(54) Title: NETWORK SYSTEM FOR HANDLING REQUEST FOR PROPOSAL RELATING TO THE SELECTION OF AN INVESTMENT ADVISOR BY AN INSTITUTIONAL INVESTOR

(57) Abstract: An apparatus for managing communications between an investment advisor and a institutional investor comprising: a control unit for receiving a request generated by a prospective institutional investor, relating to a desire for investment advisory services; means for assisting a institutional investor in formulating a request for proposal to be distributed to advisors throughout the system; means for distributing the request for proposal to said advisors; and means for receiving bids from advisors who receive the request for proposal.
NETWORK SYSTEM FOR HANDLING
REQUESTS FOR PROPOSAL RELATING TO THE SELECTION OF AN
INVESTMENT ADVISOR BY AN INSTITUTIONAL INVESTOR

Field of the Invention

The present invention is directed to online computer systems. In particular, the present invention is specifically directed to online computer systems which can be used to post requests for proposal relating to the selection of an investment advisor and particularly an investment advisor by an institutional investor such as a plan sponsor.

Background of the Invention

The Internet or World Wide Web is one of the most critical technological developments of the 1990's. The Internet has provided vast economic opportunities for numerous businesses and industries to vastly expand the number and quality of their services. One of the earliest and fastest emerging areas of Internet activity has been in providing rapid, up-to-the-minute business information. To date, a number of patents have issued on Internet related systems which cover a wide array of business information and electronic commerce (e-commerce) applications.

Heretofore, the Internet has been applied to the on-line auctioning of experts. U.S. Pat. No. 5,862,223 to Walker discloses an expert matching method and apparatus. This system matches communications between an expert having particular qualifications and an end user seeking a solution to an expert request. In a preferred embodiment, the apparatus includes a controller having a database for storing expert qualifications.

In one embodiment, the controller receives an expert request. A search program identifies experts qualified to respond to the expert request. The expert request is then
transmitted to the expert which results in an expert answer transmitted to and received by the central controller. After authentication of the expert answer, using a wide range of security levels from passwords to cryptography, the answer is forwarded to the end user.

U.S. Pat. No. 5,835,896 discloses a system and method for conducting a multi-person interactive ad auction in a variety of formats without using a human auctioneer to conduct the auction. This system is preferably implemented in software and allows a group of bidders to interactively place bids over computer and communications network. Those bids are recorded by the system and bidders are updated with current auction status information. When appropriate, the system closes the auction from further bidding and notifies the winning bidders and losers as to the auction outcome.

Electronic auctions held over the Internet using electronic mail (e-mail) have also gained wide popularity. A recent innovation applied to e-mail auctions is the use of the Internet to post descriptions of the merchandise and to show the current high bids. Security brokerage firms for years have used automated transaction systems for matching buy and sell orders for securities. For example, the New York Stock Exchange’s DOTS (Direct Order Transmission System) and NASDAQ SOES (Small Order Execution System) systems offer complete electronic matching of buyers and sellers.

A number of U.S. patents have issued related to various forms of electronic commerce. These patents fall into three broad categories: (1) patents relating to on-line networks; (2) patents relating to electronic commerce over on-line networks; and (3) patents relating to various forms of securities trading via electronic means. U.S. Pat. No. 5,406,475 entitled “Data Processing Network Having a Plurality of Independent


The third group of patents relates to electronic commerce in the field of securities trading. U.S. Pat. No. 4,412,287 entitled “Automatic Stock Exchange”, for example, discloses means for prospective buyers to post offers to buy a given security at a specific price and for prospective sellers to post offers to sell a given security at a specific price.

Moreover, the Internet has seen the rise of a number of tools directed to financial services and planning. Such tools include tools which facilitate a client's ability to track a portfolio of investments and tools which calculate a client’s potential retirement income based upon a number of investment options. There are also a number of Internet related products directed to insurance pricing on the market.

