

# Buy Side

## TECHNOLOGY WEEK

Volume 2, Number 5 • February 1, 1999

**INSIDE:****INSURANCE SYSTEMS**

- ▶ *Capital Blue Cross taps Princeton Financial Systems for its PAM for Securities portfolio management and accounting system*

**ORDER MANAGEMENT**

- ▶ *Trinitech, Merrin Financial ink deal for TSI to provide exclusive FIX connectivity to Merrin's global client base*

**RESEARCH & ANALYTICS**

- ▶ *Schroder & Co. taps Blitz Systems for equity research publishing automation*
- ▶ *Partes Corporation releases EDGARAnalyst model-building tool*

**PRODUCT RELEASE**

- ▶ *Eagle Development releases accounting rules server*

**COMINGS & GOINGS**

- ▶ *New hires at Thomson ESG*

Published By:

# Wall Street & Technology

Buy Side Technology Week is protected by copyright. It is illegal under federal law (17USC101) to make copies or faxes of this newsletter without permission. Violators risk criminal penalties and \$100,000 in damages per offense. Please contact BSTW for information about its reproduction policy and multiple copy discounts.

**BSTW EXCLUSIVE:**

## KPMG Survey Looks at Operational Needs; Says STP Still Out of Reach

**P**roblems with integration, lingering Y2k and EMU issues and still-developing global industry standards are just a few of the concerns consuming money managers these days. So says a yet-to-be released survey developed by New York-based KPMG Financial Services Consulting in which the firm tapped into a pool of senior IT talent at a number of leading investment management firms to gauge their operational needs and review the status of straight-through processing.

During the summer last year, KPMG

launched the international survey of 12 mid-to large-size firms averaging \$79 billion in managed assets, predominantly in the United States and United Kingdom. KPMG will soon release the report, entitled "Industry Survey: Investment Manager Operational Needs — Focus on Straight-Through-Processing," says a spokesperson for the consultant.

Senior IT staff at the following firms were interviewed for the survey: Aeltus Investment Management; Brinson Partners/SBC

*Continued on page 3*

**PERFORMANCE MEASUREMENT**

## Stolper & Co. Taps TIS's PERAScope

**S**tolper & Co. is installing Thomson Investment Software's PERAScope performance measurement tool. The San Diego-based pension consulting firm, with some \$3 billion in assets under management, will use PERAScope to support over 400 portfolios. Stolper officials decided late

last year to install PERAScope, replacing an internally built, proprietary performance measurement system.

Stolper Managing Director Barbara Malone says she was impressed with the number of standardized and user-defined report options found in PERAScope, as well as the

tools importing and exporting capabilities.

"We were sold on PERAScope's importing flexibility since it will enable us to import data from a variety of sources," says Malone.

Malone adds that Stolper will make good use of

*Continued on page 2*

**ORDER MANAGEMENT**

## Committee Sets Pilot Schedule for FIXML

**T**he FIX Technical Committee, overseeing the development and expansion of the financial information exchange (FIX) messaging protocol, has set a tentative schedule for the pilot release of FIXML — including an upcoming deployment at six firms. In a battery of meetings late last year, the Committee's FIXML

Working Group hammered out many key issues, including work on the Document Type Definitions (DTDs) which define the formal representation of FIXML messages.

FIXML is the FIX Markup Language for application messages. Derived from extensible

*Continued on page 2*



# Stolper

*Continued from front page*

PERAScope's new export features. "We liked the fact that we have the option of copying and pasting report text and graphs into a spreadsheet or word processing program for even more reporting options." The new export features, released by TIS in December last year, allows users to export data from a variety of PERAScope tables, including asset, asset prices, history, holdings, portfolios, transactions and composites.

PERAScope is replacing an in-house system that was developed and implemented

at Stolper over a decade ago. "With technology changing so rapidly, it becomes very difficult to maintain a proprietary system," says Malone. "We really needed to update our reporting capabilities and just felt that an outside provider would be the best way to go."

Malone says that while Stolper is replacing in-house performance measurement technology, there are no plans to oust the firm's proprietary portfolio management and accounting system. Neither, adds Malone, are there any plans to link PERAScope directly to the in-house portfolio management system.

"We don't have any plans to link

PERAScope to any other systems," says Malone, "but we may link it to something in the future."

