

May 3, 2010

## The Next Generation of Communication is Already Here

By Anne Hebard, Division Vice President, Boston Financial Data Services & Dana Johnston, Vice President, DST Output

If you're reading this on your cell phone, congratulations. You are one of the 33% of Americans using a cell phone or smart phone to access the Internet. If you are reading this using an e-reader device, yours is one of the 2.5 million devices sold in 2010—more than twice the number of units sold in 2009. If you're using a smart phone with a touch screen, you are one of the 23.8 million subscribers today—a 159% increase over 2009. If you're reading this online, you are already among the majority of Americans demanding electronic choices for how they receive information and do business.

With the launch of tablet computers, the proliferation of mobile devices and e-readers, as well as a host of downloadable applications, online social networking tools and feature-rich websites, the channels through which people communicate and do business are changing dramatically. This evolution is forcing our industry to address the ongoing transformation of how we do business and share information based on investors' changing preferences.

As an industry, it's not a question of just keeping pace with this change, but how soon we can support it today while staying on-pace for tomorrow's latest trends. To maintain critical investor and distributor relationships that affect asset flow, asset managers must quickly evaluate and implement strategies for next-generation investor servicing and communications.

### **E-Commerce Edge**

Customer service trends and expectations have been changing across a range of industries. Customers have come to expect more choices—and more control over their choices. Investors are already demanding that their customer experience be on par with their other e-commerce interactions. Any transaction that can be made offline will need to be accessible online as well.

Advisers and investors are increasingly asking that they be able to view and manage their positions at their convenience, whether from the office, their kitchen table or wherever they are, utilizing the multiple electronic communication devices at their fingertips.

***Advisers and investors are increasingly asking that they be able to view and manage their positions at their convenience, wherever they are.***

This will affect how asset managers support the ongoing day-to-day demands of investors. One area that will see the greatest transformation is the investor service call center. To address a range of evolving service expectations, more traditional call centers will be replaced with “contact centers” and portals for accessing investor communications. Through these, various channels

of communication—phone, email, web, text, chat—will integrate seamlessly to deliver a single, consistent investor experience.

Asset managers that adapt quickly to these changes will set themselves apart from their competitors by retaining the business of investors and advisers looking to make their interactions more real-time, robust and convenient.

### **Print vs. Electronic Debate**

Another key area of transformation is how product information is communicated to investors. With the convergence of print and electronic communications, asset managers must understand the changing preferences of how investors receive product

information and distribute it to them in a way that serves these preferences, whether via traditional print and mail or interactive electronic delivery—or a combination of the two. The **Securities and Exchange Commission's** Notice & Access and Summary Prospectus rules are driving a shift toward electronic investor communications, especially with compliance-related documents.

As regulators push to simplify and reduce paper consumption, some asset management firms are embracing these strategies as a way to reduce print- and mail-related expenses.

In order to address investors who cite concerns about privacy and security, or who are reluctant to go outside their comfort level of traditional communication channels, asset management companies must address these hesitations through education and ongoing relationship building. They must reinforce the advantages of the availability of electronic

communications to investors, while also reinforcing the measures already in place to make these communications secure and private.

In addition, mobile technology will evolve to make it easier to view investor information and to do business through their devices. Changing demographics are also a major driver.

Management companies need to invest in strategic solutions that serve the investor of today, while preparing for the investor of tomorrow. They need to remain nimble and flexible with integrated systems to

facilitate high levels of customer service in a continually evolving industry. They need to evaluate their internal strategies for supporting the changing requirements of their clients. Do asset managers invest in internal resources to support these trends, or outsource investor servicing and communications so that they can focus on growing their business?

Now is the time for asset managers to identify and implement strategies in support of maintaining successful relationships with today's—and tomorrow's—investor. 