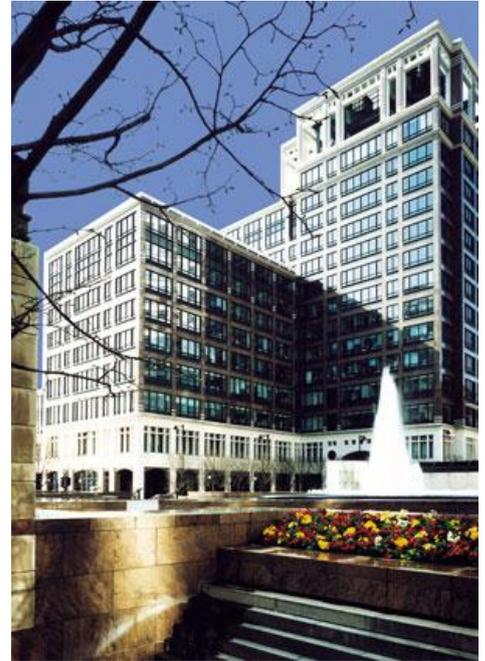


Introduction

This case study focuses on how information technology enables Morgan Stanley Dean Witter to operate within the global financial market place and maintain a competitive advantage. Morgan Stanley Dean Witter is a global financial services company that seeks to maintain a leading market position in each of its business areas:

- securities
- asset management
- credit and transaction services.

It combines global strengths in investment banking, institutional sales and trading with investment and global asset management services. It also provides consumer credit products to its customers. Morgan Stanley Dean Witter is a global organisation, operating from four major trading centres: London, New York, Hong Kong and Tokyo. Information technology is fundamental to all of its business areas. This study is concerned with the business of securities. Securities are financial assets which can be bought and sold by investors in organised markets. The stock exchange is the market for securities.



The Shrinking World



The most significant developments in the business environment over recent years have been the internationalisation and globalisation of businesses. Internationalisation refers to the process of increasing involvement in international operations. Globalisation is an approach that actively seeks conformity in products, markets, promotion and branding, based on the belief that differences in markets around the world are disappearing. Both trends are reflected in rapid growth in world trade, investment and in joint ventures between companies in different countries. These allow companies in different countries to gain competitive and technological advantages and to increase market share.

Information technology has been fundamental, enabling financial services companies to trade globally and reducing the number of people needed to deal with increasing volumes of trade. It has also standardised and increased products and services across the world, allowing organisations to build economies of scale and increase efficiency. However, Morgan Stanley Dean Witter is aware that subtle differences between regions and cultures must be considered. The standardisation of systems that increase volume, transcend time differences and international borders must not compromise the uniqueness of the global services it offers.

The Changing Environment

One of Morgan Stanley Dean Witter's most fundamental responses to the developing global financial market, has been the application of new technology to address the challenges it faces. Rapid developments in information technology mean that systems soon become outdated. International financial markets change rapidly and organisations must develop information technology systems that can support businesses effectively and enable them to maintain a competitive advantage.

Competitive advantage refers to an organisation's unique competencies that are in demand in its market and which its competitors are unable to provide at that moment. Morgan Stanley Dean Witter aims to develop an information infrastructure which



will meet its long term strategic plans and enable it to be more proactive. Traditionally, the investment banking sector has been strategically driven by its product lines. Changes in customer expectations mean the industry has had to become customer focused, providing up to the minute information and a more transparent, seamless service.

The Financial Market Place



Advances in information technology have made the world a smaller place and enabled organisations to operate globally. In the financial sector, information technology allowed investment, ie. capital, to enter foreign markets freely and investors to gain the best returns regardless of national borders. It has also made it possible for capital to exit a country just as easily. This was demonstrated in 1998 by the virtual collapse of the Asian economies, which, with links between economies world wide, created volatility and general uncertainty. The forces of globalisation have increased the complexity of the financial marketplace. They have also created wider opportunities. The ability to trade across national borders can bring higher returns, diverse products and a wider variety of sources of finance. The sheer number of products and financial strategies has added further complexities to markets.

Information technology has brought its own set of complexities, by increasing the speed of transactions and creating a broader flow of information. The merger of Morgan Stanley and Dean Witter consolidated both organisations' strengths, increased their collective product range and scope of distribution. Morgan Stanley Dean Witter is dependent on information systems in order to compete globally in financial services. It has a combination of software applications that allows it to trade on the world's stock markets, giving it access to market news and data from around the world. Telecommunications in the form of the Internet, e-mail and the telephone allows exchanges of information between clients and colleagues. With such a dependence on information systems, support and back up services must exist to maintain those systems.

Information Technology

Information technology includes the use of three electronic technologies:

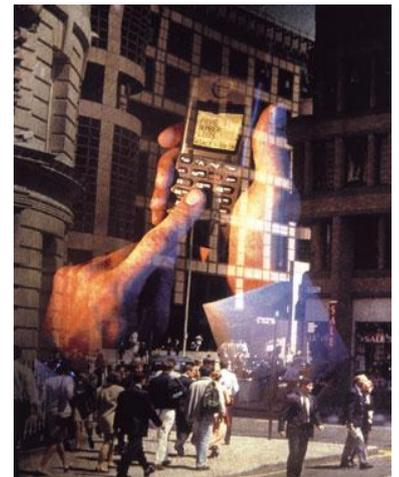
- computing hardware
- telecommunications and networks
- applications

and the way they gather, store, process and distribute information.

Computers handle and process data. The data which is provided requires a context and therefore it is only when data is processed in a particular way, for example added together or viewed as percentages, that it becomes information. Such information is used by organisations as a basis for decision making. Operationally which means in the short term, or strategically meaning in the long term. Information should be:

- up to date
- accurate
- readily available
- appropriate
- user friendly.

The information technology infrastructure at Morgan Stanley Dean Witter has been developed over the last 15 years. Most of its information technology solutions have been implemented strategically, to meet the perceived needs of the organisation's five year strategic plans. Additionally, because of the complexities of global financial markets, some of the solutions have been developed re-actively to meet operational needs.



some types of complex risks from weeks to days. It will also reduce operating errors and improve the quality of reference data, such as accounts and product literature.

- Meet growth and expansion -the volume of business is growing rapidly and the new system is currently designed to handle one million transactions per day.
- Decrease time to market -the business requires a system which can respond to new business opportunities more quickly, as well as integrate local suppliers's packages rapidly and at low cost.
- Improve cost/productivity -the system aims to improve operational productivity for standard products and increase the number of markets and products that can be processed straight through, without the need for manual intervention.

Straight Through Process should enable Morgan Stanley Dean to:

1. provide single customer view
2. improve and extend client connectivity
3. meet customer demands, e.g. confirming trade within a set number of minutes and the ability to service any global business from any location at any time of day.

Conclusion

Information technology is the key to Morgan Stanley Dean Witter's ability to operate globally. The global financial services industry is an exciting, fast moving environment which requires dynamic, innovative responses both from its people and its systems. Straight Through Processing aims to meet the challenges faced by the global financial services industry. It also enables Morgan Stanley Dean Witter to maintain its competitive advantage and increase its market share within a complex business environment.