

PM&A Vendors Swap Euro, Y2k for STP, T+1 and More

Through the euro conversion, and more at ease with Y2k, vendors turn their attentions to straight-through processing, faster settlement cycles and global connections.

BY CRAIG MCGUIRE

While Y2k and euro compliance will continue to dominate radar screens for investment technology software vendors at least until early next year, that's not all that's on their minds. It's not that Y2k and euro compliance are no longer priorities. Many vendors, especially those with eurocentric client bases, are still well submerged in testing and development. Confident the changes they've made will stand up, though, most vendors are setting their sights elsewhere for 1999.

According to recent figures released by The Tower Group, a Newton, Mass.-based consultancy that tracks the money management industry, global R&D spending last year on portfolio management and accounting systems was some \$40 million and will grow by 15% each year to \$80 million in 2003. The focus of this R&D investment, according to the report, is on solving the "automation gap."

The Tower Group report also shows that while money managers still lag behind brokerage firms and custodians, they are finally attempting to keep pace and invest in IT.

Traditionally, most IT dollars spent by technology managers at

money management firms have been earmarked for automating back-office operations, and to a lesser extent designated for front-office functions, virtually ignoring the middle office.

As the money management industry continues to automate more operations, IT heads are demanding more. Yesterday they were satisfied with automating simple, yet time-consuming, manual processes, but what will it take to keep their business tomorrow? The more ambitious firms are

looking to their vendors to automate all aspects of their operations, from portfolio management to client management. They want all of their data links tied directly into their systems. They want reconciliation with their custodians done faster. And, not only do they want all this functionality,

and more, but they want it seamlessly integrated end-to-end with a user-friendly, graphical user interface slapped onto the front-end.

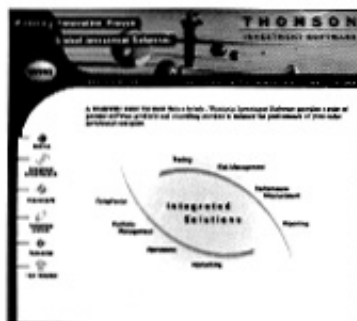
In 1999, vendors will continue to beef up their product lines to meet the insatiable demands of IT managers, the best of which will wring every last drop of functionality out of each release, then turn around and cry for more.

NEW BUZZWORDS FOR '99

Straight-through processing and T+1, once catchy buzzwords casually tossed about, are now considered attainable, though not for a few years yet. Among buy side IT vendors the race is on for whoever can supply components of STP, or the closest thing to it.

"Straight-through processing remains an important trend, and we believe the securities industry will increase its focus on this issue once Y2k and euro preparations are finalized," says a spokesperson for SunGard Trust & Custody Group. "Sungard TCG is continually developing new workflow processing and STP integration tools to enable our clients to conduct straight-through processing. Improved integration between front-office tools and back-end processing is also a priority."

San Francisco-based Advent Software offers a product suite designed to tap into this concept of the end-to-end service provider. "We see continual need in the industry for firm wide functional integration of transaction processing," says a spokesperson for Advent. "This includes portfolio accounting, trade order management, customer relationship management and reconciliation. They want a true



Says a representative from Thomson, "We've noticed quite a number of organizations deciding to standardize on consistent platforms for a number of different reasons, and we definitely see that trend continuing into 1999."