



## GATEWAY INSIGHTS

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### # 15 Working smarter in 2010 - how technology is changing the distribution of investment products

In this Insight we're pleased to introduce our first guest author, Catherine Frost, a partner from Fortuna Partners. Fortuna Partners provides advice to financial services firms on their fund distribution, sales, marketing and Customer Relationship Management (CRM) activities in the UK and Australia, and is a distributor for the Salesforce.com CRM system. At Gateway we are always striving to be on top of factors and issues that continually change and shape our industry – distribution is one of these issues. With the dominance of some very large players in the distribution space we also wanted to know what other factors were important and turned to Fortuna who are experts in this field.

#### **Introduction**

The global financial crisis, we are told, is over. The world has breathed a collective sigh of relief and seems to be moving forward once more.

Fund managers are focused on restoring their businesses to pre-crisis levels. Distribution efforts are being ramped up as firms seek to generate new revenue and ensure clients remain committed.

But as they return to the market, firms will find a new distribution landscape. One where technology has raised the bar and forward-thinking firms are gaining a competitive edge as they work smarter to market themselves and service their clients.

In this Insights article for Gateway we examine how the game has changed and what funds management firms can do to ensure they aren't left behind.

#### **What's in a process?**

Every funds management business knows that two things are central to its success – investment performance and client distribution and management.

To operate effectively, both functions require discipline and structure. This relies on two things – a clearly defined process and appropriate support systems.

Firms tend to succeed at putting this in place for investment performance. They adopt an agreed investment process that provides discipline and a framework to help individuals work effectively as

a team. They assist the execution of this process by implementing technology that coordinates activities, provide access to much-needed information and automate basic tasks.

But some funds management firms have tended to lag behind when it comes to managing their client activities. When probed, most businesses will admit they take an ad hoc approach. The emphasis tends to be on repeat business, lead generation is patchy and there is little coordination. Many teams also operate without appropriate support, using old technology or none at all.

Firms looking to restore their business in 2010 must place the same emphasis on client management as they do on investment performance. A defined process should capture who you are targeting, how you will communicate and the steps involved in converting leads to clients and building strong relationships. Appropriate technology should encourage the implementation of that process, provide sales teams with much-needed information and automate repetitive tasks.

Taking this approach will help you sell smarter by coordinating the efforts of your team, minimising overlap and maximising client facing time. There are significant benefits:

- a faster selling cycle
- clearer targets and forecasting
- better allocation of resources
- clearer definition of roles
- elimination of repeat steps or low value-add activities
- coordination between sales, marketing and client servicing
- identification of problems and opportunities for improvement

You may already have process and technology in place – perhaps you use a CRM system that was implemented a few years ago. As you read through this article we encourage you to assess whether your existing systems support your process or whether they enforce a process on you. Also assess whether the technology you are using will give you the competitive edge you need to prosper in the context of the new technology that is being embraced by firms all over the world.

### **The new technology environment**

During the past few years a technological revolution has taken place. The world has shifted from expensive internal servers and clunky software programmes to a new model known as cloud computing.

If you haven't heard of "cloud computing" it's time to get up to speed. All it means is that programmes are hosted on the internet or in the "cloud" and they are sold as a service rather than a product. It's simple, it's smart and it's moving at lightning speed as it fundamentally changes the way business is done.

No doubt some of your competitors will already be on board with cloud computing, whilst others won't be far behind. It's not surprising – the benefits are compelling:

- **Web-based:** Being internet based, you can access the programmes from anywhere, anytime.
- **Quick to implement:** Implementation timelines are short taking weeks rather than months.
- **Cost effective:** They are cheap to run and you pay only for what you use.
- **Automated:** System upgrades are processed automatically by the technology provider without interruption to your business.

- **Flexible:** Cloud computing adapts to your business and grows with your changing needs. You no longer have to adapt your process to fit its structure.
- **Mobile accessible:** Most programmes can be accessed on the road using your Blackberry or iPhone. Perfect for travelling sales people.

### **Applying cloud computing to fund distribution**

Don't worry if you feel like this new technology has snuck up on you unexpectedly. But with financial concerns beginning to ease, it is time to get smarter about running your business.

There are thousands of cloud computing programmes that could benefit a funds management business such as staff management, accounting and compliance. One area that really stands to benefit from the shift to cloud computing is the marketing of funds and servicing of clients.

Many funds management firms will no doubt still be using old distribution technology, clinging to outdated CRM systems that no-one really uses simply because they were expensive to implement at the time.

