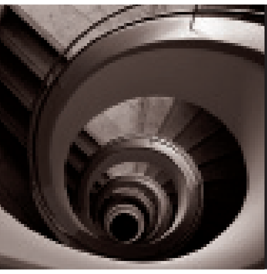

SUNGARD VPM

WHITEPAPER

The Next Generation of Hedge Fund Technology

by Peter Neems, vp solutions management, SunGard VPM

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The Next Generation of Hedge Fund Technology

> **"Technology vendors serving hedge funds must develop the next generation of investment accounting systems – a generation which serves a heightened sense of operational efficiency and risk management, speedier information flow, open architecture and highly scalable technology that helps meet today's demand for transparent ad-hoc reporting required by regulators and investors alike."**
> **Denise Valentine, Senior Analyst at Aite Group**

As the industry has evolved, varying needs have been addressed around "build or buy." Technology growth has caused many software solutions to created in-house; most begin with a vendor as an initial partner and are then spun-out to be sold in the market place. The market has grown to include many niche competitors to address the specific needs of clients. Additionally, as the market has changed, businesses have adapted or expanded their investment strategies. For example, many hedge funds have expanded into private equity, either by virtue of opportunity or on the default of their distressed debt. Private equity firms have begun to search for prospective investments in the credit markets and traditional asset managers have rapidly entered into the alternative asset space.

While many technology solutions meet the demands of the most complex funds, they often do not satisfy their growing requirements. Critical business needs, even within the same firm, can differ and evolve in unique ways as a fund expands into new strategies. This has led many hedge funds to build and integrate various technology platforms to form their own enterprise solutions.

Industry Technology Issue

Piecemeal technology solutions can create problems for firms trying to build efficient firm-wide operations. Data is often kept in various databases or files and a disjointed view of the firm requires manual processes and data manipulation to produce insights on the investment history. This process can