

# Up in the clouds

Cloud technology offers a way for Luxembourg fund administrators to meet escalating global demands for accessibility, efficiency and scale, says Skip Smith at Confluence. He tells *Funds Europe* how increased workflow collaboration holds the key.

## FUND ADMINISTRATORS IN

Luxembourg are under pressure to increase efficiency and enhance scalability while at the same time differentiating their service offering in a highly competitive market where data-intensive regulatory requirements are increasing and profit margins are going in the opposite direction.

Consequently, many of them are choosing to outsource certain processes in order to lessen their operating costs. However, cloud technology and its inherent benefit of providing a globally accessible, collaborative work environment presents fund administrators with a way to address their cost pressures without compromising their service offering, says Skip Smith, chief operating officer at Confluence, a developer of collaborative software solutions for fund administration.

“Technology in general is a big enabler that allows fund administrators (FAs) to focus on their core competencies. Beyond that advantage, we see our clients using the cloud and software as a service (SaaS) as a way to actually increase their value,” says Smith.

Cloud technology enables greater accessibility to key work artefacts via any device from any location. For example, a fund director would be able to pull out an iPad to review and report on the latest expenses ratio review.



**Value:** Skip Smith, chief operating officer at Confluence, believes technology is a big enabler

More importantly, cloud technology enables multiple stakeholders in different locations to collaborate securely on a single work item in the same system, giving FAs the freedom to operate in multiple geographies and control processing costs.

For example, in the case of reviewing a fund’s expense ratios, the payment of the invoice could be initiated at a low-cost offshore processing centre. The same report could then be accessed by an authorised reviewer in a higher cost, centre of excellence to review, analyse and resolve any flagged exceptions. Finally, the fund director at the asset management firm can access it for final approval.

“There is an increase in control and management of operational risk,” says Smith. “Everyone has access to the same document, processes are more automated, there is a clear audit trail and all changes to the document can be validated

without any risk of duplicate versions circulating outside the core system.”

Enhanced service levels are another benefit, says Smith. Cloud technology enables FAs to adopt a follow-the-sun model where NAVs are provided in multiple time zones and client changes to key documents can be accepted later in the day.

Cloud technology opens new revenue streams – an FA may choose to use the workflow collaboration to partner with a law firm in the production of Key Investor Information Documents and other legal records. This is a key focus for Confluence – using the cloud channel to make more products available.

Of course, it is not as simple as just buying the technology and waiting for the benefits to come automatically, says Smith. The right workflow has to be implemented, as does a strong level of data security and a flexible and agile approach to software development attitude.

But with these properties in place, cloud technology can provide benefits for FAs of all sizes, says Smith.

“You do not have to be a big global operator with a complicated office structure to get the value of the cloud. FAs can have a centralised system in terms of control and security, data integrity and risk reduction that is also decentralised in terms of accessibility and international workflow.”