

# Buy Side

## TECHNOLOGY WEEK

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**INSIDE:****MERGERS & ACQUISITIONS**

- ▶ *Credit Suisse and Warburg Pincus will wait for the dust to settle before talking IT*
- ▶ *SS&C Technologies sells back holdings in Caminus Energy Ventures and ends pursuit of APL2000*

**RESEARCH & ANALYTICS**

- ▶ *Global Securities Information develops Microsoft Excel formatting for SEC*

**DATA STANDARDS**

- ▶ *Mint Communications' Mint/Rule Manager now supports XML*

**CUSTODIANS**

- ▶ *Ontario Teachers Pension Plan replaces Chase Manhattan with State Street Trust Co.*

**SHAREHOLDER COMMUNICATIONS**

- ▶ *DST Systems Financial Access Network expands services*

**COMINGS & GOINGS**

- ▶ *Marsh & McLennan Capital appoints principal and investment director*

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**MIDDLEWARE**

## CDC North America Installs Braid For S.W.I.F.T.; More to Follow

New York-based CDC North America (CDCNA) recently brought Messenger, Braid Inc.'s message management application, live. While CDCNA currently uses Messenger to communicate with custodians and accounting agents using S.W.I.F.T. protocol, the firm has further plans for Braid's middleware.

CDCNA, the wholly-owned subsidiary of Caisse des Dépôts, is a holding company for its parent's New York-based subsidiaries including buy-side operations at CDC Capital and CDC Asset Management Americas. CIO Raymond

Testa estimates that CDCNA's assets under management spread across the holding company's operations to be close to \$15 billion.

The firm currently has Braid's Messenger in its operations area to send and receive S.W.I.F.T. messages via the S.W.I.F.T. Access gateway. Finalizing its selection late last year, CDCNA currently uses Messenger for manual S.W.I.F.T. messaging, with automated S.W.I.F.T. messaging slated for the second quarter this year. Testa says CDCNA is counting on Braid to

*Continued on page 2***PERFORMANCE MEASUREMENT**

## Persimmon Capital Adds Indata's APEX

Coming off the heels of a successful rollout of Indata's I.M.S. for Windows portfolio management and accounting system, Philadelphia-based Persimmon Capital is rolling out the vendor's APEX [Attribution & Performance Examiner] system. Little more than two

months after its launch, officials at the fledgling investment advisory now feel they have the right IT tools in place to help them grow the firm's managed asset base—currently valued at some \$250 million.

Persimmon Capital officials plan to install APEX shortly, says Kent Bonniwell, head of

Systems and Research. "The APEX system will allow us to provide our clients with timely fundamental portfolio information and sector attribution," says Bonniwell. "The indices attribution and benchmarks are key statistical information for performance

*Continued on page 2***PORTFOLIO ACCOUNTING**

## Meritage Advisors Gets Help in PM&A Search

Preparing to launch Meritage Advisors, sophisticated partnership accounting requirements led the investment manager to HedgeWare's AdvisorWare portfolio management and accounting system. The months leading up to the selection, however, were uncertain for Meritage officials, who were unsure

how to conduct a search and evaluation process that would yield the best possible system.

Enter Boston-based EZE Castle Consulting. "They specialize in assisting money management firms in their technology needs," says Meritage Managing Member Christina

*Continued on page 2*

## CDCNA

*Continued from front page*

provide regular updates to the S.W.I.F.T. Message Libraries as they are released by S.W.I.F.T. Messenger is a full 32-bit Microsoft Windows NT application, compatible with any ODBC compliant relational database, says a Braid spokesperson.

"Our current objectives are to enhance the data communications with our custodians and accounting agents," says Testa. "This means leveraging the current industry standards and infrastructure, like S.W.I.F.T., to accomplish near real-time notification of transaction information."

Before Braid automated these functions, communications with external custodians and accounting agents were

accomplished via phone, faxes and manual system inputs. "Braid's middleware basically eliminates the need for customized point-to-point interfaces," says Testa. "Braid provides a generic rules and routing engine that facilitates the mapping of data from one format to another."

S.W.I.F.T. message exchange is not the only thing CDCNA officials wanted middleware to achieve. "Our aim is to link our in-house portfolio management and trading systems with our custodians and accounting agents via Braid," says Testa. CDCNA's subsidiaries use a number of internally-developed portfolio management and trading systems, including Princeton, N.J.-based Princeton Financial's Pam for Securities.

Furthermore, Testa says eventually CDCNA expects Braid's application to

deliver automated reconciliation for settlement messages and cash/asset holding automated confirmations.

"The main challenge facing the financial industry is remaining competitive in an increasingly lower margin business," says Testa. "As the general industry applies technology to reduce manual processes, increase cost efficiency and reduce trade booking and trade settlement efforts, individual firms must keep up by automating their own processes."

CDC Capital is involved in trading, arbitrage and investment in the U.S. and international markets on behalf of Caisse des Dépôts. CDC Asset Management Americas, a subsidiary of CDCNA, offers U.S. and international asset management products to U.S. pension funds and other

## Persimmon

*Continued from front page*

reporting purposes."

