

FOREFRONT

Rising to the occasion

MFT aspires to be the market leader in fund administration systems, and its GFAS suite is making a strong case.

In the competitive world of mutual fund management, the challenge for multinational fund companies is to drive down administration costs without compromising on efficiency and scalability. Mutual Fund Technologies Limited (MFT), a subsidiary of Fidelity Investments, has developed a suite of products designed to do just that. The Global Fund Administration System (GFAS) is what MFT is all about. With major clients in Europe, including Fidelity, INVESCO, UBS Global Asset Management, Schroder Investment Management, and third-party administrators such as JPMorgan Investor Services, MFT's share of providing a global fund administration system to the mutual fund industry is on the rise.

According to Bob Milotte, managing director of MFT, "the fund management industry continues to consolidate on a global basis. We expect international fund management companies will have an increasing need to service their clients across languages and currencies, encompassing a variety of products. Our GFAS can enable fund management companies to achieve this with a significant degree of scalability and flexibility."

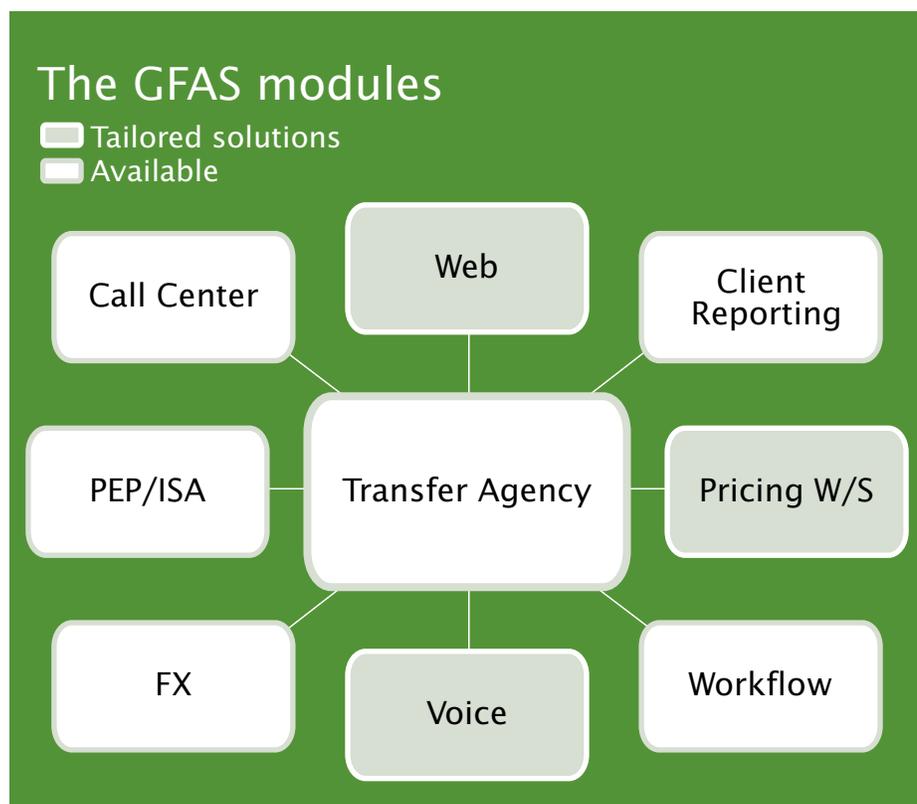
Anthony Myers, chief operating officer of INVESCO Global agrees: "A global company needs a global system. There are not many state-of-the-art transfer agency systems in our market. The quality of GFAS is vouched for by its widespread use by a number of our major competitors." Understandably, the chief operating officers of fund management companies do not regard their technology skills as a key competitive differentiator, but find it necessary, in a rapidly changing technological world, to form strategic alliances with suppliers of specialist systems and services, such as MFT.

MFT, established GFAS as a commercial package in 1998, having originally developed the system for Fidelity's international mutual fund operations. The GFAS modules include the core transfer agency system, which is used to process day-to-day back-office fund administration, along with satellite services such as call centers, client reporting, workflow, foreign exchange, and PEP/ISA, as well as individually tailored solutions that make use of Web and voice technologies.

By supporting a wide range of asset types and products—including OEICs, unit trusts, SICAVs, FCPs, UCITs, currency funds, offshore funds, Japanese investment trusts and ISA/PEP wrappers—and the sale and operation of funds domiciled currently in the UK, Dublin, Luxembourg, and Bermuda, GFAS offers a unique solution to mutual fund providers. According to Jeffrey Lynch, sales director at MFT: "GFAS is designed to support transfer agency anywhere in the world. You can add as many domiciles or sales markets by adapting the GFAS module to accommodate that market in terms of tax and regulatory requirements."

The challenge for GFAS is to respond to both the market and the institutional client by enabling the fund manager to offer a wider product range with variable investment options. The higher rate of growth envisaged in the mutual fund sector will translate to increased volumes and complexity of transactions that cannot be sustained without adequate infrastructure in place. Increased automation and integration of processes that accelerate information flow are synonymous with competitive advantage. The GFAS Workflow module used by Fidelity, for example, supports a 1,000 operators worldwide, enables the scanning of 70,000 documents per week, and stores 11 million images and work items in its database.

In providing a 24/7 integrated client/broker cus-



customer service, GFAS aspires to be the market leader. The GFAS Call Center workstation facilitates superior client relationship management by providing an “on-the-spot” view of all customer activity and valuation, contact management, history, and tracking. It allows a “one call resolution,” whereby servicing the customer takes a quantum leap forward. The customer no longer is shunted around from one department to another “The GFAS Call Center gives the client-servicing person a full account of the interaction the client has had in the past—be it on paper, through the voice response unit, or the Web. All that activity is consolidated onto one view and allows access to multiple products and markets,” explains Emlyn Morgan, head of business development at MFT.

As retail investing moves online, the GFAS Web product offers the client the flexibility of opening an account, buying, selling, switching on existing accounts by using a debit card, not to mention checking up on fund prices, and getting information on individual funds. The investor can choose from the

funds of a single manager or a full-fledged funds supermarket. This technology essentially supports Fidelity’s FundsNetwork supermarket. It also enables the mutual fund provider to get to know its client by developing a profile over a period of time, which makes it a powerful tool. Clearly, its potential usefulness in client servicing, marketing, and business development remains huge.

With its ability to reengineer processes, the GFAS Workflow system helps move work to the people for maximum flexibility and efficiency. According to Brian Wates, Workflow product manager at MFT: “It improves efficiency and increases throughput by controlling work through multiple process and business areas. There are no restrictions created by geographical constraints. Thus, work generated in Europe can be processed in the UK and vice-versa. In a paperless environment, it provides the possibility of automating the business process, secures an automatic audit trail, and produces accurate volumes and statistics on a real-time basis.” This assists in the efficient

structuring of teams within organizations regardless of geographical boundaries, enabling work to flow continuously and globally within firms, making use of their workforces anywhere in the world.

The automation of the mutual fund investment process from purchase to settlement reduces risk, increases efficiency, and lowers cost. Any system that enhances simplicity and cuts costs attracts fund managers wishing to position themselves for the coming revolution in fund markets with the shift toward defined contribution pension plans. As fund managers focus sharply on their core competencies, suppliers of enhanced technological solutions, such as MFT, have transformed themselves into essential business partners. For Mark Tennant, senior vice president, JPMorgan Investor Services: “There isn’t a transfer agency system in the market that comes close to GFAS. Besides, we benefit from MFT’s commitment to build the next generation GFAS that will allow even greater flexibility in operation.”—*Shanta Acharya*

