

# ADVANCES AND BENEFITS OF WORKFLOW TOOLS

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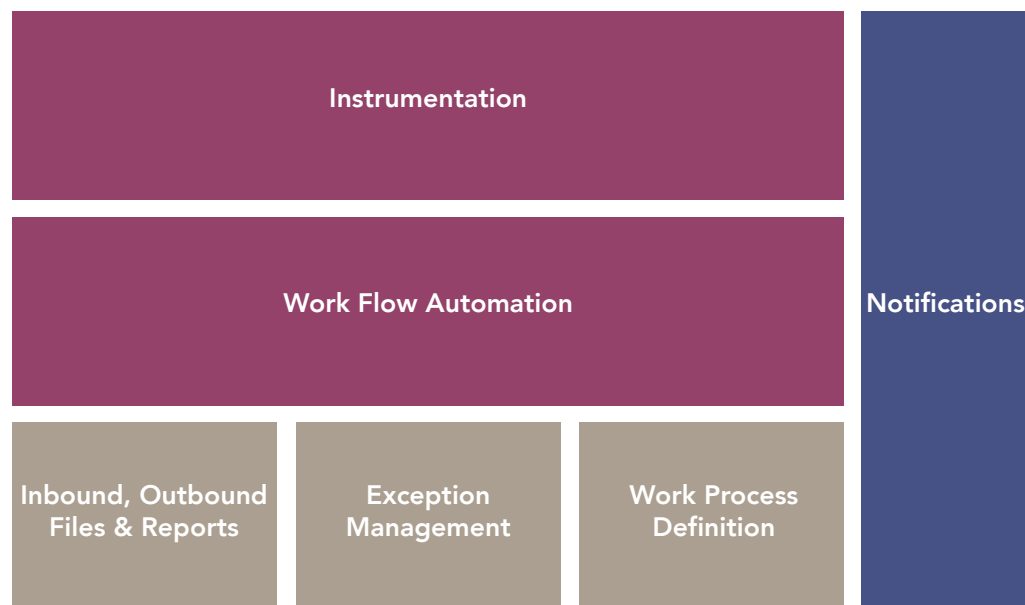
Today's fund accounting service market is more competitive than ever before. As such, to remain profitable, service providers face a set of difficult challenges. They must respond quickly to changing market conditions, deliver outstanding service to clients and meet increasingly stringent regulatory demands.

Many firms have addressed these challenges by working to better manage information, create standard processes and enforce more stringent approval requirements—and they have invested large amounts of time, money and effort into these initiatives. But, as a result, their operations contain many manual processes that require approval every step of the way. Not only does this detract time and effort from providing other value-added services, but it also slows operations and creates an opportunity for errors.

In recent years, however, technology has been rising to the occasion, helping firms meet their operational objectives by offering innovative solutions that enable users to optimize their work.

Exception processing solutions, for instance, have made it possible to define, target and automatically generate exceptions. The user first establishes a set of individualized criteria. Then, an automatic process identifies instances that fit the criteria, creates exceptions and enables the user to review them and take any required action. While automated exception processing adds significant efficiencies and helps ensure valuation quality, there are still many operations before and after the exception processing cycle that are manual.

As such, the next step forward is to provide automation surrounding the many steps in the full periodic valuation cycle. This automation of work flow is the next wave of organizational efficiency—business process management (BPM).



BPM is the full life cycle control and monitoring of all interactive and automated steps within a structured business process. BPM solutions have capabilities that extend beyond exception processing and cover the full range of activities involved in a processing cycle. In fact, these solutions provide the basis for not just a technological change, but also a broader cultural and organizational change at today's financial services organizations. That's because BPM will allow firms to work more efficiently and with better controls by relying upon technology to standardize procedures, streamline workflow and reduce the total effort required for daily operations. With this type of promise, it is not surprising that TowerGroup recently identified two key elements of BPM, automation and workflow, as top-10 technology initiatives for the financial services industry.<sup>1</sup>

Organizations in other industries are already realizing the tangible benefits that BPM can deliver. BPM solutions can create a seamless front end that ties together multiple business units and their systems, or processes within an application. Equally important, together with an instrumentation layer, BPM solutions do all this in a way that reaches stakeholders throughout the organization. Everyone—from staff accountants to executives—has the tools they need to quickly perform necessary functions, and the visibility to know where they stand in the processing cycle. The end result? Resource maximization through increased through-put reduced risk and lower costs via integrated processes and systems.

For financial services firms specifically, BPM can be extremely valuable. After all, few industries are as fast-paced and tightly regulated—and most do not have as much at stake when it comes to mistakes, inaccuracy and timeliness. Yet, at these firms, processes are largely driven by people and tasks and mostly manual—from generating and reviewing reports and ensuring necessary processes are run to moving accounts through the approval cycle and submitting final valuations.

For example: For a mutual fund that has not implemented a BPM solution, a fund accountant will clear all exceptions, print a report, walk a file over to the manager, get his approval and then individually perform the closing steps for the account for the day. However, a BPM solution makes it possible to do all of this electronically and, largely, automatically. The fund accountant might clear exceptions, forward the account to his manager and wait for confirmation of receipt and approval—all in the system. Then, upon approval, the closing steps for the valuation would automatically be performed.

In this way, BPM solutions would shift the people-driven model to a system-driven model. And, the resulting automation would ensure processes are carried out consistently—on time, without error and according to industry and customer standards.

Once the financial services industry has integrated BPM into the everyday operations of its firms, it will be important to continue to develop the processes it covers. Accomplishing complete work flow automation is a daunting task, but with the right tools, and by starting with the most valuable automation steps, immediate benefits can be gained.

<sup>1</sup> Source: TowerGroup Report, "The 2007 Top 10 Business Drivers, Strategic Responses, and IT Priorities for Asset Management Firms", reference number V49:08M

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