

# Automating Your Intermediary Fee Process

THE FOUR QUESTIONS YOU SHOULD BE ASKING

## OVERVIEW

# Streamlining your processing to increase efficiency

Are you tired of spending countless hours on manual intermediary fee payments? It's a common issue faced by many mutual fund companies. Manual processes consume a lot of time and divert valuable resources away from more strategic initiatives.

Let's face it, the world of mutual fund intermediary fee payments can be complex and overwhelming, especially when relying on spreadsheets and homegrown solutions.

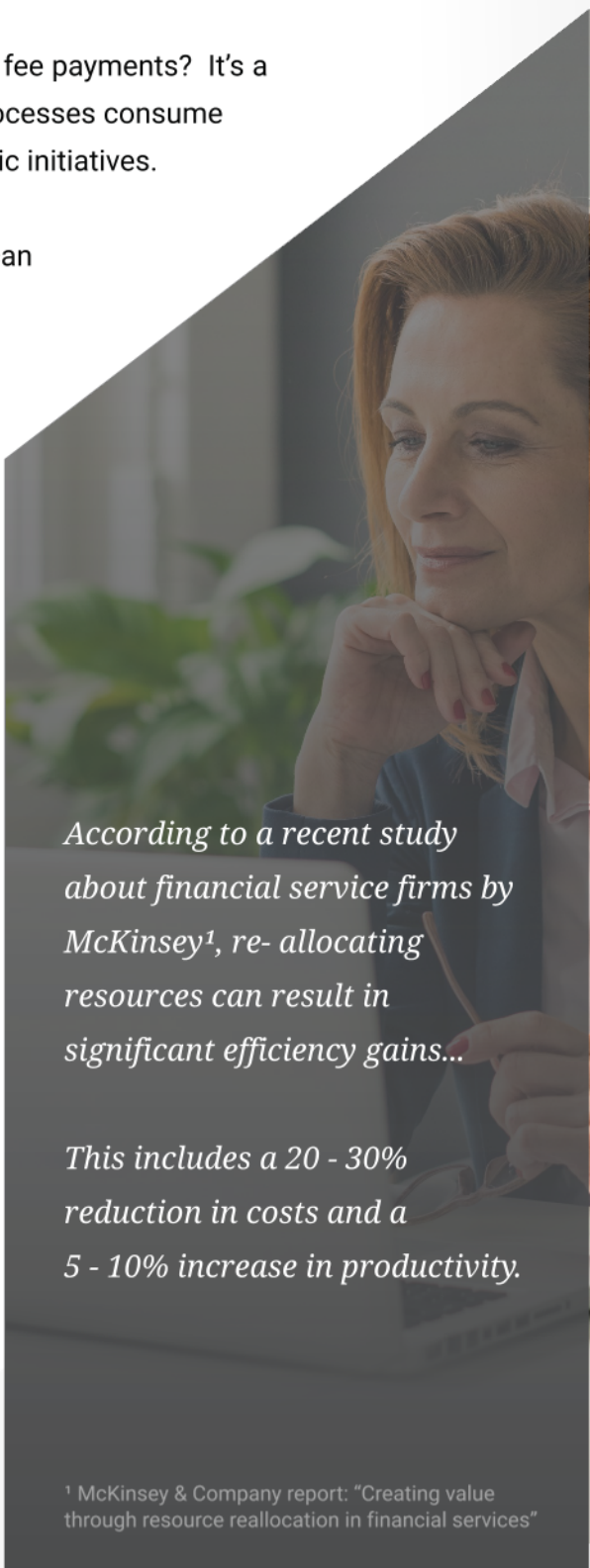
*But what if there was a way to streamline the intermediary fee invoice process? By automating your invoice process you can free up valuable time and unlock your team's full potential.*

At its core, automation is about empowering your company to be more agile and efficient. It's about taking back control of your resources and using them to drive growth.

Is automation right for your organization?

In this ebook, we'll guide you through four essential questions to help you determine if automating your intermediary fee process is the right move for your company.

Don't let manual processes hold you back. With the right tools and guidance, you can take your team to the next level and help your firm achieve success in today's competitive financial landscape.



*According to a recent study about financial service firms by McKinsey<sup>1</sup>, re-allocating resources can result in significant efficiency gains...*

*This includes a 20 - 30% reduction in costs and a 5 - 10% increase in productivity.*

<sup>1</sup> McKinsey & Company report: "Creating value through resource reallocation in financial services"

## THE FOUR QUESTIONS

# How to determine if automating fee processing **makes sense** for your firm

1

How many invoices per month does your firm validate and pay?

