



Money in Motion

The Organizational Impact on Investment Management Companies

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...and the times they are a-changing Impact on Boomers

- Trailblazers in an uncertain world
 - defined benefit plans
 - Social Security solvency
 - Relationship between employer and employee
- Sandwich generation – caring for parents and children
- Retirement? ...dabbling in our dotage
- Health Care – all bets are off

...and the times they are a-changing Impact on Investment Companies

- Acceleration of Open Platform changes
- Change in fundamental assumption – inflows are not necessarily greater than outflows
- Product gaps – when mutual funds are not enough
- Redefining the customer from sponsor to participant
- Drive to segmentation - All customers are not equal
- Shift from product to advice



How Will Investment Companies Respond?

- *Advice, Training, Education*
- *Segmentation*
- *Product*

How will Investment Companies Respond? Advice, Training & Education

- Role of Advisors & furthering Open Platform Trend
- Providing Advice Inside a DC Plan
 - Embedding Financial Engines or Morningstar type features
 - PPA sanctioned advice offerings
- Train Advisors, Participants, Sponsors, Operations on Decumulation
- Training Sponsors & Participants on new, complex product

How will Investment Companies Respond? Segmentation

- Shift from Institutional to Retail Customer
- Alignment of organizations around Participant instead of Product
- Early Identification/Acquisition of Customers
- Increased Tiering of Services
 - Value Add & Concierge Services
 - Automation
 - Offshoring



How will Investment Companies Respond? Product

- Add structured product expertise to investment management
- Products are income and outcome driven
- Insurance products
- Fill product gaps through partnerships vs. NIH
- Value added services and sticky products
- Increased focus on legal and compliance

Team Building Trends to Watch

- **Distribution**
 - Strengthen Sales, Marketing and Operations teams serving Independent Advisors
- **Investment**
 - Build expertise in structured products, laddering, etc in investment management organization
- **Operations**
 - Enhance service offerings to high value accounts through tiered servicing
 - Look for opportunities to build scale and considering lower cost alternatives on low value services (e.g. offshore & outsourcing)

Team Building Trends to Watch

- Marketing
 - Add Expertise in Consumer segmentation
 - Look outside of strict Investment Management backgrounds for Product expertise/development
 - income products
 - Advice as a product, planning
 - Sticky products and services
 - Value Added Services
 - Move away from Not Invented Here to Partnering
 - New Products require stronger Legal and Compliance