

## **PAICR Midwest Conference September 12 – 13, 2000**

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The historic Chicago Club served as the backdrop for PAICR's September Midwest Conference. The evening reception was a fabulous mix of new and familiar faces mingling in a refined, friendly atmosphere. Great food and lively conversation set the stage for the next day and a half of education, meeting our peers and fun.

Joseph Trainor, of MFS Institutional Advisors, kicked off the evening with a presentation on Technology & the Evolution of the Money Management Industry. Joe highlighted the shift from the 1990s trend of divestiture of investment affiliates, to the year 2000 trend of the "merger and acquisition juggernaut." Along with the juggernaut has come a new breed of competitors (e.g., E\*Trade and Ameritrade) and the commoditization of financial information. MFS entered the technological fray with their eleven intranet and twenty extranet sites. The latest addition to the MFS web family is [www.institutional.mfs.com](http://www.institutional.mfs.com), a site geared towards the institutional investor. MFS' web sites will also be revamped for greater connectivity to each other.

The first full day of the conference began with opening remarks from Conference Chair, Bob Marren, and a keynote address from Kraft Foods' Director of E-Commerce, David Hutchings. David emphasized that e-commerce should be process-driven, not functionally-driven, a lesson that applies not only to the consumer goods industry, but the investment industry as well. He encouraged us to think about *how* we achieve goals and complete tasks, not just the end result. A process-driven e-commerce strategy allows for collaboration among all key players, and will ultimately provide a more efficient and cost-effective solution. The latest trends in e-commerce reveal a shift from U.S. concentration to Europe and the Asia Pacific region.

Meet Your Resources included recaps from Arpan Patel of E-Frontiers and Scott Parry of Nelson Information; both firms have exciting new web-based tools. E-Frontiers offers E-Search, a web-based version of Mobius and E-Match, an online RFP comparison service which allows plan sponsors to view manager responses side-by-side. Nelson Information's newest additions include archives of Investment Management Weekly articles and a database of High Net Worth investors. Nelson Information is launching its web-based Marketplace database this November.

The Institutional Investor Panel provided a candid discussion of what works and what doesn't in terms of technology, and what managers can do to streamline the search process for plan sponsors. Gerard Fancovic, of MFS Institutional Advisors, moderated

and Wale Adeosun of the MacArthur Foundation and Keith Cardoza of the Illinois State Board graciously shared their insights. Wale reported a diminishing role of the Consultant as an intermediary. Plan sponsors can readily receive most quantitative information from custodians or data providers like FactSet and Richards & Tierney. Consultants play a valuable role in providing qualitative information, research and analysis. Keith Cardoza emphasized the importance of managers providing data more frequently, e.g., monthly returns rather than quarterly. Keith foresees plan sponsors and investment managers moving to daily returns. Both Wale and Keith encourage managers to embrace technology. Consistent, frequent use of the Internet and electronic delivery of data benefit institutional investors by allowing them to recognize changes within a management firm, team or process, when the manager may have not yet communicated the change.

***Institutional Investor Tip of the Day: Managers – provide performance data on your web sites with customizable time frames. Email sponsors a quick note with basic performance numbers and a reference to where more detailed information can be found on your web site.***

Keeping with the conference theme, the afternoon's Consultant Panel, led by Susan Small of Nicholas-Applegate Capital Management, gave the PAICR group yet another perspective on how managers can enhance technology and communication strategies. Dave Fialkowski of Capital Resource Advisors, Marianne Feeley of William M. Mercer Investment Consulting and Suzanne Bernard of Ennis, Knupp & Associates, Inc. shared their perspectives in this valuable session. Dave Fialkowski recommends managers keep their questionnaire responses up-to-date, both in paper and web-based RFPs, and update *all* information, not just assets under management or recent performance. Capital Resource Advisors is developing browser-based reports for plan sponsors as well as working directly with custodians to gather information.

Marianne Feeley shared that Mercer is developing a Manager Information Exchange (MIX). The database begins with Mobius data and is expanded from there. Managers complete the questionnaire online, then only update responses as necessary. Data is provided on a secure, online platform and is not accessible to other managers. MIX allows plan sponsors to view data on their current managers, including consultant notes and commentaries. MIX will soon be updated to allow plan sponsors to view information on all investment managers within the system.

Dave, Marianne, and Suzanne agree that manager web sites with secured access and passwords can be time consuming. They generally access sites to gain insight on a manager's client service commitment, not for data gathering.

***Consultant Tip of the Day: Like plan sponsors, consultants collect the majority of data they need using their own sources. Managers – be selective in the information you provide consultants; strive to be precise, concise and add value. Provide brief updates in an email with a hyperlink to the specific area of your web site containing expanded information, not just your home page.***

To supplement the plan sponsor and consultant presentations, conference goers attended roundtable sessions geared toward their specific interests. Members shared ideas, frustrations and suggestions; the groups came away recognizing that many others in the industry face the same challenges. Most importantly, attendees received new insights for tackling those challenges. At the PAICR Midwest Conference, we shared, learned and brought back to our respective firms a great new group of peers and resources to enhance our “Client Service & Marketing Through Technology.”

Annette Calderwood, of The Burrige Group, recapped the best of the day and with Bob Marren excited the group about PAICR’s next educational opportunity – the Annual Fall Conference in New York on November 6 – 7, 2000.