The following are examples of U.S. patents directed to financial planning and financial planning tools and systems. U.S. Patent No. 6,021,397, for example, discloses a financial advisory system. According to one aspect of the invention, return scenarios for
optimized portfolio allocations are simulated interactively to facilitate financial product selection. The return scenarios for each asset class from a plurality of asset classes are then generated based upon estimated future scenarios of one or more economic factors. A mapping from each financial product of an available set of financial products onto one or more asset classes is then created by determining the exposures of the available set of financial products. In this way, the expected returns and correlations of a plurality of financial products are generated and used to produce optimized portfolios of financial products. Return scenarios are then simulated for one or more portfolios including combinations of financial products from the available set of financial products based upon the mapping.

U.S. Patent No. 6,012,044 is directed to a user interface for a financial advisory system. According to one aspect of the invention, a user may interactively explore how changes in one or more input decisions such as risk tolerance, savings level, and retirement age affect one or more output values such as a probability of achieving a financial goal or an indication of short-term risk. These are then visually displayed. The visual includes input mechanisms, such as slide bars, for receiving the input decisions. The visual also includes a set of output values that are based upon the input decisions and a recommended set of financial products. After updated values for the input decisions are received via the input mechanisms, a new recommended set of financial products and a new set of output values may be determined based upon the updated values. The second visual indication may then be updated to reflect the new set of output values. According to another aspect of the invention, a graphical input mechanism for receiving a desired level
of investment risk may be calibrated. A set of available financial products, such as a set of mutual funds, and a predefined volatility, such as the volatility of the market portfolio are received. The settings associated with the graphical input mechanism are constrained based upon the set of available financial products. Additionally, the calibration of the units of the graphical input mechanism may be expressed as a relationship between the volatility associated with a setting of the graphical input mechanism and the predefined volatility.

U.S. Patent No. 5,878,405 discloses a pension-based liquidity management data processing system that supports participant decision making and flexibility with respect to loans, contribution rates, and retirement spending. The system utilizes a simple index to communicate the adequacy of current or planned states in the participants separate pension account. Adequacy is determined relative to actuarial determined estimates which may be adjusted by the participant. The system is provided with safeguards yet removes artificial barriers to pension-based liquidity, loans and retiree spending, allowing each participant the maximum flexibility in optimizing his personal retirement and financial plan. The system interfaces with unsecured credit cards as a disbursement and payment mechanism, thereby preventing pension assets from directly securing credit card charges. Central processing allows multiple credit cards to compete for any participant account. The system reduces average unsecured interest rate costs without liquidating long term retirement investments by scrutinizing the promissory note held in the participants separate. To the extent permissible under the applicable laws, the participant may electronically elect to classify a disbursement as a periodic rather than a loan consistent
with periodic spending of retirement assets to support retirement living. The invention substantially increases the liquidity of pension accounts while providing the participant with the knowledge to protect retirement security. Through improved liquidity and related planning tools, the system enables both employers through matching contributions and employees through elective contributions to increase net contribution rates, thereby enhancing retirement security.

Finally, U.S. Patent No. 6,041,313 is directed to a computer-based 401(k) plan offers unlimited access to virtually all SEC-regulated investment options, with no restrictions on the number of mutual fund families or their investments that a company can choose for its plan. The system and method provide an end-user computer-based system with individualized accountability as opposed to prior art pooled systems.

There is a long felt need for a system which facilitates the joinder of institutional investors, such as plan sponsors, and investment advisors, and specifically pursuant to an RFP process. To date, there has not been a system which effectively matches investment advisors with prospective institutional investors and one in which advisors may quickly and efficiently respond to a request for proposal from prospective investment clients. Such a system would be desirable because there is a need in whereby institutional investors such as institutional investors, and investment advisors can be quickly and efficiently matched.

It is therefore an object of the present invention to provide a system, accessible via a computer network, for providing means to access an investment advisor.
It is another object of the present invention to provide a networked computer system whereby information RFPs (Requests For Proposal) and associated responses can be instantaneously accessed regarding the obtainment of an investment advisor by an institutional investor.

It is a further object of the present invention to provide a system in which users subscribers access the system via the Internet or World Wide Web and with a user interface which assists them in formulating bids and RFPs relating to the retention of an investment advisor.

