

CLIENT CASE STUDY

Profile

Based in Naples, Florida, Private Capital Management (PCM) manages U.S. equity portfolios for a mix of high net worth and institutional clients. A wholly owned subsidiary of Legg Mason, PCM has approximately 30 employees and some \$3 billion in assets under management as of 12/31/08.

Background

PCM was seeking to improve performance of its trade order management system. Generating orders and getting them to the trading desk took longer than the firm wanted and required offline processes. Moreover, the system had difficulty importing and exporting data to and from other applications.

“With an integrated trade order management solution from Advent, we no longer have difficulty importing and exporting data to and from other applications.”

Pedro Rolon, *Information Technology Director*

PCM Achieves Higher Performance and Tighter Integration with Advent

Private Capital Management (PCM) follows a rigorous due diligence process to identify companies with “undiscovered value” for its clients’ portfolios. In 2007, the Florida firm performed another type of due diligence—this time on its trade order management system. For a variety of reasons, the existing system was not performing to the firm’s satisfaction.

“The main consideration was the overall performance of the system,” says Pedro Rolon, PCM’s information technology director. “By that I mean the ease and speed of being able to generate an order and get it out to the trading desk in the shortest amount of time possible—and, of course, as accurately and completely as possible. That was the first driver for looking at a different system.”

Another driver was to improve system integration and compatibility. PCM was already using the Advent Axys® portfolio accounting and reporting solution. “It wasn’t easy to integrate our previous order management system with our portfolio accounting system primarily because the systems were from different vendors,” Mr. Rolon recalls. “The import-export process between the portfolio accounting and order management systems, critical to any order management system, took longer to configure correctly at the time of implementation than we viewed as ideal. With our prior system, we continued to discover issues that led to undesired effects that were only discovered once we were into the trading day. At that point, given the demands of the trading environment, the problems were much harder to correct and could require additional time consuming imports into the system.”

PCM manages separate accounts, many of which have unique investment restrictions. The unique restrictions accentuated the importance of a system with a strong compliance engine that would allow effective and accurate management of all the account restrictions.



Solution

PCM converted to Advent's trade order management and compliance solution, including Advent Rules Manager® and Advent Moxy®, in 2008. Because the firm was already using Advent Axys®, Advent Browser Reporting®, and Advent straight through processing products, Moxy and Advent Rules Manager integrated seamlessly into the operation. Moxy improved significantly on the previous system's performance and reduced the need for processing outside the system.

The Single Provider Solution

After a thorough review of the issues and the alternatives on the market, PCM decided to switch from the Charles River trading system to Advent Moxy®, the most widely used order management system in the industry. Along with the performance and integration issues cited, PCM saw the logic of having a single provider for its core investment technology platform, according to Mr. Rolon.

"When we started looking for alternatives to our existing order management system, we first considered the import/export configuration problems that had plagued our previous implementation, and we realized that these problems were non-existent between Moxy and Axys due to their sharing a common vendor and having been originally designed to be tightly integrated with each other.

End-to-End Trade Order Management and Compliance

A key advantage of Moxy is that more of the steps required to generate an order are standard within the system, with less need for offline workarounds. "That was another important consideration," Mr Rolon explains. "We wanted to do away with many external customized processes that we had built over the years which were designed to make our order arrive at the trading desk with all of our unique required parameters. Our goal was to find a new system where those processes that previously took place outside of the order management system could take place directly within the system with the least amount of user intervention. We achieved that with Moxy."

The critical link which made this possible, he adds, is Moxy's embedded real-time messaging capability, which communicates trade information to other business applications, eliminating manual reentry of data. "We took advantage of the real-time messaging feature, and despite some additional up-front work to set it up for our business, it ultimately resulted in a solution that enabled our order to go from start to finish almost exclusively in Moxy."

Advent Rules Manager: Compliance Built In

In reviewing its system options, PCM had a clear requirement for automated compliance support. Advent Rules Manager fulfills that requirement and more. With Advent Rules Manager, the firm benefits from pre- and post-trade rules checking and portfolio monitoring.

“Our experience with Advent Rules Manager has been very positive,” Mr. Rolon says. “One of the improvements that we immediately realized was the ease with which rules are set-up. It was an easy process for our end users to learn how to set up the rules and get them up and running in the system.”

Advent Rules Manager also makes it easier for PCM to keep its portfolios in line with the firm’s stated investment policies and client requirements. “The ability to do holdings checks overnight and throughout the day has been a real plus for us,” Mr. Rolon tells Advent. “What we had previously was a very time-consuming, resource-intensive process that could therefore only take place in batch as an overnight process. With Advent Rules Manager, we have found that the impact on the system is greatly reduced, thereby enabling us to run the holdings checks intraday with minimal impact to the users who are actively using the system.”

Another requirement, with both Moxy and Advent Rules manager, was ease of integration with other in-house systems. “Advent Rules Manager is a SQL-based database allowing us to integrate many of its tables and data with other applications in use at our firm, that completed the picture for us,” says Mr. Rolon. “When we considered our decision to switch to Moxy we viewed Moxy and Advent Rules Manager as one solution and one system that was easily integrated with the rest of our investment management platform.”

A Successful Implementation

PCM began its conversion in January 2008, started working in parallel in April, and completed the move to Moxy in June. “Overall, the implementation project was very successful,” Mr. Rolon says. “Certainly some specific issues came up as are common with any integration of this scale, but we were able to work through them successfully and with good attention to cost, accountability, and other factors that were important to us.” In keeping with Advent’s implementation methodology, it was a team effort between Advent consultants and PCM’s internal IT team. “One of the more positive aspects of the whole process was that we immediately realized that the people assigned to our project were top quality professionals who were intimately familiar with their products. They prioritized our project in a manner that assured a successful implementation.”

The experience was in stark contrast to the implementation of its previous system. “The experience we had with Advent was by far a much smoother and successful implementation as a whole.”

The old system also required more frequent and time-consuming upgrading and patching than PCM had anticipated. "Simplification and efficiency for the ongoing maintenance and upgrades of the product, as was evidenced by the upgrades that were required during the implementation, reinforced that the decision to move to Moxy was the right one."

With Moxy and Advent Rules Manager running smoothly, Mr. Rolon knows that PCM can count on Advent's support to help keep it that way. "Having been a long time Advent client, our experience with Advent has always been very positive and we have been pleased with the level of support we have had with various products," he concludes. "That, level of confidence and trust built throughout our years of working with Advent made it easier to make the case for Moxy in the first place."



Read more Case Studies:
advent.com/casestudies

ADVENT®

ADVENT SOFTWARE, INC.

[HQ] 600 Townsend St., San Francisco, CA 94103 / PH (800) 727-0605

[NY] 1114 Avenue of the Americas, New York, NY 10036 / PH (212) 398-1188

[HK] Level 8, Two Exchange Square, 8 Connaught Place, Central, Hong Kong / PH +852 2297 2280

[UK] One Bedford Avenue, London WC1B 3AU, UK / PH +44 (020) 7631-9240



Microsoft Certified
Solution Provider

Copyright © 2010 Advent Software, Inc. All rights reserved.

Advent, the ADVENT logo, Advent Browser Reporting, Advent Rules Manager, Axxis, and Moxy are registered trademarks of Advent Software, Inc. All other products or services mentioned herein are trademarks of their respective companies. Information subject to change without notice.

♻️ Printed on recycled paper.

CSPCM0610