

Buy Side

TECHNOLOGY WEEK

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GLOBAL IT PROJECTS

Barclays Global Investors Streamlining IT Operations

Buy side powerhouse, Barclays Global Investors (BGI), is in the midst of a massive, multi-year project aimed at streamlining its worldwide investment technology platform. With various full-scale investment management operations and remote offices scattered all over the world managing assets valued close to \$600 billion, this is as big as enterprise-wide deployments get.

"We've got investment management companies in five countries around the world," says James Creighton, BGI's global chief investment

officer for the Indexing Group since 1997. "Each part of the global business was using different technology, so even though we were doing the same thing—whether it's indexing or managing active portfolios—we were operating in slightly different ways and that's definitely not where we wanted to be." With headquarters in San Francisco, Calif., BGI has operations in Sydney, Australia; Toronto, Canada; Tokyo, Japan; Amsterdam, the Netherlands; and London, U.K.

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ACCOUNTING SYSTEMS

Brown Brothers Harriman to Deploy DST

Brown Brothers Harriman & Co. recently selected DST International's GPS portfolio management and accounting system to support some \$30 billion in managed assets, replacing offerings from Thomson Investment Software and CheckFree Investment Services.

Meanwhile, the IT department at the firm is gearing up for a battery of Y2k tests scheduled for the second and third quarter this year.

Brown Brothers Harriman will soon launch its conversion process. The first phase of the firm's DSTi deployment slated for a mid-year

completion. GPS is being installed in conjunction with Eagle Development Group's PACE data warehouse.

Client and management reporting will be provided from PACE, while GPS will support operational reports. GPS data will be distributed

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DEPLOYMENT UPDATE

Princeton Lands Another From Down Under

Furthering its penetration into the Australian market, Princeton, N.J.-based Princeton Financial Systems has landed another buy-side financial institution down under.

Canberra, Australia-based Australian Ethical Investment, a manager of socially responsible funds, has licensed Princeton

Financial Systems' PAM mutual fund unit trust and fund accounting system, giving Princeton the nod to replace an in-house developed, PC-based system. The firm will use PAM to support the portfolio management, accounting, and reporting of its unit trust portfolios.

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Princeton

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The firm has also selected the PAM Import Module for the electronic importing of data from third-party systems. Australian Ethical is the fourth Australian client to license PAM since Princeton Financial opened its Sydney office last year. The others include EquitiLink Australia (see BSTW, Dec. 7, 1998), Cambooya Services (see BSTW, Nov. 23, 1998), and Equity Trustees.

At the same time that Princeton acquired their new client, Australian Ethical, they also completed the installation of a dedicated server link for Sydney, Aust.-based investment manager, EquitiLink Australia. EquitiLink was the first client to sign on with Princeton Financial when the vendor planted its

flag in Sydney earlier last year. The electronic link, which utilizes a Citrix server, will allow EquitiLink to run PAM from its remote office in Jersey, U.K., for processing offshore funds.

Australian Ethical is the fourth Australian client to license PAM since Princeton Financial opened its Sydney office last year.

EquitiLink licensed Princeton Financial's PAM investment management system last year. The investment manager tapped Princeton for a host of

systems and modules including Pam for Mutual Funds, TOM trade order management, SAM strategic asset management, Pam Custodian Trade Notification, Pam Compliance, Asset-Match and the Import Module.

With offices in Sydney, the Channel islands (U.K.) and New York, EquitiLink was looking for a system that would enable them to streamline investment operations. The EquitiLink contract was a two-part deal: the first part involved the Sydney rollout and the second phase involved the link to the firm's offshore operations.

"This allows them to manage the back office for all their offshore funds remotely in Jersey with this link into the server in EquitiLink's headquarters in Australia—the same server through which the traders are entering the trades," says a spokesperson for the vendor. ●

DST

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to some 200 users at nine locations. Brown Brothers Harriman maintains full banking offices in Boston, New York and Philadelphia. Other offices are located in Chicago, Dallas, Los Angeles, Naples, Palm Beach, Charlotte, London, Luxembourg, Dublin, Hong Kong, Tokyo, Zurich and Grand Cayman.

At Brown Brothers Harriman, GPS will replace Thomson's Portia, as well as CheckFree's APL; both portfolio management and accounting systems aimed at the high-end asset managers with larger IT shops.

Dave Corley, head of investment management administration at Brown Brothers Harriman, says that by replacing Portia and APL with GPS, his firm is looking to establish "a single global accounting repository for all assets."

At roughly the same time Brown Brothers Harriman will bring GPS into full production, the firm's IT department will be immersed in industry wide Y2k testing, having already participated in two S.W.I.F.T. testing cycles to ensure its S.W.I.F.T. communications environment is Y2k compliant.

Major industry testing at the firm, slated for the second and third quarters, include links to the Depository Trust Company, the Securities Industry Automation Corp., the New York Stock Exchange, the American Stock Exchange, and the National Securities Clearing Corp.

According to the firm's quarterly Y2k report, "As of Dec. 31, 1998, all BBH&Co. core processing applications, including our client information delivery system BIDS2000, are 'Y2k Ready.' Implementation of non-core applications is expected to continue through January, 1999." ●

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Barclays

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The project, launched last year, is slated for completion some time in 2000—though some minor fund accounting components will be added throughout the next two years. This year, BGI officials expect to bring all global operations onto a common order management system (The Longview Group's Landmark) and central database, utilizing common portfolio management, accounting and trade operations software.

