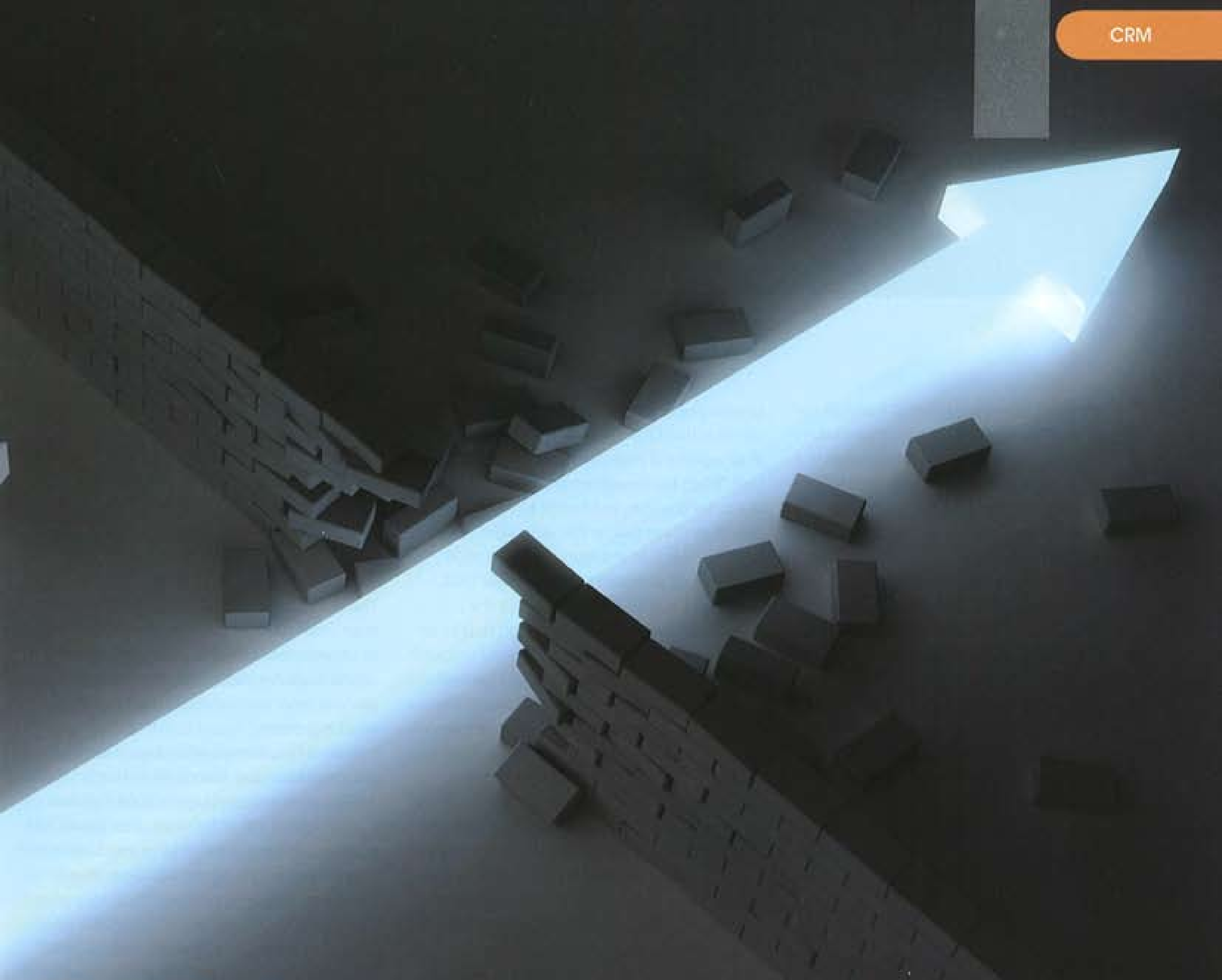
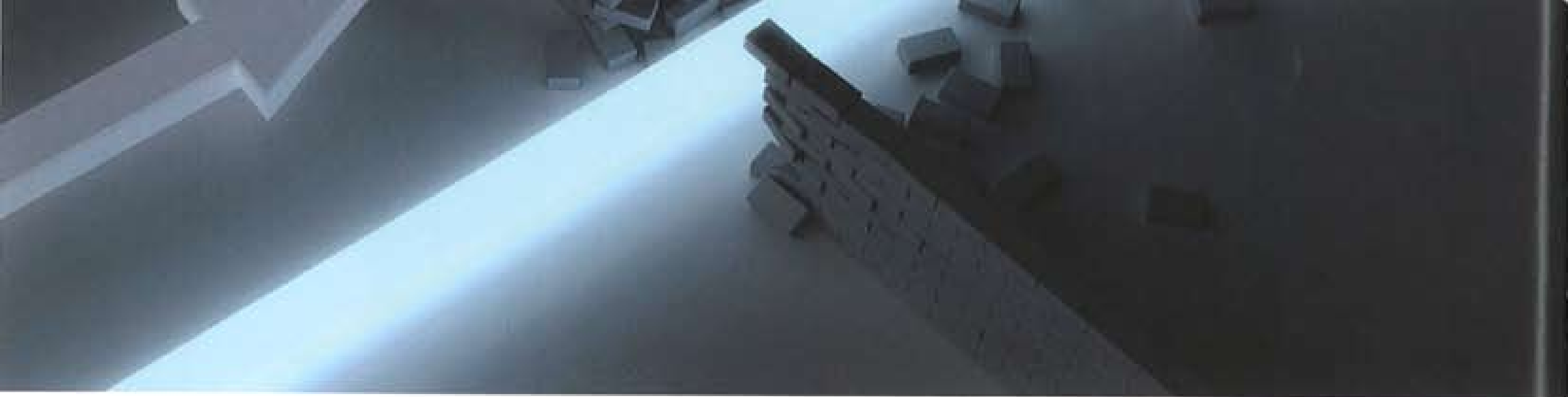


