



Cutter AdvantEdge

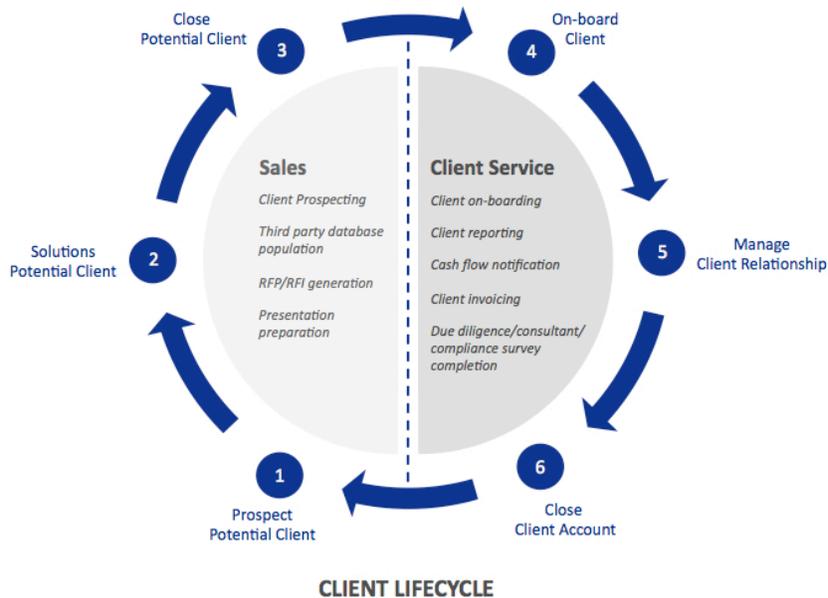
Enhancing the Client Facing Service

Issue 86, April 2012

By John Clark

President & CEO, Cutter Associates

Faced with a challenging economic climate, investment management firms have had to take a much more critical look at their business processes and implement solutions to provide a more individualized client service. To improve the effectiveness of the client lifecycle, align processes and exceed customer expectations, client service and relationship managers need to be able to capture accurate real-time data and have access to the right tools and interfaces for increased transparency.



Sales and **client services** are key to the success of the investment firm. Processes and technology in the sales functions, across most distribution channels, is relatively mature and is supported by a wide range of sophisticated tools, including CRM and RFP software. The CRM platform is the cornerstone of sales automation and is designed to nurture relationships that support cross-selling, provide workflow capabilities and increase share-of-wallet. However, some investment managers attempt to overextend the scope of their CRM tool, leading to issues with system functionality. Recent trends show that firms are now refocusing CRM towards prospect tracking and client interaction only.

Client services on the other hand, is faced with greater challenges. Coming out of the financial crisis, clients are increasingly more demanding – they expect more flexible, cost effective and reliable solutions to cope with market shifts and to keep pace with their business

needs. The operating model for the retail and intermediary distribution areas is straightforward with data delivery being more structured and defined and very little customization required. Unfortunately, the technologies used to automate these channels cannot be leveraged into the institutional, separately managed account (SMA) space.

Institutional clients and their consultants are also looking beyond the standard information contained in client reports and are demanding insight, improved **transparency** and better control overall. The downturn of 2008 has also highlighted the need for more **frequent** and **efficient data capture** and on-boarding **workflow automation**. To better understand their customers' needs, firms should focus on more client integration to help identify and define their unique requirements and concentrate on building an infrastructure to support them.

Efficient Data Capture



Effective data capture and management ensures successful and sustainable operations in today's increasingly complex investment environment. Investment manufacturing and client on-boarding data and contact management are often siloed which leads to internal inefficiencies, reporting errors, operational risk and compromised customer service. Going forward, information should be gathered and shared in a more cohesive way, so as to empower the sales process and ensure smooth and seamless delivery to the client. Additionally, this data should be tightly integrated into the portfolio management functions, where appropriate.

Access to Quality Information



Ensuring the right data is in the right place at the right time enhances productivity, reduces costs and mitigates risk. In order to provide timely and accurate responses and to make the most of every client interaction, managers should have access to a dashboard that provides the relevant, intelligent data to help them respond to complex requests in a timely manner. Years ago, dashboards were limited to providing links to several disparate systems, which meant the relationship manager had to extract and transfer information manually. A true dashboard requires an integrated data management strategy.

Access to Quality Information



Workflow has been operating across front, middle and back office processes for some time, however many firms have not yet applied it to the client on-boarding stage. This has meant a more labor-intensive process and has led to a disparity in the quality and continuity of data, causing some firms to push the on-boarding functions to lower cost servicing locations. Automating this complex process opens opportunities to streamline information in a more structured manner, improve transparency into the status of the client/account setup and presents a desirable alternative from a cost perspective. This will ensure that firms are able to deliver a high level of service when on-boarding institutional clients and will also provide greater visibility into the process and management of metrics and SLAs.

Transparency



The industry continues to demand transparency and more robust reporting for both client and consultant. Many investment managers are now upgrading their client reporting solutions to streamline their processes and enhance investment performance. The reports of today, contain more unstructured data presented in a more polished way - they read more like newsletters and less like accounting statements. Reports now contain more granular information about performance attribution and risk, regardless of the asset class that is being reported on.

Vendors have responded to the increased demand for more transparent reporting and have released several, new third party systems into the market place. Not only do these tools publish optimized data, but they also recognize and deal with the fragmented information that exists across a firm's functional areas.

The Competitive Advantage

An inability to provide information in an accurate and tangible way will eventually erode client confidence. While investment performance continues to be the primary driver for success, the ability to articulate the reasons for the returns is becoming more important to the client. The new age business model requires a more holistic approach in client facing services. Customer services representatives and relationship managers need to have the information at their fingertips to provide better and faster service to the client.