

Major players switch sides in software battle

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Competition between software providers catering to the \$430 billion self managed superannuation fund industry has intensified after a relative newcomer revealed it had signed two of the biggest names in administration services.

Class Super chief executive Rajarshi Ray said SMSF administrators Heffron and Cavendish were both in the process of migrating clients to the firm's software.

Cavendish plans to offer all existing and new clients a choice between its existing software provider, Desktop Super, and Class. Heffron, which will retain its existing software licences with BLG, plans to migrate a number of select clients to Class.

Cavendish is the country's the largest administration service provider, with 5000 funds using its system. Heffron has 1,500 funds.

Mr Raj said that Class Super, which starting selling its product 18 months ago, has been growing 10 times faster than the market and expects to easily maintain that growth rate with the signing of Heffron and Cavendish.

"We are now the third-largest provider of SMSF software in the market and expect to be the second largest by February next year," he said.

But market leader BGL managing director Ron Lesh said BGL was also growing at a rapid rate, having signed 300 clients between June and July.

"We think our market share has gone up by eight per cent in the past 12 months. We are also doing lots of conversions from Class Super, Desktop Super and Super Mate," he said.

Class Super estimates that, based on the value of software licences, the deals with Heffron and Cavendish are worth between \$1.25 million and \$1.5 million to the company.

"The main attraction in the Class Super software is that administrators can process client super funds up to four times faster than rival software," said Raj.

Class Super attributes the speed of its processing to an automated system with integrated data being fed directing into the software from various banks, brokers wrap platforms and the Australian Securities Exchange.

Class Super also uses cloud computing, which means that users can use the software online and from anywhere in the world, rather than having to manually process transactions, information, download application and perform software updates.

But Class Super's lead in the transaction processing area could soon be challenged, with BLG in the process of upgrading its software to provide a similar online offering.

Mr Lesh said BGL was working on upgrading its software so that clients can process transaction online.

He added that BGL clients had the ability to distribute data through a cloud computing portfolio, allowing them to distribute reports and digitally sign them.

Class Super charges a maximum flat fee of \$250 to every fund that uses its software, whereas rivals will charge as low as \$30 for the underlying software package. But Class Super said the difference is that it offers full access to all of its applications, and that many rivals charge extra for additional services.

It is difficult to determine exactly how many self-managed super funds use a particular software because of the different ways in which providers sell their software licences.

For instance, BGL will pool licences and sell them in lots, ranging between five to 500, to advisers, accountants and SMSF administrations, whereas Class Super will sell licences on an individual fund basis.

Mr Raj estimated that 5 per cent of the industry's 448,000 self-managed super funds use the Class Super software.

Mr Lesh said that he did not know the exact number of funds that use the BGL software. He said that BGL had 465,000 active software licences in the current market, more than the number of funds in the industry.

He said that, based on BGL estimates, 80 per cent of the licences on issue were likely to reflect individual funds.

The Australian Financial Review

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