

Case Study: Operational Assessment for Multi-Family Office

BACKGROUND

Meradia was retained by an \$8 billion AUM multi-family office to assess their investment application stack, organizational design and operational processes. Like many investment management firms, the company had grown over time and had come to realize it was time to take a holistic review of their organically grown patchwork of systems and overall operating model that had become overly manual and inefficient. Priority functional pain areas centered around trading, accounting, reconciliation, performance calculation, reporting, document strategy and CRM. Meradia was retained to examine technology and operations, document the current state workflows, interview users, summarize the results and to develop a road map for the future state operating model. Asset classes include Private Equity, Hedge Funds, Direct Investment (Real Estate, Companies), and active management of approximately 300 distinct equity and fixed income securities. Internal client structures with family members and nested commingled vehicle ownership were also challenging.

ANALYSIS

Meradia documented and drew key data flows across core systems. Culturally, it was important that all teams felt heard and participated extensively. We interviewed and spent time to understand the nuances of each functional department; how they worked, what data they needed, what data they changed and how they used their systems. We focused equally on each area from trading to ops, recon legal and HR. We collected pain points and mapped them to underlying issues. We uncovered in this deep dive that about 80% of all 'pain points' could be traced back to a missing IBOR. We could point to hundreds of steps and processes that were work-arounds for this central theme. Gaining consensus for this client meant introducing the concept of an IBOR and helping each team understand the details of our proposed solutions. Future state design documents addressed org charts, future state application design and data.

RESULTS

Over 100 pain points were identified during the interviews. They were classified into several groups and given a risk ranking (probability and impact). Meradia's recommendation was to find an investment accounting platform with integrated GL that could handle both marketable and illiquid securities, provide time-weighted returns, and support drill down and look-through for both asset classifications and ownership structures. The future architecture Meradia designed tackled every gap and articulated a vision for document management, investment analytics, trading compliance, security reference and client management in addition to investment-ready accounting. We also addressed aging server architecture and reporting data repositories. **Our client had actionable next steps, a future architecture to work towards and a team that had bought into the process at each step. The executive management team had project plans and pricing estimates for all recommended solutions.**