CRM comes of age

Historically, buy-side implementations of client relationship management systems proved, more often than not, a tricky proposition. Third-party options were few and expensive, cumbersome to deploy, and had little functionality specific to the asset management industry. In recent years, though, a new crop of developers have brought to market more nimble, easily implemented and integrated products tailored more closely with the sales, marketing and client servicing operations of investment managers. By **Stewart Eisenhart**



Third-party client relationship management (CRM) platforms haven't typically ranked at the top of investment managers' must-have IT lists in the past, and for good reason. Buy-side firms with limited resources had more compelling things to do than embark upon lengthy, expensive implementations for systems providing little or no capabilities designed for fund management. Now, CRM system providers and advocates still have their work cut out for them in terms of convincing some managers of the benefits of these products, but it helps immensely that their offerings more fully and affordably meet the industry's needs.

Paul Bratch, management consultant at UK-based investment management consultancy Morse, has seen first-hand the pain involved in CRM implementations, but expresses bullishness regarding new buy-side CRM technologies coming to market. "What I've noticed based on current projects for global investment manager clients is that CRM really can mean a single view of all aspects of your client relationships," Bratch says. "It has become much more of a viable reality for buy-side and hedge fund managers now than it was four or five years ago."

Bratch says that at around the year 2000 mark, Siebel provided the only major CRM offering to buy-side managers, but the technology was costly and difficult to take on by many firms.

"It could do the job, but it was tough and expensive and slow," Bratch recounts. "There wasn't much other serious choice out there apart from even bigger heavyweight CRM systems from ERP (enterprise resource planning) vendors.

"For most Morse clients, that wasn't really going to be an option – they're much more cost-conscious, especially in these times," he adds.

In recent years, however, more affordable and functionally rich products have emerged, expanding the parameters of what CRM can provide for managers, according to Bratch.

Strong third-party CRM products include sales and marketing functions as well as service and support capabilities in order to manage everything from marketing campaigns and events, sales pipelines and pursuits, to client enquiries and complaints. "Now what's happening is that another generation of systems are coming on, and they've learned from the past," says the consultant. "They're more flexible and fit the full breadth of functionality that any organisation is going to need in terms of marketing, sales and service activity."

Technology as enabler

The development of CRM capabilities beyond their more rudimentary origins has done much to attract more buy-side users, their more sophisticated, industry-specific features in turn gaining more sophisticated asset management adherents.

When $11 billion London-based fund manager Liontrust launched its North American operation in early 2008, the firm implemented Satuit Technologies' SatuitCRM platform to keep track of sales, marketing and client services across the US, Canada and Latin America.

Richard Hoag, president of Liontrust's North American operations, explains that he had used a robust CRM system in a previous role at Merrill Lynch Investment Management, and so knew the benefits of employing such technology – but that hadn't always been the case.

"When CRM first came out it was primarily simple sales tracking," says Hoag. "I think that as these products become more sophisticated, they now let me manage my business functions with a single solution – it isn't just a

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'CRM isn't just a sales tracking tool, it's a way to help us with our business and financial budgeting, and monitoring of our efforts'
Richard Hoag, Liontrust

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Hoag explains that through Satuit's platform, Liontrust can capture all client account movements as well as track budgeting goals, essentially providing a business management tool for the firm.

"It's flexible enough that it can be used in a decentralised environment – it's a way to house a lot of different information under one roof."

