

Simon Koziel and **Brian Rosso** of **ProTrak International** discuss why many hedge fund managers now consider CRM systems one of their core technology systems

Core technology for hedge funds



Simon Koziel is president of **ProTrak International**, which offers CRM technology solution designed exclusively for the investment management industry. Simon's entire career has been in the investment management business.



Brian Rosso is director of business development for **ProTrak International**. Previously, Brian served as a vice-president at Morgan Stanley.

In today's volatile markets and stressful economic environment hedge fund managers should consider a Client Relationship Management (CRM) system as a must-have piece of software. More hedge funds are realising that CRM is a vital part of their core technology, along with their trading, risk management and accounting systems. "CRM no longer means 'contact management' for the sales team," says Simon Koziel, president of ProTrak International. "Our CRM system, ProTrak Advantage, was designed for investor relations, research and compliance groups, in addition to sales and marketing. Don't forget that the 'C' in CRM stands for client!"

Koziel, whose company has been serving the institutional investment management community for over 20 years, is adamant that a CRM system must be tailored to the unique needs of hedge fund, FoHF and private equity managers. "A CRM system designed for the general market won't work as optimal as an industry-specific solution," he says. "Nor will those vendor's support teams have as good an understanding of the hedge fund manager's business needs."

But why are CRM systems now becoming a core technology component for hedge funds? Especially in this challenging economic environment, there are four factors that are critical to a hedge fund managers continuing success:

- Maintaining and growing existing clients
- Acquiring new business
- Meeting regulatory and compliance requirements (due diligence)
- Controlling internal business costs (doing more with less)
- Maintaining existing clients

It goes without saying that there are many unhappy investors out there today. Most hedge funds have had to activate their 'gates' or put at least a temporary hold on cascading redemptions in order to survive. This, along with the performance tsunami and the much publicised Madoff scandal has created a crisis of confidence among disgruntled hedge fund and fund of hedge fund (FoHF) clients. In the past, frequent client communications were not the highest priority in

the average hedge fund shop. Managers cannot undo the events of the past year, but greatly increased client communications and transparency can enhance client trust going forward.

"With the mass e-mail (blast e-mail) features in ProTrak Advantage, managers can easily send out weekly market commentaries or other communications to all clients. Communications can be targeted based on fund holdings or to clients who have called or emailed requests," says Koziel. "And the ability to send out investor K1s and other statements as PDF attachments on personalised e-mails directly from the CRM system is of tremendous value."

For example, when the client calls with a question regarding the statement, the investor relations rep can access the e-mail and the PDF statement with just a few mouse clicks while the client is on the phone. The IR rep can immediately record the client's questions and reactions in the CRM database and create a follow-up task for future action by another staff member. Functionality like this is not a luxury today, it is an essential component in the hedge fund manager's technology repertoire.

Acquiring new business - sales and marketing

Acquiring new clients in the current environment is particularly difficult, but hedge funds that stop trying will struggle to stay in business. "The technology needs of today's hedge fund sales rep go far beyond contact management as we used to know it," adds Brian Rosso, director of business development for ProTrak International. "The sales reps I speak with want to be able to enter and retrieve activities, calendar, contacts and e-mails to and from the CRM through their Blackberries."

All of this is possible with ProTrak's Blackberry licence. In addition, the laptop licence lets users use ProTrak in a 'disconnected' mode, while with the ProTrak OnWeb licence, reps can access the central database anywhere they have an internet connection.

Maintaining a reliable, up-to-date sales database is the lifeblood of any organisation. But if the CRM system is not user-friendly, the sales intelligence information will never make it from the rep's 'brain' to the CRM 'brain'. "Ease-of-use is one of the most critical factors for user adoption by the sales team," says

“The technology needs of today’s hedge fund sales rep go far beyond contact management as we used to know it”



Rosso. “If the system is not easy to use, data will not be entered and information critical to the organisation will be lost, particularly if the sales rep moves on.”

Often sales reps are used to storing their information in Microsoft Outlook and may be resistant to learning a new system. “With this in mind, we have implemented easy-to-use bi-directional synchronisation between ProTrak and MS Outlook,” says Koziel. “This allows those users who wish to continue using Outlook to do so, as the ProTrak database collects information critical for sales reporting and compliance. We designed ProTrak from the ground up to work the way hedge fund managers and their support staff work. Typically, user adoption will always fall short if you expect users to make major changes in their daily workflow to satisfy technology imposed constraints.”