If your firm processes 40 or more intermediary fee invoices each month, automating the process could save valuable time and resources. By implementing an automated solution, you can eliminate manual processes and allow for faster validation and payment of invoices. In addition, automated workflows can improve accuracy and reduce the risk of errors, ensuring that all invoices and fee allocations are processed correctly.

An exception-based workflow solution can streamline the process of managing and approving distribution invoices by performing automated fee calculations that optimize the analysis of omni-transparency data. The result is saving the time it takes to go through those 40 or more invoices a month by efficiently loading them through an exception-based tool versus manually running through each individual invoice.

For each invoice, automated reasonability checks can:

- Affirm a payment aligns with the corresponding intermediary agreement
- Automatically filter for any line-item variances
- Capture potential double billing issues

By filtering for any failed reasonability checks and pinpointing where those variances are, an exception-based workflow highlights invoices that need attention, allowing analysts to focus their time appropriately.

## 2 How many person-hours are spent as part of the process as these invoices come in?

Consider the amount of time and the number of resources typically required to manually process invoices for your firm. Automating those processes through a streamlined solution reduces the personnel needed to manage & approve intermediary invoices, improving operational efficiency with optimized workflows that produce rapid and accurate analysis of granular-level fee data through an all-encompassing platform.

*“Since we onboarded [Delta Data’s] Fee Management solution, invoice processing time has plummeted by at least 70%. This time savings has allowed our associates to be more analysts than data entry personnel.”*

**NATASHA RIPPEL**

Director, Fund Operations  
Thornburg Investment Management

The resources hours spent on manual processes can be freed up and redelegated for application in organizational areas not entirely consumed with data entry. With the significant efficiency gains resulting from resource reallocation, firms see corresponding cost reduction and increased productivity through implementation of an automated platform.

## 3 Is this work done on Excel spreadsheets or in an Access database?

Despite the adoption of purpose-built software and third-party outsourcing for major expenses, many mutual fund companies still rely on manual processes, using Excel spreadsheets or Access databases and manual entry to manage invoice receipts.

If this is your firm, this may mean your processes are susceptible to human error, which can lead to inaccuracies, inefficiencies, financial losses, and regulatory fines. It could also mean your team is using outdated technology that is no longer supported.

By automating your intermediary fee processes, you can streamline your workflow, save time, and reduce the risk of errors. With a purpose-built solution, you can eliminate the need for manual entry, simplify invoice validation, and ensure compliance with regulatory requirements. Plus, by partnering with a vendor-supported solution, you can avoid the costs, time and headaches of maintaining and updating spreadsheets and homegrown solutions.



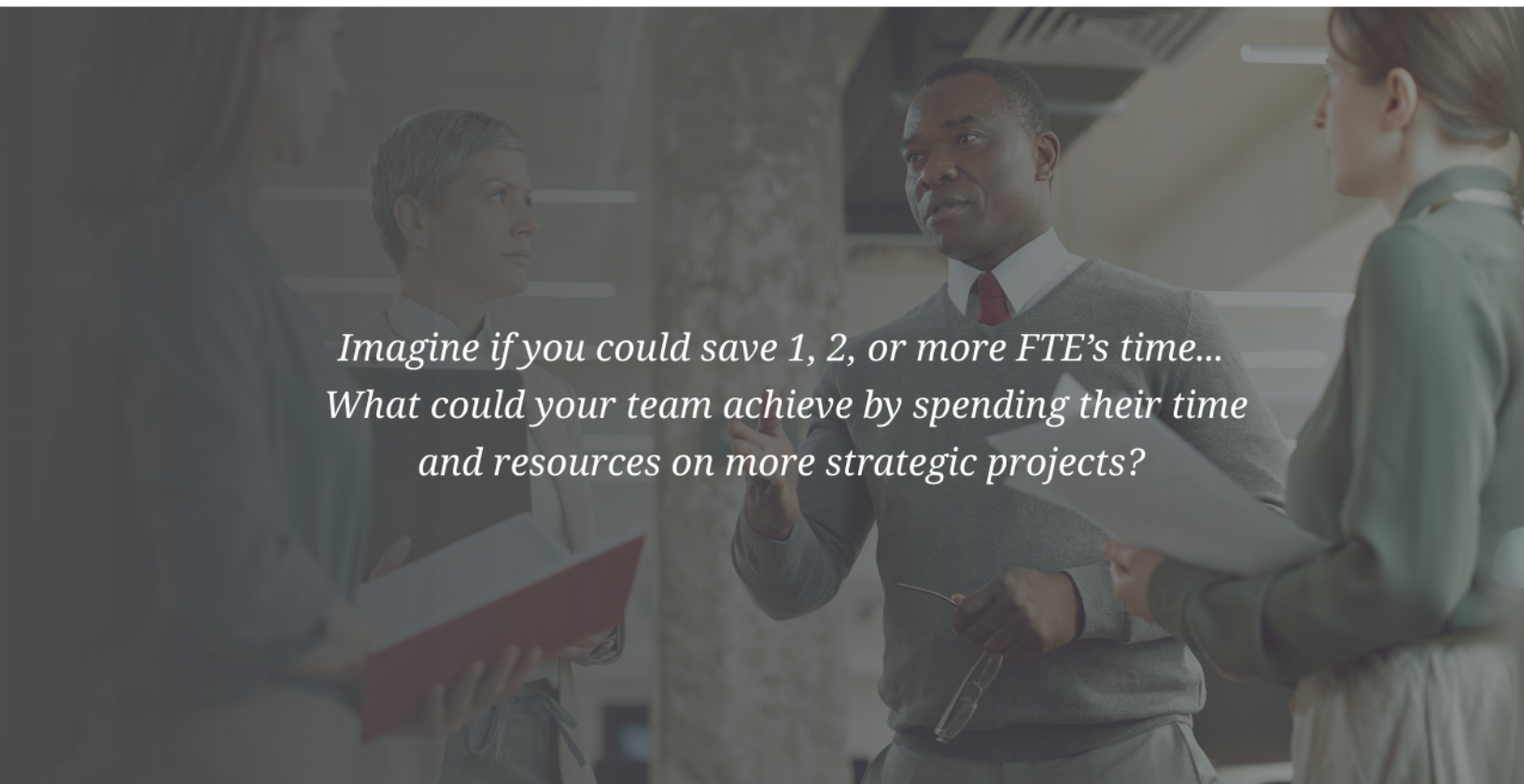
## How many hours per month is your team spending putting together management & board reports?

