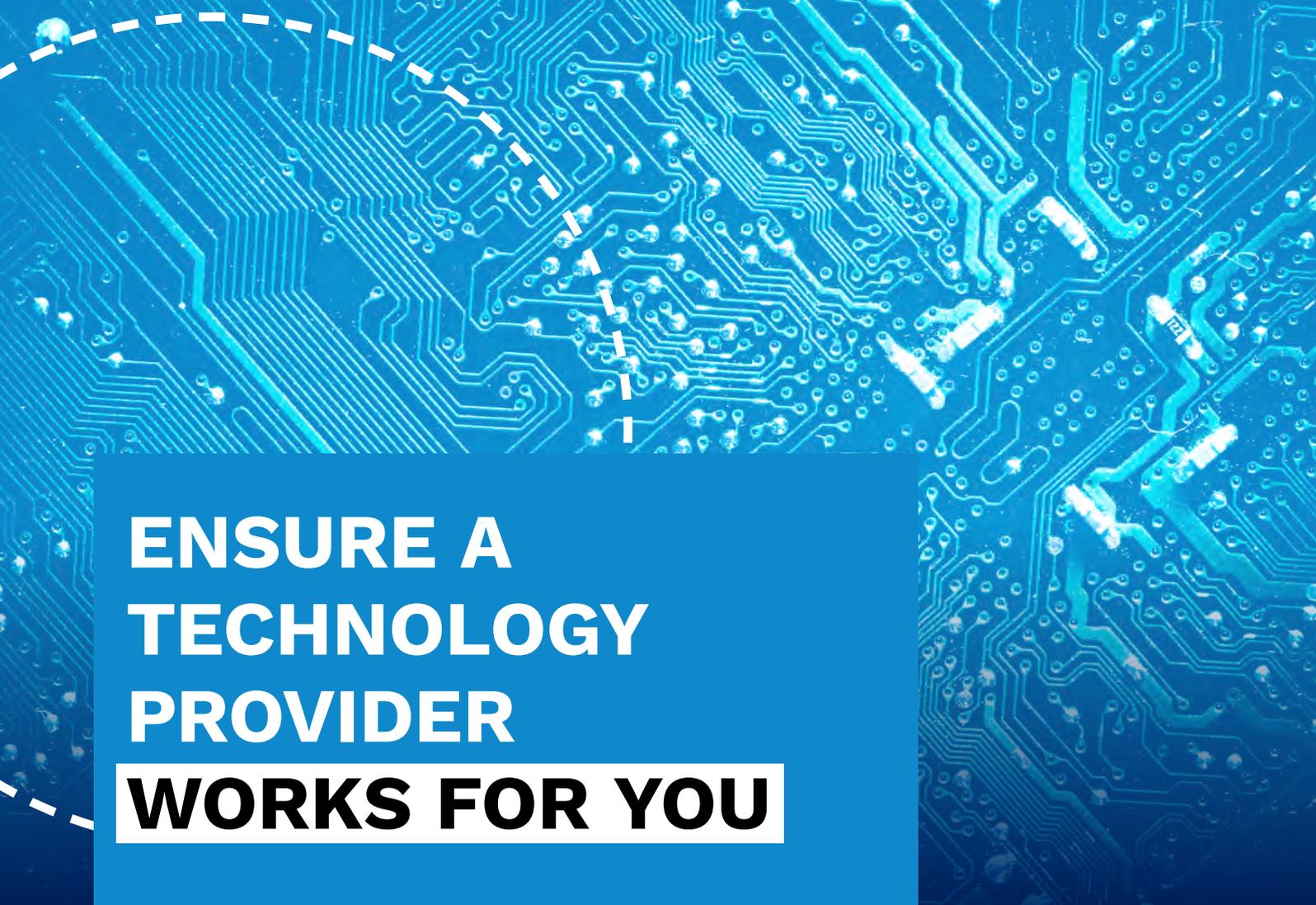


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THE POWER OF CLOUD- DELIVERED TECHNOLOGY AND OPERATIONAL SERVICES

- Support business growth through efficient fund distribution and order processing.
- Take advantage of new market and fund launch opportunities.
- Handle more clients and orders with the same staff at lower cost.
- Improve the client experience through reduced errors and online self-servicing.
- Free staff to focus on more value-adding, less mundane activities.
- Increase control and enhance regulatory compliance.





ENSURE A TECHNOLOGY PROVIDER WORKS FOR YOU

Strengthening and streamlining the fund order management and distribution processes offers firms a clear path from expense to efficiency. But making the most of the transformative opportunities available depends on picking the right service partner. Not all providers can deliver the real efficiencies and range of capabilities that investment managers need to hone their competitiveness.

