

FOCUS ON

DATA WAREHOUSING

Marshall Saffer, COO of MIK Fund Solutions, talks to *HFMWeek* about the challenges and processes of data warehousing



Marshall Saffer

is COO of MIK Fund Solutions where he oversees business development, relationship management and daily operations. Prior to joining MIK, he held senior management positions at several industry service providers including Viteos Fund Services, SS&C, DST International and Financial Models Company.

A robust means of capturing and sharing data is essential to a firm's understanding of its financial position and options for generating alpha. Data warehousing is emerging as a successful and popular means of achieving this, despite meeting challenges on the way, as Marshall Saffer, COO of MIK Fund Solutions, explains.

HFMWEEK (HFM): WHAT ARE THE ADVANTAGES FOR FIRMS IN USING A DATA WAREHOUSING PLATFORM? HOW DOES IT COMPARE TO ALTERNATIVE OPTIONS?

MARSHALL SAFFER (MS): A strong data set is critical to a firm being able to understand where it stands and what its options are for generating alpha. At MIK we enable asset managers to integrate data from siloed in-house and external vendor sources and convert it into meaningful, interactive information for better decision making. From portfolio monitoring, to equity finance, cash management and to core capabilities including cross-asset security master and price management, and even compliance solutions such as broker relationship management, fund managers rely on MIK daily to leverage data to provide insights.

HFM: WHAT FACTORS LEAD TO A SUCCESSFUL DATA WAREHOUSING PLATFORM? HOW DOES MIK SOLUTIONS DIFFERENTIATE ITS OFFERING?

MS: Critical information informs every decision a manager makes. Simply put, the more information available, and the closer that information (and analysis) is to decision-making in real-time, the better the decision. As the architecture of the data warehouse forms the fundamental basis for reporting, the following is the baseline that firms will need to have in place:

- data aggregation and storage;
- full data time series and audit;
- accounting systems, market data and risk vendor adapters;
- performance & attribution calculator;
- portfolio analysis and statistics;
- real time alerts and oversight;
- automated reporting and distribution.

At MIK we marry the internal data resident in the firm in risk, accounting and historical performance to the investment thesis, and leverage it in decision-

making, rather than leaving this information siloed. We transform transactional views of the world into meaningful information to be used to help manage the fund's business. We deliver a view of the business that includes real-time PNL, risk, attribution, performance, pricing, FX rates, commission, financing and investor information.

HFM: WHAT TRENDS AND EVENTS HAVE PLACED DATA STORAGE AT THE FOREFRONT OF HEDGE FUND MANAGERS' MINDS?

MS: The driver for firms has been and will always be generating alpha – the question becomes how to leverage data as a front end exercise for the managers. The environment for alpha generation has changed significantly. First, the investor base has moved to a more institutional mix, with the consequence that there is a greater demand for more transparency and access to sophisticated information. Secondly, the regulatory environment has mandated that firms have more robust operations. At the heart of all of these developments is data. Firms that do not move up the curve may not be sustained or viable in the new environment, because they will not be able to demonstrate that they can perform to the standards that are now expected.

HFM: WHAT KINDS OF REPORTING TOOLS AND SERVICE OPTIONS ARE DRIVING THE GROWTH IN DATA WAREHOUSING?

MS: MIK views client configured reporting, across all data and data sets, as essential in today's environment. Rather than focusing solely on reporting as a middle or back office function with customisation focused on formatting, MIK sees reporting as a front office exercise, designed to enable the manager to extract data to understand and act on it in the context of the investment thesis. In this way, reporting becomes an investment rather than a cost to the enterprise.

HFM: HOW ARE INCREASING REGULATORY PRESSURES AFFECTING DATA WAREHOUSING IN BUSINESSES?

MS: Firms are under an unprecedented regulatory regime. From the US SEC's Form PF, which addresses issues of systemic risk, and the similar CFTC Form CPO-PQR, to registration requirements to the Alternative Investment Fund Managers Directive (AIFMD), there has been greater regulatory scrutiny in an industry unused to tracking portfolio and trading performance in ways not previously required. In addition, data normalisation across reporting, regardless of stakeholder (regulators or investors) is becoming a concern. These new developments are in addition to the prior standard reports of weekly, monthly and quarterly filings such as 13F filings; Form SH; beneficial ownership; and automated notifications. And the situation is only likely to become more intense. On the broker management front, we see that firms need to meet the requirements of the SEC sec 28B rule, in which the buy side is mandated to document commissions allocated to the sell side. Part of the concept of hedge fund registration is that a firm needs to adhere to section 28E. ■