It is still a further object of the present invention to provide a system by which investment advisors may respond to requests for proposals from institutional investors. These and other objects and features of the present invention will become apparent from the detailed description and from the following summary, detailed description and claims.

**Summary of the Invention**

In accordance with the present invention, an apparatus for managing communications between an investment advisor and institutional investor comprising: a control unit for establish a request generated by a institutional investor, relating to a desire for investment and advisory services; means for assisting said institutional investor in formulating a request for proposal to be distributed to investment advisors throughout the system; means for distributing the request for proposal to said investment advisors; and means for receiving bids from investment advisors who receive the request for proposal.
In a further embodiment, the present invention is an apparatus for managing communications between a prospective institutional investor seeking the services of an investment advisor, comprising: a control unit for receiving a request from a prospective institutional investor relating to desired investment advisory services; means for assisting the institutional investor in formulating a request for proposal to be formatted and distributed throughout a network; means for distributing the request for proposal throughout a network to a plurality of investment advisors; means for investment advisors to respond to the request for proposal with a bid; and means for the institutional investor to request additional information from the advisor.

In a further embodiment, the present invention is a method for electronically managing communications between an investment advisor having particular qualifications and a institutional investor seeking an investment advisor, comprising the steps of: providing a control unit having a database for storing therein a plurality of each e-mail address corresponding to an investment advisor; providing an interface to a institutional investor to the system to formulate a request for proposal in conjunction with a request for investment advisory services; sending out the request for proposal to a plurality of investment advisors who may respond with bids.

**Brief Description of the Figures**

Figure 1 is a block diagram of the request for proposal generation system of the present invention.
Figure 2 is still a distributed embodiment of the request for proposal generation system of the present invention.

Figures 3 - 11 illustrate a series of user to be used by institutional investors and investment advisors in conjunction with a request for proposal generation system in accordance with the present invention.

Figures 12-15 comprise operational flow diagrams of the present invention.

**Detailed Description of the Preferred Embodiment**

The present invention is directed to a system for placing requests for proposal for investment advisors over communication networks using, for example, personal computers. In a most preferred embodiment, the present invention is directed to a system for placing requests for proposal and bids relating to investment advisors, and the provision of investment advisory services.

Over the past fifteen (15) years, personal computers have become relatively powerful and inexpensive and have gained widespread use in a significant number of homes and businesses. With a modem, personal computers can communicate with other computers through communication networks and access many resources on the so-called "Information Super Highway." Companies such as America Online, CompuServe, and Prodigy, which traditionally provided so-called "content" over proprietary networks, have begun to provide access by personal computer users to an expansive international network of computer networks known as the Internet.
As is well known by those skilled in the art, the World Wide Web is a graphical sub-network of the Internet. With common "Web Browser" software such as Mosaic, Netscape Navigator, or Microsoft Explorer, end users may easily access Internet information and services on the World Wide Web. A web browser handles the functions of locating and targeting information on the Internet and displaying the information provided by the Web Server. The World Wide Web utilizes technology called "Hyper-Text" to organize, search and present information on the Internet. Using a web browser, the end user can select a word ("Hyper-Text word") from a view document and be linked to another document featuring information related to the word.

The present invention is broadly directed to a computer network for distributing information regarding requests for proposal from prospective institutional investors, such as a plan sponsor, and responses from investment advisors in particular. The present invention is designed, in one embodiment, to be utilized on the World Wide Web or Internet, although the present invention is equally applicable to other network environments. In addition, the investment is directed to both wireless and non-wireless embodiments and environments.

Referring now to Figure 1, the present invention is directed to a system for placing requests for proposal by institutional investor to be responded to by investment advisors who desire to participate in the system. These investment advisors can then respond to requests for proposal from individual institutional investor inquiries and enter into binding contractual relationships. The present invention is directed to a system by which a
institutional investor can contact and request the services of advisors based upon price, level of expertise and other desired professional and experience criteria.

