

# DST Systems Celebrates 40 Years Of Industry Innovation

Throughout 2009, **DST Systems, Inc.** has celebrated 40 years of providing market-leading solutions to the mutual fund industry. In recognition of this milestone, *Money Management Executive* asked DST's senior leadership to identify ways investment management companies can maximize the value they deliver to their stakeholders by leveraging the strengths and resources of a service provider.

This special three-part series looks at how service providers like DST support investment management companies as they seek to manage expenses, improve efficiencies, mitigate risks and support distribution. The first two articles of the series are available at [www.dstsystems.com](http://www.dstsystems.com). This third part focuses on how investment management companies can look to their service provider to increase their ability to sell products through their distribution channels.

## Critical Mass

As financial products and the channels through which they are sold become more complex, investment management firms must be increasingly resourceful in identifying potential distribution partners and managing those relationships. These firms can look to their transfer agency service provider to deliver end-to-end data quality to enhance sales and marketing initiatives and drive operational efficiencies. They also can rely on their provider for intermediary self-servicing capabilities that help them manage expenses while delivering service to their distributors.

DST supports investment management companies' distribution initiatives by delivering solutions that meet the needs of both management companies and the intermediaries they do business with.

"DST's intermediary solutions have become industry-recognized standards relied upon by advisers and broker/dealer home offices" said **Kyle Mallot**, vice president, distribution support services. "Our

investment management clients find that their affiliation with DST provides a level of intermediary access and solution adoption they can't get elsewhere. We can deliver both the technology expertise and the critical mass of intermediary participation to make solutions that are valuable for the product manufacturers as well as the intermediaries."

## Data Quality Matters

A significant challenge that investment management companies face today is how to grow third-party distribution while maintaining high-quality trade, asset and intermediary information across transfer agent and distributor organizations. This challenge is made all the more difficult in light of limited resources, budget constraints and the accelerating pace of broker turnover, firm mergers, clearing relationships and omnibus trading.

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— Kyle Mallot  
Vice President, Distribution Support Services  
DST Systems, Inc.

"In this environment, it's very important to have data consistency and quality across your transfer agent and distributor organizations," said **Ken Keiser**, client relations manager with DST. "This helps to reduce time spent capturing and reconciling intermediary information and equip sales teams with timely and accurate production figures."

Keiser points to DST's SalesConnect offering as a solution that provides tools and information to help operations and sales teams identify, track and service financial

intermediaries. SalesConnect systematically populates DST's core recordkeeping platform, TA2000, with the most recently updated branch and rep information from its central repository.

Information in SalesConnect's central repository is kept timely and accurate by a dedicated team of associates that continuously captures and validates information provided directly by broker/dealers. The data management service extends to firm mergers, clearing firm changes and block transfers. The result is more consistent and accurate information on TA2000, along with increased operational efficiency.

"In addition, the full breadth of the branch and rep information from the central repository is available to sales and marketing teams along with reconciled trade and asset positions," Keiser said. "Historically, more than 99% of dealer-submitted trades have been systematically reconciled and available for reporting ear-

ly in the morning of T+1."

"DST's SalesConnect trade-scrubbing service is performed for more than 40 asset managers (including mutual funds and REIT sponsors) and draws from a wide variety of recordkeeping sources including sub-accounting, variable annuity and supermarket platforms.

"The real value of this solution lies in the synergy created by the participation of multiple management companies and the scale DST can provide," Keiser said. "As soon as a representative does business with any of

the participating management companies, that representative's information is reconciled and updated in our central repository. As other management companies submit trades, they benefit from the reconciliation efforts that were made before."

Keiser notes that, because SalesConnect represents such a wide range of intermediaries, it also helps with lead identification.

"Now the sales team can focus on its top producers and best prospects without worrying about data stewardship or technology," he says. "The sales team can access the information directly through our hosted CRM component or we can transmit daily data files for processing into their existing sales systems."