TD Asset Management, a Canadian mutual fund and institutional manager with about $170 million in assets, has also deployed the SatuitCRM product, but as managing director Robin Lacey explains, the implementation was motivated partially by the need to consolidate existing CRM systems.

He says his firm required a CRM platform more consistent and compatible with other existing applications, and into which the manager could feed information from its own data hub.

"There was a third element, which was that we were looking more carefully at processes around sales management and how we could link those tools to a CRM platform, so that our client-facing professionals would have a more complete package of technologies at their disposal," Lacey says. "Technology enhancements are a big factor here, which means we can make our client-facing people much more productive and streamline some of the applications we've built on the platform."

Institutionally specific applications

Like Hoag and Bratch, Lacey lauds the more buy-side-specific functionality available from newer CRM products, particularly their recognition that institutional fund managers' sales cycles typically take longer than those of their retail brethren.

"If you've been in the game long enough, CRM systems at an earlier point were quite generic," he says. "What we're seeing now in this new generation of systems such as Satuit is a real step forward in terms of functionality and linkage. It's allowed us to quickly relegate those older legacy structures.

"One of the great things about these more custom-built institutional CRM products is that they respect the slightly longer sales cycles of institutional rather than retail managers," Lacey continues. "It's getting you away from the concept that a lot of these Salesforce automation tools have of driving sales quickly – that doesn't work on the institutional side."

Karen Maguire, president and chief executive of Satuit, echoes Lacey's point, explaining that her firm had to facilitate longer buy-side sales cycles and access to all client-related data within the SatuitCRM product.

"Managers are definitely looking for help both with their sales and in managing their existing client base, so you have to be able to visualise their sales process, which on the buy side can be quite long and complex," Maguire says. "As far as managing clients, the key is that they have all their touch points for their clients centrally located, and that they have all the information regarding a client, from soft information like meetings to hard information like current investments."

Buy-side buttoning down

While technological progress has done much to attract greater buy-side interest in CRM products, greater necessity for more advanced client servicing capabilities has also driven managers to consider deploying these products as their operations and investors become more institutional.

"What's going on is there is increasing buttoning-down of these buy-side businesses," Maguire reports, adding that the asset management industry has become more complex and

Robin Lacey, TD Asset Management

that start-up fund managers now face more high-level competition from day one.

"Part of their ability to distinguish themselves and be effective is to have very good systems to support their clients," she continues. "Whereas initially CRM might have been seen as a nice little tool for the sales team, it's now become an essential tool for managing one's client base, dealing with relationship management, compliance and all the processes necessary to service existing clients."

Nicholas Alabaster, business development executive at wealth and asset management technology provider Odyssey Financial Technologies, also argues that more robust CRM capabilities serve as a way for managers to differentiate themselves.

Karen Maguire, Satuit

'As consolidation drives cost efficiencies, investment managers still struggle to differentiate themselves in a competitive marketplace'
Nicholas Alabaster, Odyssey Financial Technologies

"Along with the growth in private banking and wealth management, investment managers are also experiencing growth in the numbers of investors using efficient pooled investment opportunities," says Alabaster. "As consolidation drives cost efficiencies, investment managers still struggle to differentiate themselves in a competitive marketplace."

He adds that for any investment manager, the ultimate goal of increasing revenues requires not only attractive performance returns but also focusing on customer satisfaction and better levels of client service.

"An institution, independent financial advisor or even a direct investor has to understand its clients' needs and provide them with timely, tailored reporting updates and market literature in order to deliver the transparency necessary to promote confidence in the marketplace and investment decisions."

Not yet a no-brainer

Despite more advanced and industry-specific functionality and easier implementation processes, modern CRM products have yet to be fully embraced as necessary components among some members of the buy-side community.

So argues Bratch, who says convincing his clients to deploy CRM systems can take significant effort.

"For the past couple of major CRM projects I've done, we've had to go through the whole business-case rationale for doing these implementations," Bratch says. "We spent a lot of time working with our clients to measure the bottom-line benefits and (showing) that the projects could be achieved, because there's such a graveyard of disaster CRM projects out there.

"However, as an industry we're far from it being a no-brainer as it is in some other industries like manufacturing, where CRM is commonly accepted," concludes the consultant.

Nonetheless, Bratch believes it is only a matter of time before wider swaths of the investment management sector recognise the business benefits of implementing these more advanced, cost-effective CRM products.

Salient points

- Traditional CRM products were too expensive and lacked proper functionality for many buy-side managers
- A new crop of CRM technology developers have rolled out more buy-side-specific, less expensive products more easily digested by buy-side firms
- Better third-party technology along with more rigorous, institutional client requirements will drive future buy-side uptake of CRM systems