

Beyond front-to-back: The evolution of the vendor value proposition

Investment managers are reevaluating their technology stacks and vendor lineups following the global pandemic, says Bill Stone, CEO of SS&C Technologies, who highlights the catalysts driving these decisions along with key considerations when implementing front-to-back technology.

GC: How are investment managers looking at their technology stack following the pandemic?

Bill Stone: The challenge facing larger organisations - with big operations and a number of layers like an institutional money manager - as they look at their technology stack is how to move fast enough in order to take advantage of technologies that are coming out at this moment in time. Collaborative software that has been perfected by COVID-19, like Zoom or Microsoft Teams, for example, enables remote business processing and sales, and investment teams to collaborate on investment ideas and sectors. The question for them is whether they can move fast enough to take advantage and whether they are nimble enough to work with these new products and services out there for the benefit of their firm.

For the smaller managers - in the \$10-20 billion range that have a smaller infrastructure, back-office and processing group - when COVID-19 hit and everybody had to work from home, that was a shock for them. They may not have had all the procedures they wanted and they don't have the infrastructure necessary to run a distributed workforce from home with a myriad of different technologies at the desktop. So they had a lot more heartburn with that adoption process and the big ones had more trouble with not being nimble enough to take advantage.

Like with many things during a crisis that require action, you become required to take a very careful look at your technology stack, operations, processes and



Bill Stone,
CEO of SS&C

governance of the infrastructure and data processing environment.

GC: Why are investment managers finding the full front-to-back technology offering a compelling proposition?

BS: Everything is about technology moving data and giving yourself information that allows you to do your job, whatever that job is. The fewer intersections in your front-to-back technology, the fewer vendors you need. You only have to chase one vendor rather than six of them. There's a lot of value in being able to respond quickly and solve a problem and just get on with the day's trades, overnight reconciliations or whatever it is that gets you prepared to hit the ground running when the markets open the next day. Particularly in the hedge fund and private equity world, there is fast decision-making process, which means a senior person who wants something can switch, just like that.

GC: How can investment managers ensure they don't endanger their operations with a new technology implementation?

BS: The parties doing the implementation must have the planning and expertise and make sure their people are empowered. I like my team to be experts but also have empathy. You need people who are adequately knowledgeable, but crucially, they have to have enough power. You can't spread it out. If you are in charge of the implementation, then you have to run it. You have to have the right operations people, technologists, accounting and reporting people in place. If you don't do that, then you put the project and the initiatives in jeopardy.

The vendor and the client need to have a great relationship and make collaborative decisions. If you think about all the data that goes through one of these systems, you have to have confidence that the data is accurate, and be able to correct any erroneous data.

A lot of times, if you are switching systems, the old systems might not have enough fields to handle new instruments. So you start putting them into user-defined fields and then to comment fields. Often they don't have edits around them and they get used for different purposes and then soon you have a spaghetti code of data and the challenge of where to find it. These things have to be known, so put them on the table and be upfront. If you do that, you have every chance of a successful implementation.