CRANE DATA
measuring money markets

Money Market Mutual Fund News, Performance & Indexes

Money Fund Intelligence

January 2021 Volume 16, Issue 1 ISSN 1931-3497

ICD Portal's Tory Hazard Keeps Focus on Clients, Technology

This month, ***MFI*** interviews **ICD** CEO **Tory Hazard**. **We ask him about San Francisco-based ICD's history in cash and discuss Prime funds, fee waiver pressures, current priorities, and ICD's outlook for the coming year.** Hazard reminds us why money market funds are "a valuable part of institutional investment portfolios in all yield environments," and tells us that investors are "looking for products that earn at least some yield." Our Q&A follows.

MFI: *Give us a little history.*

Hazard: ICD has been solely focused on the treasury marketplace from day one. **As an agnostic provider of money market funds and short-term investments for institutional investors, we bring institutional investors together with hundreds of investment products.** ICD was founded by three money market fund sales executives over 17 years ago, in 2003. Prior to forming ICD, the founders were working for big banks and were relegated to offering only their respective banks' funds, using primitive technology. They recognized the opportunity to create an independent marketplace of investment products that could be accessed through an investment portal. **Their vision was to provide clients with the best products and services in the industry, and that remains our mission today.**

Tory Hazard

I joined the company in 2009 and served as CFO, COO and President before becoming CEO in 2017. **Coming in, my key focus was to continue scaling the business while extending the value of the firm's service and technology.** We were the first portal company with operations in Europe. **We were the first portal company to release a robust exposure analytics application.** We led the portal industry in integrating treasury technologies, and we introduced the industry's first multi counterparty secure automated settlement solution. **We'll be announcing more industry innovations in 2021.** Today, we serve over 400 companies across 65 industries in 43 countries around the world.

MFI: *What are your current priorities?*

Hazard: ICD is always iterating our technology based on client feedback. At ICD, we have a dedicated technology team in Golden, Colorado, and using agile methodology, we release ICD portal enhancements and updates every two weeks. Over the past 17 years, we've seen a massive move towards digitizing treasury, during which time organizations have developed a tech stack of different vertical applications to satisfy requirements for critical treasury functions. **Today, we are focused on helping corporates unlock the value of data that resides within these systems and amplifying efficiencies around specific treasury workflows using API.**

We continue to co-innovate with clients on various touch points to gain new efficiencies and solve their unique problems. Examples include: **new compliance rules, custom integrations and enhanced reporting**. While we are continuously advancing our technology, **we remain committed to our core principle of providing extraordinary service to our clients**.

MFI: *Talk about the portal marketplace.*

Hazard: Technology, which was already extremely important, became even more so with the challenges brought on by Covid-19 as treasury groups revamped processes to work remotely. **This change in the way organizations operate has led to increased portal adoption across the board**. Interestingly, in 2020 — and we believe it will continue in 2021 — **our clients are investing in a broader array of investment products**. We are seeing asset accumulation in greater magnitude than in is reflected in the ICI data. For 2020, our assets were up 90% versus the broader market's 52%. **That is due, in part, to annual new client growth, which reinforces the demand for money market investing through independent portals**.

MFI: *What are your biggest challenges?*

Hazard: In this low-rate environment, the challenge for portals will be to keep up with evolving technology and additional investment product demand. For the funds, the challenge will be to get creative in their product offerings. **I think institutional investors are looking for products that earn at least some yield**, especially for non-operating cash, where they feel comfortable going a little further out on the curve. In our ICD November webinar on investments, **71% of the participants said that they are currently invested in alternative treasury investments or are considering doing so in the near future**. Those are listed as non-money market fund and deposit products. **We're seeing much more interest in short duration bond funds and also the federally insured products we offer** — that includes federally insured deposit accounts and FDIC-insured CDs.

MFI: *What about investors and Prime?*

Hazard: We are seeing investors return to the Prime space, not just back to pre-Covid levels, but above these levels. **We are also seeing a lot of new entrants into the Prime money market funds space; 14% of our Prime investors are invested in Prime for the very first time in 2020**.

