



# waterstechnology

## Vendor Profile: Fadi Kaddoura, MIK Fund Solutions - [Buy-Side Technology](#) | 20 Dec 2011

**Born in Lebanon before finding his way to Wall Street, Fadi Kaddoura has grown MIK Fund Solutions into a major vendor in the hedge fund space. It all started with a simple sentence uttered during a random meeting. By Anthony Malakian**

To start a fire, you need a spark. For Fadi Kaddoura, that spark came at a business meeting in 2006. At the time, he was a consultant for Eton Park, whose CTO was showing off the portfolio management platform that Fadi had helped to build.

“Someone in the room asked, ‘Do you know how many people would like to have their hands on this stuff?’ As soon as he walked out of the room I said to myself, ‘That’s a good point,’” says Kaddoura.

And so the seed for what would become MIK Fund Solutions was planted, and Kaddoura and Dmitri Tsembrovski—MIK’s CTO—founded the company. Eton Park was MIK’s first client.

### **Four Dimensions**

Since MIK was founded in May 2006, the vendor has grown to a staff of about 40 and serves more than 30 hedge fund clients. For the most part, MIK’s customers are large—most have about \$15 billion in assets under management (AUM)—with only two clients falling below the \$1 billion AUM threshold.

MIK has intentionally stunted its own growth. The New York-based vendor does not want to be everything to everyone. MIK builds platforms that solve for 100 percent of a hedge fund’s problems; it is not a Band-Aid solution.



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"If you are building applications to mirror the investment process, you can't give people 80 percent of the solution; they will find themselves back at square one because now they've got to build their own IT team to augment for the 20 percent that your solution didn't cover," he says.

There are four elements that every hedge fund should look to address when building a platform, Kaddoura says: the security master, positional data, market data, and handling the time series of those sets of data.

"As a portfolio manager, you want to look at different moving parts," he says. "Each system gives you only one answer. So, for example, the accounting system only gives you the profit-and-loss (P&L) and the market value of the position. The risk system might give you your exposure, the risk that you are taking, but it doesn't give you P&L. Bloomberg might give you pricing information and some risk and trading information. As a portfolio manager, you have to put all that together. Many do that in their heads or in Microsoft Excel, but we try to come up with a systematic way to pull the data from different sources and take that vision that portfolio managers have in their heads and convert it into an automated, enterprise solution. That's where MIK Fund Solutions comes in."

By marrying these four dimensions, MIK can build a platform that reflects the investment process; otherwise, it won't match the portfolio manager's vision.

"People often overlook this and they don't consciously design for these four dimensions," he says. "We said we'd start from scratch and look at the investment process. How you define your positions and manage your portfolio? Do you look at strategies? Are you sector driven? And which asset classes do you trade? The idea was to take the holistic look at the portfolio before we would start building the solution—to go through the analysis stage."

### **From Lebanon to Wall Street**

Growing up in Lebanon, Kaddoura always had a passion for technology. Like many in the industry, he had a Commodore 64 and took to programming it. In 1991, he left the country to attend the University of Texas, whose computer science program at the time was ranked fourth in the nation.

He cut his teeth at IBM before moving to New York in 1997 to work at a business-to-business firm that specialized in eCommerce. When that company fell during the dotcom collapse, he eventually made his way to Wall Street, first at Andor Capital and then Eton, each as a consultant.



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Kaddoura had no desire to become a full-timer, especially after what happened at the dotcom company, and when Eton looked to hire him permanently, he decided that it was time to start his own business. The impetus was the simple question asked in the meeting: “Do you know how many people would like to have their hands on this stuff?” He knew there would be a market for the product.

### **Not Afraid of Data**

Kaddoura says he has never been afraid of numbers. He can stare unflinchingly at a spreadsheet with hundreds of rows of data points.

Where Kaddoura says he separates himself—and as an extension, MIK—is in his attention to detail when it comes to managing a firm's data from front to back. Portfolio managers don't necessarily care how pretty a solution is, he says; they just want the output to be accurate. Unfortunately, he says, many programmers don't feel like they have full ownership of designing the solution and making sure it works all the way through.

"For them, it looks pretty but they don't take the time to test that the numbers they are sending to their end users are accurate," Kaddoura says. "They feel that this is somebody else's problem. I've always felt that as a programmer it's my responsibility to look at the numbers and make sure that the output is accurate, rather than simply make sure that the application is working and have it be someone else's problem to validate the numbers."

Kaddoura clearly pays great attention to detail and is driven to produce perfection. This is why the vendor's client list is modest, but is filled with highly respected firms—he doesn't want the company to outgrow its performance. He will not sacrifice quality in order to bring on a few new clients.

And he doesn't just bring this attention to detail to the boardroom; he's also an accomplished ping-pong player. While at Texas, he started playing the sport competitively and when he moved to New York—a ping-pong hotbed—he continued to compete in tournaments.

Kaddoura is still very active in the ping-pong community today. In fact, you get the sense when talking to him that he regrets not taking up the sport as a child. "If I had started then, I would be much better today," he laments.

But if he had started playing as a kid, MIK might not exist today. Perhaps the ping-pong world's loss is the hedge fund industry's gain.