"To be specific, we've divided development into what I would call, global applications and local applications," says Creighton. "An example of a global application is the common order management system will be working off a common central database for holdings, whereas some of the portfolio management systems will be installed locally."

The core investment processes that BGI is currently working on include portfolio management and accounting systems, internal crossing systems, order management systems that run the trading rooms and trade operations which encompass all interfaces to each operation's external custodians. Creighton says BGI officials are meticulously testing each component to make sure they've got the right application for the right processes.

"For portfolio management, we use different systems depending upon the type of portfolio we are managing," says Creighton. "For example, for full replication in U.S. operations we are using [Financial Models Co.'s Pivot portfolio modeling and analysis system], but for optimized portfolios, we are using an internally-developed system."

Creighton explains that in creating its IT infrastructure, BGI's formula is a best-of-breed blend of homegrown and vendor-driven systems. "The rule of thumb is if we can find something from the vendor

that's good enough—and we've got fairly strict criteria—then we will attempt to work with the vendor to make it suitable for our purposes," says Creighton. "If we can't find something that's suitable enough from vendors, then we will do it internally."

BGI invested a large chunk of time and resources into developing a custom trade order management system, a core piece of its operations, only to abandon the project in 1997. After a meticulous evaluation process, BGI officials set their sites on The Longview Group's Landmark system—a commitment that eventually led to BGI's acquisition of the vendor. (For more information on the BGI's Landmark deployment, see sidebar).

The various vendors tapped for the BGI project have certainly been putting in more than their fair share of overtime. "Most vendor's applications that we see aren't built with the size or complexity that we have, in terms of types of funds or multiple locations," says Creighton. "It's just so intriguing building this kind of global platform for a firm our size. I mean, \$600 billion is a lot of money."

BGI's IT infrastructure is not only a collaboration of vendor and homegrown systems, but a mix of Unix and NT as well.

"We use both," says Creighton. "In general, the break point is determined by the size and complexity of the process. For our biggest and most complex applications and databases, we still are using Unix Sybase—but we are using more and more NT and SQL Server."

When it's online in full production, Creighton says, the BGI IT platform will attain the elusive straight-through processing in part of its operations. "We'll be there, and we're getting extremely close in parts of our operations," he says. "It's certainly an incredibly important objective, and frankly I believe that we've solved most of the difficult technical problems so far and I just don't regard this as that difficult a job to get to now." ●

BGI Rolls Out Landmark

Barclays Global Investors (BGI), with more than \$575 billion in assets under management, is rolling out The Longview Group's Landmark trade order management system—a central component to a massive global IT overhaul at the firm. In fact, after rigorously evaluating Landmark last year, as one official at BGI puts it, "You know the saying, we liked the product so much, we bought the company."

"Landmark is certainly one of the core components of the global infrastructure we're putting in place," says James Creighton, BGI's global chief investment officer for the Indexing Group. "We want the ability to route trades around the world to our trading desks easily, and we want to move our trade lists anywhere at the click of a mouse. In the Longview product, we saw the ability to do that."

Initially, BGI officials didn't envision Landmark as part of the firm's infrastructure. In fact, BGI made a significant investment in time and resources developing a custom trade order management system, a project that was abandoned in 1997.

"BGI decided they were going to develop custom software only for competitive edge projects, and for standard functionality they were going to use off-the-shelf software," says Preston Ford, who heads up BGI's Longview staff. "That's what led to the search for a standard trading system."

BGI narrowed its list of some 14 vendors down to one. "BGI liked Landmark, for one, because we run a single line of code, meaning there's only one version of the product," says Preston. "More importantly, they were interested in the strong interface we have with our open database. That allows users, like BGI, that run a lot of legacy systems to interface easily."

After signing a letter of intent and handing over the standard installation fee, BGI set up a testing environment simulating a global deployment. "They set up a room and placed a number of PCs, each representing a location, and then actually networked these PCs," says Preston. "Then, they throttled down the connection to represent the actual bandwidth they had with all their locations worldwide. So they were actually running eight locations on a simulated wide area network because they wanted to test the actual response time of running a single database and passing the book."

Following the testing, BGI officials decided to deploy Landmark, not only at the firm's San Francisco headquarters, but also at its offices in Sydney; Toronto; Tokyo; Amsterdam, the Netherlands; and in London, U.K.

A short time after BGI officials decided to roll out Landmark globally, they approached Longview to discuss a strategic partnership. Preston had already met with officials at other large firms starting back in February of last year, with the objective of raising additional capital, when BGI's call came in April.

"The stage was set for some fairly fast-paced discussions, and pretty quickly BGI put themselves head and shoulders above the rest," says Preston.

Since its acquisition by BGI, Longview has added six new clients to its roster, which now stands at 40 user firms including BGI. Longview and Landmark have maintained their names, and Preston now reports directly to BGI's Capital Markets CEO John Martinez. Preston says, though, "It's important to note, there was no custom software created for BGI. The only relationships are, obviously, BGI owns Longview, and BGI is a customer of Longview, but we're very careful to keep those roles distinct."