As shown in Figure 1, the present invention, in a simplest embodiment, comprises a network system including a central computer server 10 with memory 12 and database 14. The central computer server 10 may run on an operating system such as the Windows NT based operating system or, alternatively, a more powerful system such as the Solaris operating system by Sun Microsystems. It is to be noted that the nature of the operating system for use with the present invention is not critical to the operation of the present invention.

Database 14 is preferably a database such as SQL database or, alternatively, the Oracle 7 or 8 database system, manufactured by Oracle Corporation. The system is linked via a global computer network 18 to individual institutional investors 20 who desire to place requests for proposal and to investment advisors and fund managers 22 who desire to respond to the requests for proposal. For the purposes of this application, the term investment advisor refers to and includes fund managers.

While the above embodiment describes a single computer acting as a central processor, those skilled in the art will realize that the functionality can be distributed over a plurality of computers. Thus, in another embodiment, central computer 10 may be configured as a distributed architecture, as shown in Figure 2, wherein the databases and processors are housed in separate units or locations.
As shown in Figure 2, in a distributed computer system, the central computer system 10 performs primary processing functions and contains at a minimum RAM 34, ROM 36 and a general processor 38. Each of these controllers is attached to WAN hub 40 which serves as the primary communication link with the other devices. WAN hub 40 may have minimal processing capability itself, serving primarily as a communications router. Although only three controllers are shown in the embodiment, those skilled in the art will appreciate that an almost unlimited number of controllers may be supported. In such a configuration, each controller is in communication with its constituent parts, but the processor and/or data storage functions are performed by stand alone units.

Referring now to Figures 3-11, in a preferred embodiment, the central processor 10 hosts a web site comprising a plurality of user screens and back-end database applications which are accessed via a web browser residing on the institutional investor 20 and the investment advisor 22. The Figures also illustrate a so-called front end of the system and are shown in the context of a commercial website under the commercial name and URL (universal resource locator) INVESTORFORCE.COM.

Referring to Figures 3-11, the front end of the system is shown in detail. As shown in Figure 3, a user screen 23 which is accessible via the web browser of the institutional investor comprises an introductory text 24 which will introduce the service to the institutional investor. This page will preferably include FAQ (Frequently Asked Questions) 26 and a bulletin board 28. Figure 4 illustrates a terms of service 30 page to which the institutional investor must agree in order to access the service.
Figure 5 comprises the input screen where the institutional investor inputs a user name and password 42. If the institutional investor is a new institutional investor and has no user name and password, he or she is then taken to the screen shown in Figure 6 which comprises an institutional investor intake form or screen 44. The intake screen 44 comprises a plurality of user data fields 46 in which the client inputs individual information.

After inputting the requisite client information, as shown in Figure 7, the institutional investor is then provided with his user name and password 50 and may access further features of the system. The client is then introduced to a series of screens for formulating an RFP which will be discussed below. These screens, which begin at Figure 8 may include links 53 to basic financial information.

Referring now to Figure 9, an investment advisor front 25 end is shown and described. Figure 9 is analogous to Figure 3 and provides a basic text introduction to the service. An investment advisor (FAQ) frequently asked question 51 and bulletin board 52 is also provided. The investment advisor will also be provided with a terms of service page 54.

As shown in Figure 10, if the advisor is registered, the advisor is asked to place his name and password into the system 56. If the advisor has no password, he is taken to a screen illustrated at Figure 11, where he is provided with an intake or registration form 58. The intake form will request such information as the advisor's level of education 60, experience 62 and areas of special financial expertise 63. The intake form will preferably include a field 64 at the bottom of the screen whereby the advisor can place narrative
information about himself and his practice.

Referring to Figure 12-15, a series of flow chart diagrams now illustrate the operation of present system whereby a institutional investors conduct searches and post RFP's for investment advisors. The invention thus provides institutional investors with online access to an impartial database of information concerning managers and various tools that enable them to do research and communicate with managers.

