

AWD[®] Case Study

Dreyfus Fund Accounting

As seen in BuySide Technology Week, March 2000

Looking to decrease the manpower spent on calculating the daily NAVs (Net Asset Values) of its 75 funds, Dreyfus Corp.'s back-office accounting department is installing DST Systems' AWD/ST™, which will automate many previously manual accounting processes.

The system will allow fund accountants to focus only on securities exceptions when calculating the end-of-day pricing for each of its 75 funds, rather than sifting through pages of securities data.

AWD/ST pushes exceptions to the desktop of fund accountants, and allows them to check and re-mediate securities prices from one screen.

Until now, Dreyfus' fund accountants have found themselves rushing from market close at 4:30 to about 5:30 to pump out the daily NAVs of its funds in time to get the prices to Nasdaq so they can be printed in the next day's newspaper.

These operations specialists have to identify and remedy exceptions—those securities with different prices of Reuters and IDC, for example—as well as securities that meet and surpass certain predefined restrictions.

“The main thing this is going to do is identify if the price of a security changes by more than 5 percent,” says Paul Molloy, senior accounting manager at Dreyfus. “When that happens, it will actually go out to a secondary source like IDC, and if that second source doesn't match, it'll say you have an exception here, you need to look at it.”

Molloy explains that fund accountants had to move from one screen to the next, from fund accounting system to Reuters terminal to IDC terminal to review all this data. With AWD/ST, everything can be done from one screen, and only exceptions that the system can't remedy automatically will be pushed to an accountant. He adds that AWD/ST has been programmed with 20 different types of exceptions, and that they system will not only push out exceptions, but it will know to whom they should be transmitted.

“We can identify what exceptions we want to go where,” he says. “This makes sure that the right ones go to the right people.”

Dreyfus is currently running AWD/ST in parallel with its existing process, and plans to switch over by May. At that time, Molloy believes he will be able to cut the number of people working on NAV pricing. In the equities division, for example, he believes he will be able to downsize from the current 50 people to about six. Molloy insists that those people will still have plenty to do throughout the day.

“End-of-day pricing: that's just crunch time,” he explains. “There's plenty of other processes that those guys do throughout the day.”

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