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## **IAA/SEI Survey Finds Operational Complexity Is Driving Up Asset Managers' Technology Spending**

OAKS, Pa., Feb. 21 /PRNewswire-FirstCall/ -- Increasingly reliant on technology to operate in a complex business environment, 60% of asset management firms are planning to increase their technology spending in 2007, says a newly released survey. The survey was co-sponsored by the Investment Adviser Association (IAA), a nonprofit industry association representing SEC-registered asset management firms, and SEI (Nasdaq: SEIC), a leading global provider of outsourced asset management, investment processing and investment operations solutions.

On average, reported 2006 technology spending accounted for 13.6% of total firm expenses and translated to a cost of \$11,900 per employee. Most firms said their IT budgets are currently focused on maintaining and upgrading existing systems - one indication of how deeply technology is already ingrained in the operations of a typical firm. Only 13% of respondents report a focus on developing new systems.

Among key factors driving up technology spending, asset management firms cited:

- \* Legal, regulatory, and compliance concerns, named by 84% of respondents.
- \* More complex accounting and reporting procedures, due to the growing diversity of investment products and rising demands for customization. In the area of portfolio accounting, for example, 40% of managers report using more than one system.
- \* Rising compensation for IT professionals, reflecting increased competition for those with expertise in the area of technology.

Survey results also reveal how vital operational and IT capabilities have become to business success. Respondents rank client service, a capability highly dependent on operating infrastructure, as the number-one determinant of success, followed by investment performance and employee retention. Operational capability and IT capability both rank among the top five determinants of success. Respondents deemed those capabilities more crucial to business success than sales, marketing, or distribution.

"More and more, asset managers realize that operating systems aren't simply productivity tools, but a source of competitive advantage. They are key enablers of business success,

providing the means to improve investment performance, build relationships with clients, and expand the range of products offered," said David Tittsworth, Executive Director of the Investment Adviser Association.

"Operating infrastructure and technology capability are becoming key levers for competitiveness, product innovation, improving business economics and providing a differentiated client experience," said Paul Schaeffer, Managing Director for Strategy and Innovation for SEI's Investment Manager Services division. "Companies in other industries have already shown how to win by competing on capabilities. Now asset management firms need to think about applying this principle to their business as the back office becomes a driver of front office functionality."

The survey covered a diverse group of traditional mutual fund and separate account managers with an average of \$3.8 billion in assets under management. It is to be conducted annually to provide the industry with better data on operational and technology trends.

For a copy of the survey report, please visit <http://www.investmentadviser.org> or <http://www.seic.com/ims>.

#### About the Investment Adviser Association

The Investment Adviser Association is a not-for-profit organization that exclusively represents the interests of federally registered investment adviser firms. The Association was founded in 1937 and played a major role in the enactment of the Investment Advisers Act of 1940. The IAA's membership consists of about 500 investment adviser firms that collectively manage in excess of \$8 trillion for a variety of institutional and individual clients.

#### About SEI's Investment Manager Services Division

SEI's Investment Manager Services division provides total operations outsourcing solutions to investment managers focused on mutual funds, hedge and private equity funds, separately managed accounts and institutional client services. The division applies operating services, technologies, and business and regulatory knowledge to each client's business objectives. Its resources enable clients to meet the demands of the marketplace and sharpen business strategies by focusing on their core competencies.

#### About SEI

SEI (Nasdaq: SEIC) is a leading global provider of outsourced asset management, investment processing and investment operations solutions. The company's innovative solutions help corporations, financial institutions, financial advisors, and affluent families create and manage wealth. As of the period ending December 31, 2006, through its subsidiaries and partnerships in which the company has a significant interest, SEI administers \$366.6 billion in mutual fund and pooled assets and manages \$181.5 billion in assets. SEI serves clients, conducts or is registered to conduct business and/or operations, from more than 20 offices in over a dozen countries. For more information, visit <http://www.seic.com>.

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