MFI: *What else is your base looking at?*

Hazard: Many of our clients are more comfortable with variable products

(Continued on page 2)

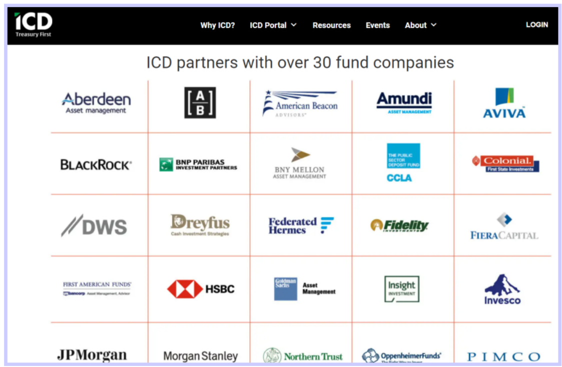
*(**ICD Portal's Hazard Keeping** from p. 1)*

through Prime, which has increased interest in short duration bond funds. Money market reform has provided somewhat of a bridge to those investments. **Another area of increased interest is around ESG products**. On that same webinar in November, **32% said they planned on investing in ESG focused products or are currently invested in ESG offerings**. There still seems to be confusion around what constitutes an ESG fund. Hopefully over the course of the year **the definition around ESG products will become more standardized** to ensure that the funds that claim to be ESG are doing well for the environment, society and corporate governance.

MFI: *How about fee pressures?*

Hazard: There are pressures for portals and asset managers in near-zero interest rate environments. **But there are also great opportunities for those who offer superior investment products, technology and service solutions**. Fee waivers have recently become necessary on institutional Sterling funds, which is a headwind for our international business. To date, we have seen minimal impacts on institutional US Dollar funds. However, with Treasury bills and repo rates in the 7 to 12 basis point range, we expect fee waiver pressures in 2021. **As happened in the last near-zero interest rate environment, we expect certain fund companies and portals will pick up market share**. The portals and fund companies that work together to serve client needs will emerge from this period stronger than they were before.

With or without fee pressures, we still must take care of our clients where the focus remains on enhanced technology solutions. We're seeing that rather than add more bodies, teams are implementing, updating and integrating their technology. They're taking a closer look at what they have in place and seeing if they can optimize that technology or make a change to new technologies. In our 2020 client survey, nearly half of the client respondents said that they were in progress or were planning treasury transformations within the year. And 25% said that they are going to add or update their treasury management systems. **ICD implemented over 150 new integrations in 2020 and expect to see more in 2021**. This is a combination of new clients and existing clients enhancing their workflow.



MFI: *What about your client base?*

Hazard: Our client base is split pretty evenly between North America and Europe, and they represent virtually every industry from the largest companies in the world to nonbank financial institutions and municipalities.

MFI: *Any thoughts on negative rates?*

Hazard: If you recall, back in early 2016 we were doing webinars and had white papers to show how clients could navigate through the new regulations, whether it be with trading, workflow, reporting or compliance rules. **Based on that work, the flexibility of our portal and our development team, we are all set regardless of negative rates or new regulations that may come our way**.

With regard to investment products in a negative environment, we can look at institutional investment behavior on Euro products as they have operated negative for some time. **For Euro investors we continue to see high MMF volume**. However, **there is higher asset allocation into Euro short duration bond products than in other currencies**. Going back to USD institutional investments, **we are not seeing much interest in SMA offerings**, even though investors have large amounts of strategic cash. With two-year Treasuries yielding a few basis points more than one-month Treasury bills, yield increases are not enough to offset taking on the additional risk and locking up the money.

MFI: *What's your outlook for 2021?*

Hazard: We have been down this near-zero interest rate road before, not with a pandemic but the global financial crisis over 10 years ago. That certainly tested ICD and the portal space more broadly. In the end, **we took the approach that wrapping our arms around our clients and doubling down on investments in technology and people would yield a positive result for ICD, our clients and the industry**. We are taking the same approach as we step into 2021. ◈

ICD on Alt-Cash

See too the **press release** entitled, "[Near-Zero Interest Rates Have Some Treasury Teams Investing in Alternative Short-Term Instruments, Says ICD](#)." ◈

Reprinted with Permission from the January 2021 issue of Money Fund Intelligence *with permission of Crane Data. The opinions expressed are those of Tory Hazard and are current through January 8, 2021.*

An investment in a money market fund is neither insured nor guaranteed by the FDIC or any other governmental agency. It is possible to lose money by investing in a money market fund.

