Tech Shop to B-Ds: We Can Eliminate Risk, 21K Fund E-Mails

By Bradley Saacks February 8, 2018

By **Delta Data**'s estimates, the typical broker-dealer sifts through more than 21,000 e-mails every year, piecing together information about changes to funds ranging from portfolio manager retirements to breakpoint tweaks.

The Columbus, Ga.-based back-office systems shop says its new FundBlast system can eliminate that manual work — and the errors it can cause — by serving as a portal between mutual fund providers, their transfer agents and their distribution partners more efficiently. The result, the company says, will cut operational and compliance costs on both sides of the distribution equation.

"FundBlast will replace the current email-based notification process around important fund events and truly revolutionize how they're communicated," said Whitfield Athey, CEO of Delta Data in a release.

The product, which has been four years in the making, has signed on Merrill Lynch and one other distributor and is currently in talks with two more. Over the next five or so weeks, the firm plans to load the information for 48 fund providers. Following that, the firm will onboard additional fund families in waves of 50 to 100, depending on the size of the product suites. Athey says that the feedback it gathered from distributors and fund providers in developing the product has resulted in a system he says will be "the new standard in fund communications."

Athey projects that the portal will include the information for all registered '40 Act products within six months.

Merrill Lynch

NUMBER OF ADVISORS
17355

FIRM-WIDE ASSETS
$2,305,664 Million

FEE-BASED ADVISORY ASSETS
$1,080,747 Million

DISCRETIONARY ASSETS
$246,086 Million

KEY PLATFORMS
Merrill Lynch - Merrill Edge
Advisory Account Program (MEAP),
Merrill Lynch - Strategic Portfolio
Advisor, Merrill One - Custom
Managed Strategy, Merrill One -
Defined Strategy, ...

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What sparked the new portal, Athey says, was the inconsistency with which managers communicated fund events — from major changes such as liquidations to minor revisions like accounting changes — to distributors.

"Currently, there is little consensus in the mutual fund community when communicating fund events other than sending out email blasts to distributors," according to Delta Data's product announcement. Complicating matters is that each company uses its own format.

"The lack of consistency is a major pain point for distributors, creating inefficiencies such as data latency and the inherent risk of information not reaching its intended target," the Delta Data statement said.

Of the tens of thousands of fund company product e-mails that distributors, recordkeepers and transfer agents must wade through, many require "action or maintenance, and that the perceived risk of this activity is high."

The new portal aims to reduce the amount of communication between the two sides because the needed information about changes and the product will be shared between them immediately. The system has a set list of checkpoints managers run through when making each change, increasing the uniformity between managers' inputs.

There is also an optional module that allows both sides to "have the capability to model, track and share" all items "critical to the process for revenue share agreements," Athey says.

"The portal allows one counterparty to share with and ask for digital attestation of agreement from the other," he notes in an e-mail.

"For example, through the portal, managers and distributors can share invoices and reconcile payments on an ongoing basis, a long-time pain point between fund providers and broker-dealers."

Right now, Delta Data believes the firm's new offering is not "necessarily competing with the DTCC." But the company says that it does aim to show that other entities can provide critical roles between manufacturers and intermediaries.

"One could state that Delta Data is challenging the forgone conclusion that industry utilities can only come from the DTCC," Athey says.