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Confluence's First Fund Administration Survey Reveals Concerns Over Error-Prone Manual Processes, Data Integrity

(PITTSBURGH, PA – JULY 28, 2008) More than 80 percent of fund administration leaders surveyed are concerned that multiple manual processes, a common practice in fund administration, impedes their ability to control errors in reporting and documentation to investors and regulators, according to a new survey conducted by Confluence. In addition, 80 percent believe that data consolidation is an important issue.

Confluence, the global investment management industry's leading provider of automated data management solutions, today released the findings of a survey of 115 "C-level" executives and other management professionals at these companies. The survey shows that nearly 77 percent are also concerned that manual data entry challenges their ability to meet reporting deadlines. Perhaps in response, more than 25 percent plan to centralize their fund administration data into a single database in the next 12 months.

"The findings support our belief that the industry is serious about employing automation as a strategic initiative to expand their business," said Kirk Botula, Executive Vice President and Chief Operating Officer of Confluence. "As more of these companies become global, fund administration automation is a critical strategy to increase productivity and reduce costs, while allowing them to grow efficiently and meet regulatory and investor requirements."

Fund administration involves activities that support the process of managing collective investments such as mutual funds. These activities include preparing financial statements; holdings, performance, and pricing reports; documentation to support post-trade compliance; benchmarking calculations; investor marketing reports; and more.

Fund administration has become more complex and demanding in recent years as regulatory requirements and the number of investment products have simultaneously increased. Yet, use of multiple manual spreadsheets for these processes is still the "rule" at many companies. According to the Confluence survey, 26 percent of respondents rely on these spreadsheets for more than half of their fund administration processes, and another 23 percent rely on them for 26 to 50 percent of these processes.

The majority of respondents also believe that it is very/extremely important to automate fund administration in order to:

- Minimize reporting errors (84 percent);
- Control administration costs (54 percent);
- Improve data integrity (72 percent); and
- Increase the scalability of operations (71 percent).

Additionally, seven in ten respondents (72 percent) believe that automating fund administration will also benefit their organizations by enabling staff to spend more time on strategic issues.

Survey Methodology

This survey was conducted by Campos Inc in June of 2008 on behalf of Confluence. The survey queried fund administration executives on a variety of topics that included data management, automation, their use of manual processes, and reporting issues. The titles of the respondents ranged from Manager and Director to Vice President and Executive/Senior Vice President, Chief Operating Officer, Chief Compliance Officer, Chief Financial Officer, and CEO. In addition, more than 40 percent of respondents identified themselves as “C-level” or senior/executive-level professionals.”

About Confluence

Founded in 1991, Confluence is a global leader in fund administration automation. Confluence helps investment management companies gain unprecedented control by automating every step of the fund administration process—including the collection, creation, confirmation, and delivery of investment product data—while maintaining control of the process. Results are lower costs, reduced risk, decreased reporting turnaround times, and the scalability to automate more processes without additional resources. Confluence solutions are used by 40 percent of the leading global investment managers, and more than 60 percent of US mutual funds. The Unity™ platform from Confluence addresses a wide range of problems from performance measurement to customized reporting for a full array of domestic and international managed investment products, including mutual funds, funds of funds, collective funds, separate accounts, and variable products, as well as hedge funds and other alternative investments. Major fund companies such as T. Rowe Price and Russell Investments, and service providers such as The Bank of New York rely on Confluence. Headquartered in Pittsburgh, PA, Confluence serves the international fund industry with key locations in London and Luxembourg. For more information, visit www.confluence.com or e-mail info@confluence.com.

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