APEX allows the breakdown of portfolio performance by multiple levels, net or gross of fees, as well as the ability to calculate daily sector performance attribution against any index. APEX also gives users the ability to generate blended indices, which are used by money managers in responding to RFI's.

APEX also gives users access to Indata's Universe Classifications, giving them the ability to compare their performance on a quartile and decile basis against specific peer groups based on the type, style and capitalization of their portfolios.

"Basically, with Apex we can track the performance of large-cap equity managers with multi-billion dollar portfolios," says Bonniwell. "Then, on a weekly and monthly basis, they provide us with the returns on all that data which we can compare with the returns of our managers."

Bonniwell says the functionality Indata provides is ideal for a start-up firm like

Persimmon. "It puts a lot more at our fingertips and allows a firm like ours to focus more on middle-office and front-office issues, while Indata automates our back-office requirements," he says.

Persimmon has used Indata's I.M.S. system since the firm's launch in late 1998. Before giving Indata the nod, however, Persimmon first perused the portfolio management and accounting system market. In its search, the firm evaluated offerings from Advent Software, CheckFree, Indata, Princeton Financial and SS&C Technologies. In fact, while it may have made the short list, I.M.S. wasn't Persimmon's first choice.

Persimmon first tried CheckFree's APL product before selecting Indata. "We attempted to use APL, but it's nowhere near as flexible as the Indata system," says Bonniwell.

"We were trying to look farther ahead than just one or two years," says Bonniwell. "I see Indata's investing a lot of money in their technology and continually growing the system, instead of just maintaining its client base." ●

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## Credit Suisse and Warburg Pincus Yet to Talk IT

**W**ith the smoke still settling on Credit Suisse Group's acquisition of New York-based Warburg Pincus Asset Management, officials at both firms have yet to sit down and talk IT, says a spokesperson for Credit Suisse. Looking to extend its reach further into the U.S. market, Credit Suisse acquired Warburg Pincus Asset Management for \$650 million. The deal, expected to close this summer following regulatory approvals, marks the latest mega-financial institution to purchase a smaller asset manager—effectively buying rather than building a solid retail distribution network.

Officials at Credit Suisse, though, don't seem too worried about pulling the trigger on any IT overhaul at Warburg Pincus Asset Management, should one come at all, says the spokesperson.

"Nothing of that sort has actually been discussed at this point," says the spokesperson. "The rationale behind this deal was to move us into new business segments, including

retail and high-networth individuals."

In fact, good impressions, from both a business and technology standpoint, drove the acquisition, says the spokesperson. "Obviously one of the strengths of Warburg Pincus is the fact that they have the technology to underpin that mutual fund business," says the spokesperson. "So, really what we're looking to do obviously is build on the back of their strengths, and ours. Things will grow from here."

**Obviously one of the strengths of Warburg Pincus is the fact that they have the technology to underpin that mutual fund business.**

The deal is not expected to result in any layoffs because there is little overlap between the two firms. Credit Suisse Asset Management currently has some \$40 billion in assets under management in the United States. ●

## Meritage

*Continued from front page*

Richardson. "They've designed our entire system from computer networks, to phone networks, to specific applications for portfolio accounting—allowing us to get up and running several months quicker than we would have otherwise."

Michael Lind and Richardson, the former investment managers for Louis H. Borders, co-founder of Borders Books & Music, formed Meritage, which is dedicated to managing portfolios of alternative investments on behalf of high-networth individuals and family offices. Lind and Richardson expect to manage approximately half of the firm's capital in-house, allocating the remainder to third-party managers. Meritage will manage discretionary segregated accounts, and a private investment partnership, Meritage Partners. Meritage Partners has been structured to allow each limited partner the ability to custom tailor partnership participation that reflect the

unique preferences with respect to return, risk and liquidity. An offshore version of Meritage Partners is planned for late 1999.

"The way our limited partnership is structured, each client's participation in that fund can be slightly different," explains Richardson. "Due to that feature, the partnership accounting element is quite an issue. The tracking of each client's participation is key to what we're doing."

Richardson says that it is this focus on partnership accounting that led Meritage to select Mt. Kisco, N.Y.-based HedgeWare's AdvisorWare.

"We felt that it was essential to have a single entry accounting system," says Richardson. "As the trade is entered, that trade does not have to be re-entered into the partnership accounting module, so that we felt the integrity of the data and the ability to have an integrated system across partnership accounting, portfolio management and general ledger, was very important."

Meritage has finalized its selection of

HedgeWare's offering and is currently negotiating a user contract. While Meritage officials were intent on bringing their portfolio management and accounting system in-house, they had no qualms with outsourcing the evaluation and implementation process.

Furthermore, Richardson says it was also important for Meritage to select a vendor with some clout. "I don't think we're pushing the envelope with the technology, but we are definitely leveraging established products out there," she says.

"We have so many things on our plate at the moment, that getting and running and using technology to its fullest is just key to what we're doing right now," says Richardson. "Our accounting needs are specialized enough due to the way our partnership is structured, that we didn't feel comfortable doing that and felt we needed to have control in-house, so we did not consider the option of outsourcing."

Closing its office in Palo Alto, Meritage recently opened new digs in San Francisco where the firm will be headquartered. ●