

INFRASTRUCTURE

Proper Planning Is the Key

Despite difficulties involved in a long-term system rollout, T. Rowe Price remains on target with its IT overhaul.

BY CRAIG MCGUIRE

With investment technology constantly evolving, it's difficult for asset managers to commit to lengthy enterprise-wide system deployments. Commingle that with unpredictable internal growth and the demands of performance measurement and trading, and a firm's tech staff could end up replacing the entire IT infrastructure — piece by piece.

Take Baltimore, Md.-based mutual fund powerhouse T. Rowe Price for example. When the well-known investment manager first tapped DST International (DSTI) to supply a portfolio accounting system in October 1996, little did IT officials at the firm know its assets and number of accounts would nearly triple by the time it was fully implemented.

Neither did they know that they would need to link three separate trading systems to DSTI's Global Portfolio System (GPS). It's more than two years later now and T. Rowe Price officials feel they have the right pieces in place, and they are looking for more.

"I can't emphasize it enough, the key is proper planning," says T. Rowe Price's investment technology vice president, Dave Seibert. "But it's not only good planning, it's understanding specifically what your technology goals are and setting expectations."

At the heart of T. Rowe Price's master plan is the current rollout of the latest version of GPS later this quarter. The firm first installed DSTI's flagship system in the fall of 1996 to support fixed-income accounts. The remainder of T. Rowe Price's accounts were eventually converted to GPS, and by the fall last year GPS and DSTI's Open Performance measurement and attribution system were in full production supporting over \$140 billion in assets under management.

While T. Rowe Price IT officials were satisfied with GPS and saw it as the foundation of the firm's rapidly evolving IT infrastructure, they saw definite room for improvement and weren't shy about asking their vendor for it.

"Some of the new developments that DSTI has been asked to work on for us... include bulk asset distribution and improved corporate action processing," says Seibert. T. Rowe Price plans to have



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the new flavor of GPS online by mid-year.

Meanwhile, a DSTI spokesperson says development is underway to enhance the vendor's performance measurement tool, outfitting it with the necessary functionality to eventually replace a mutual fund performance measurement application.

At the same time T. Rowe Price was bringing GPS and Open Performance live last year, the firm was installing the Sybase version of the Merrin Financial Trading Platform (MFTP). T. Rowe Price was one of the first firms to migrate from the

Btrieve-based version of Merrin's platform (See WST newsletter, Buy Side Technology Week, Nov. 30, 1998). Merrin will now look to link GPS not only to MFTP, but also to Global Trade Technologies' Versailles which handles fixed income trading, and an offering from Leading Edge Technologies which the firm uses to trade mortgage-backed securities.

As if they didn't have enough on their plates this year, T. Rowe Price will begin testing MFTP's FIX (Financial Information Exchange) connectivity when it becomes available. The firm is one of the first Merrin clients to publicly express interest in the FIX connectivity following the recent deal the vendor inked with Trinitech Systems to provide exclusive FIX connectivity to Merrin's global client base via Trinitech's NYFIX network.

"We are not currently using the Trinitech system, but right now are in negotiations with Merrin and Trinitech to go in that direction," says Ken Wright, T. Rowe Price's Head of Trading Technology.

Piece by piece, T. Rowe is slowly ripping out and replacing whole chunks of its IT infrastructure. "There's an internal analytic system for equities, feeds to some of our core mainframe systems for post-trade compliance, employee trade tracking, hooks into our old mutual fund performance system, these are all just some of the systems on the block for replacement in 1999 and 2000," says Seibert.

"We haven't even depended upon GPS for compliance," Seibert adds. "We are, however, looking at several packages to potentially get rid of our homegrown system and go with an industry standard."

T. Rowe Price's investment support strategy revolves around its core accounting capabilities. "The decision was made to bring in GPS because we needed a foundation of robust record keeping that was rules-driven, and offered the flexibility for us to grow with it," says Seibert. "At the same time, we upgraded our trading platforms. With the foundations technology to build on in place, the next thing we'll look at is upgrading the analytics and support systems that surround that foundation." ■