

SS&C SHAREHOLDER GENERAL AMERICAN AUGMENTS VENDOR'S CAMRA WITH FILMS; EYES UPGRADE TO WINDOWS NEXT

GENERAL American Life Insurance Co., a minority shareholder in Securities Software & Consulting Inc., last month went live with the vendor's so-called Fully Integrated Loan Management System (Films) to complement the vendor's Complete Asset Management Reporting & Accounting (Camra) system. General American maintains more than \$10 billion in assets—about \$6 billion of it for the insurer's own account.

Approximately 20 portfolio managers and support staff use Films and Camra on mostly 486 PCs linked via Novell Inc. local area network connected to Intel Corp.'s Pentium-based server. General American is in the process of shifting both Films and Camra to Microsoft Corp.'s Windows-based operating system.

General American has relied on SS&C's Camra since 1989. A year earlier it had formed a development relationship with the vendor, and agreed to be an alpha- and beta-tester of its products. In 1990, the firm opted to move even closer to SS&C, purchasing a 4.5 percent stake in the portfolio management system vendor.

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The insurer is one of three minority shareholders in SS&C, along with the venture capital firm Conning & Co. and General Atlantic Partners (*IMT*, Sept. 30, 1994). Of the three, General American is the only investor that is also an SS&C client. SS&C president William Stone asserts that the stake has yielded General American a 25 percent return on its investment. Conning and General Atlantic are venture capital firms. The former is an investment partner of General American in the SS&C deal.

According to a General American spokesperson, the insurance company was responsible for some of the funding behind SS&C's initial effort to develop Camra. During the Camra development project, says the spokesperson, General American was used as a "guinea pig," but also had the advantage of leading the vendor to develop a system tailored to its own specific needs. According to an SS&C spokesperson, the Camra system's original focus was on management of mutual fund portfolios.

According to SS&C's Stone, General American choose to invest as a way out of the classic buy-or-build dilemma. The insurer didn't particularly want to spend a lot of money building a system it could buy, but it also didn't want to pour a lot of funds into a vendor over which it would have no control. Five years down the road, the insurance firm continues to wield considerable influence over the development of Films and Camra. Of General American, Stone says: "They were able to work with us in making sure that [Films] could handle the certain types of instruments they were investing in."

Still, officials at both SS&C and at General American assert that General American keeps its roles as user and investor separate. According to David Herzog, chief financial officer at General American and an SS&C board member, "Our role as a board member, or as a shareholder, is for the oversight of the traditional corporate governance that a board undertakes. [Whereas,] as a user of Camra and Films and as a developer, we take an active role in developing and enhancing Camra and Films for our own investment accounting and investment management purposes. The two roles are really fairly distinct."

Stone says he doesn't like to think that General American has more influence than any other clients of SS&C's. He says General American really has "two voices" when it comes to SS&C—one as shareholder and one as client.