



TRANSFORMING THE SYSTEM

Three Steps to Technology Modernization

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INTRODUCTION

Today, the financial services industry demands easy data access and real-time interactions in order to compete in an increasingly challenging global marketplace. Timely and transparent data is crucial for proactive compliance monitoring and risk control. With increasing volumes and sophisticated processing requirements, it is the flexibility of modern technology that boosts service levels and sets competitive positioning in motion.

Fund sponsors and service providers recognize the importance of streamlining internal processes in order to provide clients with the most accurate, independent and timely information. And yet at the same time, many companies continue to rely on outdated and costly mainframe-based systems and client-server applications. Fund groups are often reluctant to move to more technologically advanced system alternatives because of the mature functionality in place with their present legacy platform. Still, the rigid structure of these mainframe applications makes it more difficult for a company to effectively respond to the unpredictable moods of the markets while offering poor accessibility and deficient portability for global use.

All of these factors strengthen the case for developing leading edge technological solutions that can allow managers to boost their level of preparedness while improving operational efficiency. So how does one accomplish this? By embarking on a program of technology modernization, one that allows companies to reap the benefits of both new solutions and mature functionality. Essential to this plan is a multi-step transformational process addressing three primary system components: platform, user interface and database.

PLATFORM: THE SERVER SWITCH

The single biggest technology improvement that a fund group or service provider can make is to migrate from a mainframe platform to a server. At a time when companies are under constant pressure to reduce costs, legacy mainframe systems have grown increasingly expensive, requiring software licensing and hardware services in addition to personnel to support their structure. Moreover, traditional mainframe applications offer only a limited number of data management tools, most of which continue to grow more costly due to the dwindling number of options available to support this environment.

By comparison, operating an application on a server environment offers serious financial savings opportunities, while providing performance that equals or exceeds that of a mainframe. Because servers have a smaller data center footprint, they are much more portable, thereby allowing the solution to be deployed under an ASP or licensed arrangement. The inherent flexibility of a server allows it to seamlessly adjust during periods of peak volume; also, high availability business continuity arrangements are much easier and far less expensive to implement within a server environment. Using a server arrangement, firms may choose from a number of different operating systems, and may select a server-hardware option that is compatible with a preferred vendor contracted to support other strategic technology.

INTERFACE: GETTING ON THE WEB

Another important step is to upgrade transfer agency-based client/server technology to the Rich Internet Applications (Web 2.0) system. Far more flexible and efficient than its predecessors green screens and Windows-based graphical user interfaces (GUIs), the Web-based platform brings a multitude of benefits to an organization's information technology operations.

Using a true Web 2.0 application, system code for an application is taken off the desktop and is instead maintained on an application server. The result? All updates are installed centrally and made available to users instantly, eliminating the cost of loading and maintaining desktop application software. The flexibility of Web 2.0 technology makes customization easy (for instance, the interface may be delivered in multiple languages and with terminology appropriate to the region of use and the investment product supported). Because the application is typically browser independent, Web 2.0 users are free to access the system using their choice of browser products. The application can also link directly to Intranet sites and external Web pages, improving inquiry response time while expanding available information to mission-critical operations. For fund administrators, the convenience and accessibility of the Web 2.0 user interface makes it possible to relocate integral processes to more cost-conducive regions, or to where a specific skill set is in greater supply. Finally, the availability of telecommuting and virtual operation centers allows remote users to easily access the application by simply entering a URL and their requisite security information.

DATABASE: GOING RELATIONAL

Unlike traditional file structures, modernized technology systems that employ relational databases allow "like" data to be combined in order to create a faster and more versatile application. Under a relational database, new data categories may be added without making changes to the core application. The structure supports smoother and easier integration with a number of different architectures and technologies while also offering enriched modeling capabilities—a real plus from a data management perspective. And because the database maintains continuous availability of the application, there are no operational or data access interruptions.

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