Cutter
ASSOCIATES

I need to . . .

STREAMLINE OUR SOFTWARE ARCHITECTURE

One of the world's largest investment management firms—a leading provider of US '40 Act funds and company-sponsored retirement plan services—wanted to streamline a branch of their software architecture. The firm's Fixed Income trading desks were managing taxable bond and money market portfolios using an assortment of software for order management, portfolio management, and compliance.

The firm asked Cutter Associates for help developing a strategy for streamlining the front office software architecture of their Fixed Income group. Specifically, they needed help identifying all of their functional requirements, assessing their current state, developing a systems strategy, and designing an achievable, optimized target state software architecture.

CUTTER SOLUTION

We began by assessing our client's current state, including the capabilities of their existing data warehouse implementation, and their reference data system plans. We then gathered extensive, detailed requirements including essential data management requirements.

The assessment and requirements deliverables informed our designs of two alternative target state software architectures. One was a hosted portfolio management solution and the other was a best-of-breed vendor solution centered on a trade order management system (OMS).

We delivered a high-level fit and gap analysis for each approach, enabling our client to understand the basic strengths, weaknesses, and trade-offs of each one. Then, using representative client funds and data, we ran a proof of concept for each approach, which enabled us to identify functionality gaps in greater detail and to recommend best-of-breed solutions to fill them. And finally, we facilitated an "all-in cost analysis" including implementation and integration costs, support costs, and potential costs of additional best-of-breed solutions and data.

The project included the following functional coverage:

- Credit and risk analytics

- Portfolio construction and analytics

- Trade generation, order management, routing, execution, and allocation

- Pre- and post-trade compliance

- Data management

- Confirmation and settlement processing

- Performance measurement and attribution

By providing current state assessments; gathering requirements; designing, analyzing, and running proofs of concept on alternative architectures, we gave our client the intelligence they needed to confidently choose a best-of-breed OMS approach for their target operating model.