Stolper & Co. is a small, highly focused pension consulting firm founded in 1975. Stolper's recommendations to its clients are based on qualitative and quantitative factors that place a premium on history, experience and continuity.

"We will use PERAScope for not only performance measurement, but also reporting to our clients," says Malone. "We help assist pension accounts, foundations and endowments of high-net-worth individuals. We target a certain market niche of clients." ●

# FIXML

*Continued from front page*

markup language (XML), FIXML separates the application and session levels of the protocol, allowing future enhancements of the protocol to be made at the applications level. DTD-based, FIXML allows flexible software implementations. And, basing FIX on XML allows more cross-protocol industry collaboration with such forms including EDI, OFX, S.W.I.F.T. and ISITC.

Moreover, since it is more structured and organized, FIXML is an improved communication protocol that interacts better with other systems and applications.

"When you look at the convergence of standards topic — especially when it comes to S.W.I.F.T. — XML is actually a way of achieving that since FIX is a proprietary format and XML provides the layer that allows you to find tags that can be shared," says John Goeller, Salomon Smith Barney's representative on the FIX Technical Committee. "The technology exists with XML to stick these data dictionaries (DTDs) in common repositories that can be shared, so therefore messages can be transferred between different types of protocols."

Before setting a pilot schedule, however, Goeller says the FIXML Working Group had to complete development of the

FIXML DTD. "We've basically been working on what's called a DTD — that's kind of like a data dictionary of the elements that's going to be in FIXML," says Goeller.

While he would not reveal the names of the pilot sites, Goeller did outline the tentative schedule. "The firms have been selected, and by February we should get an update on the status of how they are doing with it," says Goeller. "By April 20th we plan to have the pilots completed, and will probably make a full presentation to the FIX Technical Committee by April 30th."

If and when it is approved by the FIX Committee and becomes part of the next FIX release, FIXML will not replace the current version, FIX 4.1. Instead, users will have the option to continue with the regular FIX message rather than adopting the new FIXML message. For FIXML to succeed, though, vendors will have to develop systems and applications compatible with XML.

FIXML recently got a shot in the arm from a report released by Newton, Mass.-based consulting firm The Tower Group. According to the report: "The Tower Group views FIXML as an innovative and timely approach by the FIX committee to enhance the standard and to address the needs of FIX users by adding new functionality without further fragmenting the protocol, allowing future enhancements

of the protocol to be made at the application level."

The Tower Group's report can be accessed at its Web site, [www.Towergroup.com](http://www.Towergroup.com).

The FIX Technical Committee's white paper on FIXML, though somewhat dated, can be accessed at [www.fixprotocol.org](http://www.fixprotocol.org). ●

## BuySide TECHNOLOGY WEEK

Wall Street & Technology

SENIOR ASSOCIATE EDITOR **Craig McGuire**.....[cmcguire@mfi.com](mailto:cmcguire@mfi.com)  
 EDITOR-IN-CHIEF **Ivy Schmerken**.....[ischmerken@mfi.com](mailto:ischmerken@mfi.com)  
 DEPUTY EDITOR **Justin Data**.....[jdata@mfi.com](mailto:jdata@mfi.com)

SENIOR VICE PRESIDENT **Annie Feldman**.....[afeldman@mfi.com](mailto:afeldman@mfi.com)  
 GROUP PUBLISHER **Peggy Schecter**.....[pschecter@mfi.com](mailto:pschecter@mfi.com)  
 ASSOCIATE PUBLISHER **John Ecke**.....[jecke@mfi.com](mailto:jecke@mfi.com)  
 MARKETING MANAGER **Bob Bohn**.....[bbohn@mfi.com](mailto:bbohn@mfi.com)  
 MARKETING MANAGER **Jennifer Kreshtool**.....[jkreshtool@mfi.com](mailto:jkreshtool@mfi.com)  
 CIRCULATION MANAGER **Michael Bennett**.....[mwbennett@mfi.com](mailto:mwbennett@mfi.com)

Contact Craig McGuire for news development, comments and questions. He can be reached at 212.615.3074, faxed at 212.279.3958 or e-mailed at [cmcguire@mfi.com](mailto:cmcguire@mfi.com)

### EDITORIAL OFFICE

One Penn Plaza, New York, NY 10119-1198  
 Phone: 212.714.1300

**Buy Side Technology Week** is published by **Wall Street & Technology** magazine. Corporate offices: Miller Freeman Inc. (MFI), 600 Harrison Street, San Francisco, Calif. 94107; (415) 905-2200. MFI is a member of United News & Media. All rights reserved. Periodicals postage paid at San Francisco, Calif., and additional mailing offices.