Compliance, due diligence and audit

With the crisis of confidence that exists in the investor community today, compliance and due diligence are more important than ever and a major factor that has made CRM one of the hedge fund manager’s mission critical technologies. As a fully audited system, ProTrak maintains an audit trail of all user interactions. And, the comprehensive security controls provide selective access to sensitive client data. E-mail attachments, both sent and received, are captured and preserved as part of the historical record. “Even if an email originates from ProTrak but is modified in Outlook before it is ‘sent’, the modified email and the Outlook header are stamped back into the ProTrak activity,” says Koziel. “In this way, the compliance officer has an exact record of every transmittal.”

Hedge funds now find it prudent to use multiple prime brokers and multiple administrators. ProTrak’s ability to import investor holdings and transactions from multiple sources (inhouse accounting systems as well as outside administrators) allows it to serve as a single point for client reporting. The IR staff can thus provide better transparency to investors through both ad-hoc reporting and customised reports such as K1 tax letters and client statements. In addition, liquid-

ity analysis reports run from ProTrak let the manager see all possible investor redemption scenarios so they can plan accordingly.

Managing internal cost (doing more with less)

This year has been a most difficult year for most funds, and 2009 may not be much better. Many hedge fund managers find themselves in the uncomfortable position of having to cut costs through staff reductions. Yet pressures for client retention, new business acquisition, and increased regulatory oversight will increase greatly. This means that managers will have to do more with less. ProTrak greatly enhances productivity in the organisation while collecting the critical information that supports investor relations, sales & marketing and compliance/due diligence. “Every department within the hedge fund organisation has numerous time-consuming, repetitive tasks and processes that require gathering information and transmitting it via personalised e-mail attachments,” Koziel points out. “ProTrak’s workflow functionality lets staff automate these tasks. One can send out subscription documents or other fund documents to a prospect or investor with literally just a few mouse clicks. And, the entire transaction is immediately recorded in the historical record.”

The research department at FoHFs will also find that ProTrak is a valuable part of their manager due diligence effort. According to Koziel: “The research analysts can easily document all manager interactions such as tasks, meetings, reports and emails; and control the myriad of e-mail attachments received from invested and prospective managers using ProTrak’s Manager Directory.”

Year 2009 will be a year of new hedge fund regulations and heightened scrutiny. Transparency and substantially increased client communication will be essential to maintaining existing clients and capturing new investors. The ProTrak Advantage CRM solution will allow hedge funds, FoHFs and private firms to do more with less, while addressing their investor relations, compliance and sales and marketing needs. ■

“Client Relationships Matter!!”

ProTrak Advantage CRM

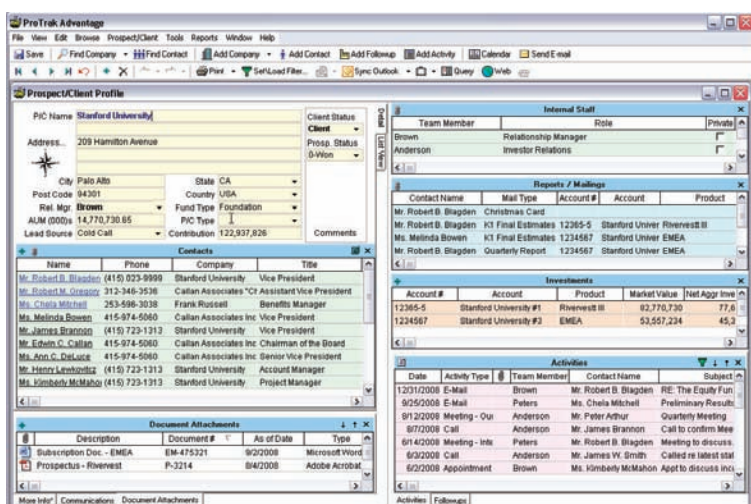
Today – more than ever – Client Relationship Management (CRM) is an essential component in the hedge fund manager's technology toolbox

The CRM solution for hedge funds, funds-of-hedge funds and private equity

Generate partnership statements, K1 letters, liquidity scenarios and other customized reports.

Automatically integrate incoming and outgoing Outlook e-mails.

Import investor holdings and transactions from multiple sources.



Support compliance and due diligence with full tracking of all prospect / investor interactions.

Fully audited, with comprehensive security controls.

Support for mobiles, Blackberry and Internet access.

User customizable screens let each department view their relevant information.

Improve investor communications with easy-to-use mass e-mail.

For more information on how ProTrak Advantage CRM can help your firm in the current economic environment, call US 212-265-9833, x:208, UK +44 (0) 845 5820 143, e-mail info@protrak.com and/or visit us at www.protrak.com