Experience is a vital attribute. Investment managers are ultimately responsible for any compliance failures and the service quality clients receive. Errors and delays risk regulatory censure and customer dissatisfaction—and firms will pay with their reputation and in lost business.

An experienced partner with a proven track record shows it is up to the task, and has the knowledge and systems to support your business, deliver efficiencies and improved service, and tackle any problems, challenges or changes that arise.

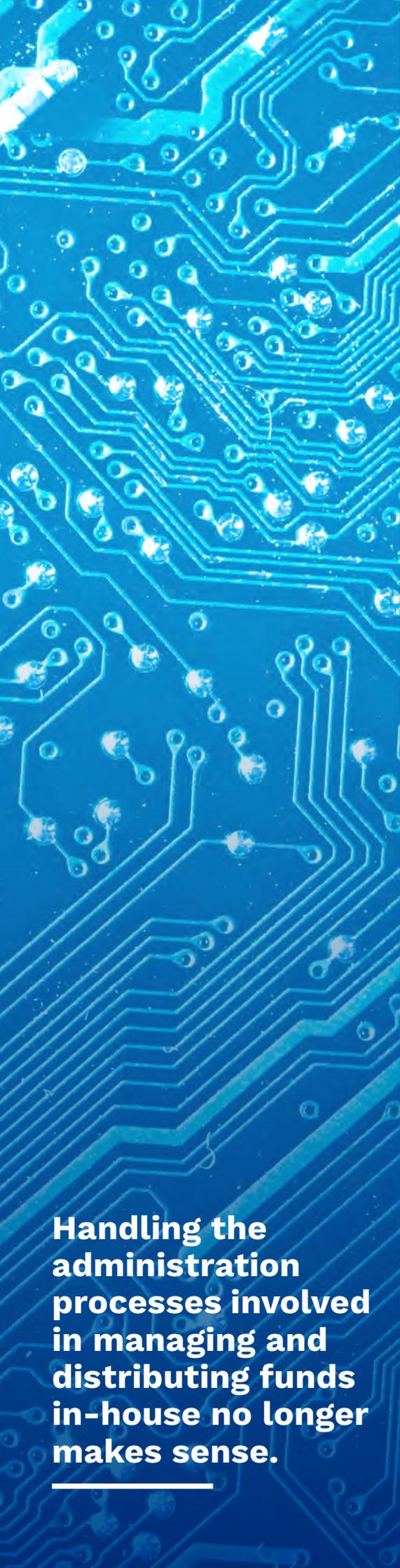
Resilience is allied to experience. Can your technology partner continue to support your needs efficiently, irrespective of transaction volumes, shifts in your business focus, technology evolutions, regulatory changes or developments in the wider world? This idea of reliability and resilience is especially important in a post-coronavirus world—the reassurance that your partner has the operational flexibility and business continuity strength to cope, no matter what shocks or unexpected events occur.

Financial stability is an integral part of that resilience. Having the reassurance your partner will be there for the long term is crucial. Serious troubles await if your provider faces financial challenges and uncertainty, with a degradation in services and quality as a result. Switching to a replacement or taking the work back in-house at short notice is hardly an option.

Oversight and **compliance** are also critical. Outsourcing services can no longer be a set-and-forget black box. It's not enough to trust your provider is doing what they should. You need to monitor and control their activities, and ensure they are meeting all service level agreements. Having transparency into the operations—to give the requisite oversight of those functions and ensure you remain compliant with relevant regulations—is essential.



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BUT TIMES ARE CHANGING

THE MARKET HAS CHANGED.

Handling the administration processes involved in managing and distributing funds in-house no longer makes sense. Standardized communication protocols and changing market practices have commoditized these activities, leaving investment managers with excessive costs and operating burdens that provide no competitive value.

Partnering with technology firms to outsource IT or operational tasks is a well-established alternative. Asset managers and wealth managers are waking up to the benefits such flexibility can bring—allowing them to take on more clients, deliver superior client service and take advantage of growth opportunities with less effort.

Yet the true value in such a partnership comes down to choosing a technology provider that will be with them however and whenever they need. By optimizing their operating model, firms will gain the flexibility and strength to differentiate their services and stand apart from the competition in this fast-changing landscape.

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HOW

SS&C ADVENT

CAN HELP

SS&C Advent, a business unit of SS&C, is an award-winning technology leader, with unparalleled experience in outsourced technology and services stretching back over two decades. Our world-class cloud delivery capabilities, customizable technology options and service breadth are backed by time-tested operational expertise.

Through our ahead-of-the-curve solutions, we work seamlessly with our clients to help you minimize risk, maximize efficiencies and focus on what matters: delivering excellent service to your clients while growing your business.

To learn more about how we can help, contact [**advent@sscinc.com**](mailto:advent@sscinc.com)

