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Operations and Technology Leadership Roundtable

By Candice Gullett

At the Leadership Roundtable for the Operations and Technology Conference, leaders from the industry answered questions posed by the moderator, Barry Benjamin—U.S. and Global Asset Management Leader for PricewaterhouseCoopers, LLP—as well as questions from the audience. The major issues the panel discussed were people, regulatory change, technology, and social media.

On the issue of people, the panelists agreed that none of their firms had trouble with recruitment. William J. Galvin, Global Head of Transfer Agency for Invesco, said, “I think our industry is still sexy to graduates,” because they see not only the challenges, but also the opportunities that exist. One very important thing, noted David Musto, CEO for JPMorgan Retirement Plan Services, is getting the right people. Just as important is motivating, training, and retaining these talented employees once they have been recruited. Crucial to that goal has always been mobility and stability, said Galvin; Julie St. John, Chief Information Officer for The Capital Group, argued that for millennials, however, stability is not as important as the core value of integrity, and the knowledge that their work is important to the company.

Benjamin asked the panelists to weigh in on regulation, in terms of industry readiness, as well as the time and effort spent complying with new regulation. Galvin said that “as a transfer agent, regulatory changes are part of our DNA” and that management spends a great deal of time trying to understand not only how new regulation will impact the firm, but also how it will impact shareholders. St. John argued that even though the industry is still not quite sure what compliance with the Dodd-Frank Act will entail, the industry is well positioned to be able to comply. Musto agreed, saying that leaders know that some new regulations are coming, so they must be focused on being flexible. “Typically any new regulation brings an opportunity in the marketplace, so you need to think about how you can build around it,” instead of simply fighting the changes.

St. John noted that everyone is still coming to terms with new technology, especially with social media, largely because of compliance regulations. But that doesn’t mean that the industry should not strive to do more. St. John said, “We think it’s really important to continue investing in foundational technology.” Once the industry is able to sort out these new technological tools, Galvin argues, both the industry and investors will be able to get so much more out of their relationships. As far as what further innovation will look like, Musto said, “We’ve already automated most of the things that can logically be automated, so the fun part now is trying to solve the less-structured processes and problems that actually account for a lot of the costs in our organizations.”

The panelists agreed with St. John that the industry must keep in mind that the “number one focus is meeting the needs of our investors” in the face of the “volume, pace, and velocity of change.” In addition to great fund performance, Galvin noted that investors also need continuing product development. Musto reemphasized the importance of getting the right mix of talented people in an organization, in addition to innovative technology: “it’s all about having the right people and resources to be able to execute innovations.”

Candice Gullett is an editor at ICI.