You can carry on in this way, but these often outdated legacy systems can lead to lost market share and frustrated clients. Managers must start thinking about how to step up to the new game and put in place a platform that will keep your business relevant and competitive.

### **The new world of CRM**

The word CRM can make many a manager shudder. If your experience is like that of others, your CRM system may have been expensive, slow to implement, offered limited flexibility and has become the topic of much complaint within your team.

Cloud computing has dramatically improved CRM and made it palatable once more. It comes with all those features we outlined earlier – web based, quick to implement, cost effective, flexible, automatic upgrades and accessible from your mobile – plus other business changing improvements.

At their most basic level, these systems perform all the expected features of a CRM tool. They act as vessels for client data, interaction logs and sales team activities. They capture information that was previously held in a disparate array of spreadsheets, old emails, meeting notes and peoples' heads and organise it in one central place.

They facilitate the lead generation and conversion process; provide account coordination and a framework for managing opportunities, projects and campaigns. They bring order and transparency to your sales and marketing activities and help you work more effectively as a team.

Used just for their client management capabilities, these systems can dramatically improve business performance. They will place more emphasis on your distribution process and help bring that process to life. They provide a 360 degree view of client interaction that gives you the power to develop meaningful relationships.

By getting your whole team – sales, marketing, client servicing and even fund managers – using the one system you will encourage coordination, ensure everyone works to the same process and improve their speed and effectiveness. In turn, this leads to more revenue and more satisfied clients.

Effective CRM systems are helping fund managers:

- lower the cost of securing new customers

- increase revenue from existing clients
- improve marketing and promotional effectiveness
- provide better customer service
- cross sell products more effectively
- achieve a deeper and broader view of customers
- view more realistic metrics and access detailed forecast and progress reports
- put in place tighter controls and improve compliance.

### **Going beyond CRM**

Over the past couple of years, some of these systems have moved beyond CRM to become a whole new business platform. One of the firms leading the charge on this front is Salesforce.com. In fact, their service proposition is so comprehensive it's not really suitable to label it as "CRM" anymore.

Salesforce.com can operate as your entire business platform. The technology that drives this system is so flexible firms are using it to run areas such as expenses management, invoicing, staff training and compliance, order processing and pricing and partner relationships.

Firms are also using it to professionalise and streamline their interaction and communication with clients. Email marketing tools present polished company communications that ensure brand and message consistency. Marketing automation tools reduce the manual process of managing leads and responding to web enquiries.

Some forward thinking funds management businesses are also beginning to use the system to manage asset allocations, security positions and research. They are also integrating the system with other business critical applications such as performance data and investments and redemptions registers.

### **Conclusion**

The good old days of selling are gone. Clients are demanding more and competition is fierce.

Distribution teams must adapt and they must do it soon. Implementing a clear process and putting in place smart technologies will put firms on the path to prosperity. Firms that fail to do so will be left behind.

Getting these strategies right will empower your business and provide a solid platform from which to market your products, communicate effectively and build long-term relationships with your clients.

*Article contributed by Fortuna Partners [www.fortunapartners.com](http://www.fortunapartners.com). Fortuna Partners provides advice to financial services firms on their fund distribution, sales, marketing and CRM activities.*

#### [About Gateway](#)

Gateway Financial Marketing (Gateway) was established in February 2004 by Amanda Rethus and Edwina Best for the purpose of offering fund managers, other product providers and international new entrants, expert advice, services and assistance in negotiating entry into the Australian Retail Financial Services market. Use of Gateway's services provides the opportunity for clients to overcome

the hurdles that can often confront fund managers when transitioning from institutional to retail and hence improve participation in retail funds flow. Prior to Gateway, Amanda and Edwina spent over 30 years combined with major institutions in the Retail Financial Services market.

#### **Our qualifications**

Amanda has over 20 years experience in the Financial Services industry and was formerly a Divisional Director in the Financial Services Group of Macquarie. Amanda managed investment portfolios for over 10 years, and has spent in excess of 10 years introducing investment products to the Australian Retail market.

Edwina has a Bachelor of Business from UTS majoring in Marketing and International Business. She has over 12 years experience in the financial services market, concentrating in relationship management, product management and marketing. They both have extensive contacts in the retail financial services market especially with key decision makers.

If you would like to confidentially discuss your current approach to the retail market or have any questions on the above please do not hesitate to contact us on – Edwina 0404 046 179 or Amanda or 0414 658 323.