### FOR REPRINT INQUIRIES

Shelley Johnson 415.9052783  
[sjohnson@mfi.com](mailto:sjohnson@mfi.com)

**Miller Freeman**  
 A United News & Media publication



# Capital Blue Cross Rolls Out PAM for Securities

Capital Blue Cross recently tapped Princeton Financial Systems for its PAM for Securities portfolio management and accounting system. Capital gave PAM the nod to replace an internally developed system in its Harrisburg, Pa., headquarters. Capital plans to use PAM to support some \$800 million in assets under management.

The Capital deal marks the seventh Blue Cross health care insurer Princeton has landed to date. While most of Princeton's marketing campaigns these days are aimed at investment managers, the vendor still has one foot firmly planted in the insurance industry. The other Blue Cross insurers that run Princeton systems include units in Florida, Illinois, Iowa (Wellmark), Minnesota, New York (Empire) and North Carolina.

IT staffers at Capital have already rolled up their sleeves preparing for installation.

"We've already started the conversion process and have had a project manager from Princeton here for months, but technically we'll be starting in March by submitting our December information," says William Reineberg, director of Capital's Accounting Services. "At that point we'll start what they call a scrubbing process, meaning they'll take our December information and make sure all the information that's required is there and in their format."

Once that process is completed, Reineberg anticipates that by late April Capital will begin running PAM in parallel with its existing in-house-developed application. Full production is tentatively slated for sometime in June or July.

Capital will use Princeton's software to meet all of the company's accounting and financial reporting requirements. "That includes reporting for both internally with our management group, finance and board of directors reports, as well as externally for our [National Association of Insurance Commissioners] Schedule D insurance department filings," says Reineberg.

The incumbent technology Capital is replacing is a basic spreadsheet application that was developed at the insurer over 10 years ago.

"Our assets have grown too large to be handled on the existing system, so we needed to look for a more sophisticated system," says Reineberg. "Plus, we've also gotten into more and more mortgage-backed securities, equities — all different kinds of securities that the spreadsheet application was really not designed to handle."

Reineberg says that it was Princeton's strength in the insurance market that helped push the vendor over the top during evaluations. ●

## Survey

*Continued from front page*

Brinson; Grantham, Mayo and Van Otterloo/GMO Woolley; Lazard Freres Asset Management; MLC; Montgomery Asset Management; Prudential Portfolio Managers; Rothschild Asset Management; Schroder Capital Management International; Scudder Kemper Investments; USAA Investment Management; and Warburg Pincus Asset Management.

The scope of the survey includes all functions of the investment manager value chain, including pre-trade through post-trade processes. According to the results, integration among investment management processes was identified by most firms as a key area that calls for attention. Furthermore, trade capture, trade confirmation and reconciliation were all mentioned as functions

that would benefit the most from increased integration.

When it comes to allocating resources at the 12 firms surveyed, it seems most IT dollars are earmarked for front-end performance analysis and reporting, as opposed to greater integration of back-office functions. Enhancing other front-office tools for portfolio management and customer servicing are also taking priority over developing long-term, back-office capabilities.

Meanwhile, as managers heaved armfuls of dollars and manpower at shoring up Y2k and EMU holes in their IT infrastructure last year, long-term strategic planning has often been pushed aside. Not surprisingly, U.S. firms tend to pour more money and resources to Y2k compliance, while U.K.-based firms were spending more time preparing for the introduction of the euro.

While the survey clearly illustrates how Y2k and euro issues have strained the industry, at the same time it emphasizes the importance of following through and continuing to test and monitor systems and applications.

Responses to the survey also yielded a host of daunting roadblocks that still lay in the path of straight-through processing. Many respondents call for less-complex products and customer bases to facilitate internal and external integration and therefore STP.

The lack of global standards for securities descriptions, corporate actions databases, settlement instructions and communications formats, including confirmations, was also frequently cited an obstacle to STP.

In the end, the survey predicts that companies that develop straight-through processing capabilities are more likely to be industry leaders. ●