As noted above, prior to initiating a search, the institutional investor must agree to the user agreement that is posted on the website as shown in Figure 4. The specific investment selection sequence and manager RFP system is now described. As shown in Figures 12-15, the institutional investor begins the search sequence, conducting a search of advisors and saving the result. The institutional investor then selects from a group of qualifying investment advisors (semi-finalists). If the institutional investor wants to prepare an RFP, he or she downloads a RFP template and fills out an RFP. He or she then moves in sequence to a point on the principal website. After engaging a "my search page," the institutional investor selects a specific search and uploads a completed RFP. In the event that he has completed no RFP, he then goes to the notify button and an e-mail is sent to selected fund managers. The institutional investor clicks the notify button and an e-mail is sent to selected manager.

The investment advisor logs into the site and goes to a "my candidate's searches" page. The advisor then selects search from the list. The advisor alternatively can follow an e-mail link. The advisor is then given or provided the terms and conditions of the
service if he accepts, the investment advisor downloads the RFP, and sends the institutional investor notification. If the advisor declines, the institutional investor receives notification and the advisor receives confirmation of the denial.

If the parties agree on the RFP, the institutional investor logs back into the site. The institutional investor goes to "my searches page." The institutional investor selects a specific search and a specific RFP. The institutional investor then downloads the completed RFP. The institutional investor then logs into the site. From the "Manager Research" page, the institutional investor goes to "my searches" page. The institutional investor then selects the specific search and further selects the qualifying advisors.

The institutional investor clicks the notify button which is then sent to the selected advisor. The institutional investor then logs back into the site from the "Manager Research" section, and then goes to the searches page. The institutional investor selects his specific search, selects the specific RFP and the institutional investor indicates his final fund manager selection.

The present system incorporates an administrative back end which controls the system and which can be used to make administrative changes to the system. An administrative server is preferably also provided. The administrative server provides standard administrative features such as traffic monitoring, providing a log of those who access the site, the identity of institutional investors and advisors who register with the site, and database parameters.
The present invention is described with reference to the above-discussed preferred embodiments. It is to be recognized that other embodiments fulfill the spirit and scope of the present invention and that the true nature and scope of the present invention is to be determined with reference to the claims attached hereto.
Claims

1. An apparatus for managing communications between an investment advisor and institutional investor comprising:

   a control unit for establishing a request generated by an institutional investor, relating to a desire for investment and advisory services;

   means for assisting the institutional investor in formulating a request for proposal to be distributed to investment advisors throughout the system;

   means for distributing the request for proposal to said investment advisors;

   and

   means for receiving bids from investment advisors who receive the request for proposal.

2. An apparatus for managing communications between a prospective institutional investor seeking the services of an investment advisor, comprising:

   a control unit for receiving a request from a prospective institutional investor relating to desired investment advisory services;

   means for assisting the institutional investor in formulating a request for proposal to be formatted and distributed throughout a network;
means for distributing the request for proposal throughout a network to a plurality of investment advisors;

means for investment advisors to respond to the request for proposal with a bid; and

means for the prospective client to request additional information from the advisor.

3. A method for electronically managing communications between an investment advisor having particular qualifications and a institutional investor seeking an investment advisor, comprising the steps of:

providing a control unit having a database for storing therein a plurality of e-mail address, each corresponding to an investment advisor;

providing an interface to a institutional investor to the system to formulate a request for proposal in conjunction with a request for investment advisory services;

sending out the request for proposal to a plurality of investment advisors who may respond with bids.
INVESTMENT SELECTION SEQUENCE #1
ADVISOR SELECTION AND RFP

START

INVESTOR enties ASC via site

INVESTOR conducts search

INVESTOR saves search result

INVESTOR selects qualifying Advisor

INVESTOR downloads RFP template

INVESTOR fills out RFP template

RFP

NO

Go to Sequence #2, Point B

Sequence #2

INVESTOR log into site

INVESTOR goes to "MY SEARCHES" page

INVESTOR selects specific search

INVESTOR uploads completed RFP

INVESTOR clicks 'Modify' button

E-mail sent to selected advisors

Sequence #1

FIG 12
Investment Selection

Sequence 47: Investor Final Response

Fig 15