

What's Behind the Growing Appetite For Technology Among Allocators?

Caissa offers a blueprint for selecting the right technology for your organization

Chief Investment Officer discusses how technology can help allocators with Susan Veksler, the President of Caissa, and Dave Hsu, the CEO of Caissa.

CIO: Since the last time we spoke to you in early 2014, Caissa has grown significantly. What's unique about today's environment that compels allocators to implement new technologies, like the Caissa Platform?

Veksler: There are several factors driving increased interest in technology solutions right now.

First, CIOs are placing increased emphasis on promoting collaboration within their teams. Instead of encouraging silos across asset classes, information can flow freely and be leveraged across teams without any artificial boundaries. The Caissa Platform is a multi-asset class solution that accommodates and promotes this type of collaboration. Once Caissa is implemented, a risk manager can understand the portfolio's total exposures and size an overlay program appropriately, a private equity specialist can leverage pricing models to estimate future calls and distributions, and an analyst can assess a manager's attribution all using the same set of data in one web-based tool.

Secondly, institutional allocators want to ensure they are not excessively diversified such that it negates any active management they are paying for. We see increased interest in maintaining fewer manager relationships but with those that are of higher conviction. This calls for technology solutions that offer a deeper set of analytics, as the portfolio is more concentrated so you want to understand the nature of your active positions.

Finally, it's been a healthy job market which can contribute to turnover at organizations. CIOs are taking note and becoming more proactive about ensuring they have a proper repository of institutional knowledge. Technology solutions like the Caissa Platform serve to both retain pertinent information and also make it easily accessible across the



David Hsu (left) and Susan Veksler

organization, as opposed to being buried in a complex web of spreadsheets and databases only one person knows how to make sense of.

CIO: As allocators become more interested in technology solutions, what advice would you offer in terms of choosing a technology partner?

Veksler: One frequently overlooked question allocators should ask themselves is "will this vendor need to interface with my managers or service providers?" At Caissa, given that our platform is a multi-asset class total portfolio solution, we are typically interfacing with custodians, administrators, hedge fund and private equity managers, and any of our client's other service providers. We recognize our clients value these relationships and so conduct ourselves accordingly. Make sure you trust the vendor to liaise professionally on your behalf.

Hsu: Another aspect is considering the technology in the context of your organization's overall roadmap. How do you see your organization growing and evolving? If you are a fund of hedge funds with aspirations to become an outsourced CIO and allocate to other investment vehicles, the type of solution that you choose needs to accommodate what you anticipate investing in. Consider also if you're a growing team, and right now you have five people but anticipate many more

in short order. Understand how the fees for the technology would change based on this growth.

Veksler: Yes, and conducting reference calls with the vendor's clients is also a must.

CIO: What should allocators ask the technology vendor's clients on reference calls?

Veksler: First, you should ask the technology vendor to be put in touch with a newly on-boarded client, but also with one of the earliest clients. Newly on-boarded clients will have the onboarding process very fresh in their minds. They can talk intelligibly

about whether deliverables were met within promised timeframes. The earliest clients can best speak to the technology vendor's pace of innovation. Since they've been there since the beginning, they can talk about how the technology evolved—and if at all. You want to verify the technology vendor isn't just looking to bring on as many clients as possible without really caring about enhancing the platform.

Hsu: Another question to ask on reference calls is who is using the technology at an organization. It's important because you want to make sure it's not just the one technical team member who knows how to use the platform while no one else can figure it out. Usually when an allocator is looking to implement a technology solution—at least one like ours, which is for all asset classes—they want the whole team to be able to leverage it. Understanding how broad the usage is at an organization really speaks to how user friendly the technology is and how committed the vendor is to a successful roll out post implementation. ♦

To learn more about the Caissa Platform, developed exclusively for endowments, foundations, pension funds and OCIOs, visit www.caissallc.com or email info@caissallc.com.