Accurate and timely board and management reports are crucial to the success of mutual fund operations but producing them can be a time-consuming process.

If your team is responsible for generating monthly and/or quarterly reports, it is important to consider the amount of time and effort required to prepare them. Manual processes can require multiple team members to spend days putting the reports together, diverting their attention from more strategic initiatives.

By implementing an automated mutual fund fee management system, you can streamline the reporting process and significantly reduce the time and resources required to produce these reports. The system can gather data automatically, check for accuracy, and generate reports with ease.

With an automated solution and bulk processing capabilities, the platform can concurrently sort and slice up the invoicing data in any dimension needed for reporting purposes, enabling your team to quickly respond to any requests from the board or management.



*Imagine if you could save 1, 2, or more FTE's time...  
What could your team achieve by spending their time  
and resources on more strategic projects?*

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## OUTCOME

# How does automated intermediary fee management assist in resource reallocation?

An effective fee management program comprises three fundamental processes, all of which can be streamlined through automation to optimize resource allocation and time management.

## Calculations

The first process is running calculations to validate that the invoice is correct and matches the assets on which they are billing. In order to do this first step, the mutual fund company requires omni transparency data, which is not easy to analyze in Excel files.

Automation is a simple way to optimize this part of the process and reallocate the time and responsibilities of resources to more strategic tasks.

## Reasonability Checks

The second process is conducting reasonability checks to affirm that the payment aligns with the intermediary agreement and prospectus. This is not an overly complicated task by itself, but when you consider that fund companies often work with dozens of broker-dealers and distribution teams, the time required to manually pore over this data can add up quickly.

## Allocation and Reporting

Payment funding allocation and reporting make up the third, and most critical, component of an effective fee management program.

Ultimately, fund companies must substantiate to regulators and their boards of directors that the payments made to intermediaries are accurate and compliant.

As fund companies work through omnibus accounts to distinguish between the intertwined 12b-1 fees, revenue shares, and sub-TA fees, manual processes and the lack of transparency make accurate and consistent reporting a major challenge.

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## SUMMARY


# What does it all mean?

Manual processing of intermediary fee payments can be a time-consuming and error-prone task for mutual fund operations teams, diverting valuable resources from higher-priority initiatives.

## A smart investment.

Automating the intermediary fee payment process can save time, reduce errors, and increase transparency, freeing up staff to focus on more important tasks.

By leveraging technology to streamline operations and optimize workflows, fund companies can improve efficiency and reduce costs, ultimately leading to a more profitable bottom line. As the mutual fund industry becomes increasingly competitive, automation is a smart investment that can help companies stay ahead of the curve.



*“Save time, reduce errors, and increase transparency — allowing your team to focus on more important and profitable tasks.”*

*See if automating Intermediary Fee Payments makes sense for your organization!*

Contact Delta Data today to walk through a quick assessment of your current processes and determine if our fee management solutions are right for you.



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