### Win-Win Solutions

DST has earned a reputation as an industry leader in providing integrated self-servicing solutions to help investment management companies control expenses while delivering quality service to their distribution partners. One product used broadly by intermediaries is DST FAN Mail, a data feed through which intermediaries can access shareholder information from participating management companies and integrate it with their portfolio management software.

"DST FAN Mail is the industry's standard—outside of the NSCC—for delivering shareholder information to intermediaries," explained DST's Mallot. FAN Mail is designed to be compatible with all of the major portfolio management software and compliance packages in the intermediary community.

DST's Vision and DST Vision HomeOffice solutions take the delivery of critical shareholder information to the next level. Through Vision and Vision HomeOffice, investment management companies provide web-based support to intermediaries as they service shareholder accounts across their books of business. DST Vision delivers financial advisers comprehensive, real-time, aggregated information for more than 290 management companies. The Vision HomeOffice website is tailored to the broker/dealer home office community,

providing many of the same Vision solutions offered to advisers, as well as unique tools designed to make daily broker/dealer operations more efficient.

More than 130,000 intermediaries regularly access DST Vision and Vision HomeOffice to manage their books of business.

"By participating in the industry standard in online account management, investment management companies make it easier for these intermediaries to sell their products and provide service to their shareholders," Mallot said. "DST Vision and Vision HomeOffice support a win-win scenario: Intermediaries value the sites for the efficiencies they bring to their operations, which makes them more amenable to selling the products made available on the platform. Investment management firms can improve relationships with their distributors by delivering easy self-servicing—and realize cost savings associated with distributor support."

Vision and Vision HomeOffice data is integrated with DST's TA2000 record-keeping platform. For clients that rely on TA2000 as their underlying system, providing these solutions to advisers and broker/dealers is as easy as authorizing access. The websites are so attractive to intermediaries that many of the major non-TA2000 fund companies have invested in making their systems compatible with Vision and Vision HomeOffice.

"The independent broker/dealer marketplace represents one of the fastest-growing distribution channels for most product providers," Mallot said. "And of the various distribution channels, the mutual fund is still the product of choice for independent advisers. The Vision solution is targeted at this important channel."

Specific Vision and Vision HomeOffice solutions that deliver a "win" for both management company and intermediary include:

**Inquiry.** "Vision represents the largest repository of customer account information in our industry," Mallot said. Rather than calling the management company, advisers can view and search their books of business based on customer and house-

hold relationships, and can see comprehensive account level details. Advisers and home offices also can access value added services: consolidated reports, mailing labels, transaction alerts, statements-and soon, ad hoc reporting capabilities.

**Transactions.** DST Vision and Vision HomeOffice facilitate electronic trading capabilities that provide a cost benefit compared to manual transactions. Mallot predicts that Vision will continue to grow as a leading solution for electronic trading in the future.

**E-statements.** "Paper suppression goes directly to the management company's bottom line," Mallot said. "It's a powerful cost-saving mechanism." It's also more convenient for intermediaries. Through Vision, advisers have access to individual statements as well as an electronic file that contains all shareholder statements. Vision also provides access to fund family archives of historical statements, as well as tax forms. DST delivers approximately 15 million statement pages electronically through Vision each quarter.

**Back Office Support.** Vision HomeOffice self-servicing capabilities include providing detailed transaction metrics for a firm's previous day's NSCC and non-NSCC business, including transactions, same-day confirmations and Fund/SERV reject aging. It supports price protection requests for purchase, redemption or exchange ad hoc transactions. And it helps broker/dealers manage NSCC rejects, significantly reducing or eliminating time-consuming daily calls to the management company.

### Value Proposition

Service providers have an increasing role to play in supporting their clients' initiatives to distribute their products. To this end, investment management firms can look to leverage the industry presence, scale and technology expertise of a service provider that can deliver efficiencies and resources to support these goals. "DST has built these solutions to be the industry standards," Mallot said. "We do this so that our customers can be assured of the success they need in third-party distribution." **MME**

