



TOP 10 CHARACTERISTICS OF A SUCCESSFUL IT PROGRAM

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You've decided to start a hedge fund. Good. One decision made. Or maybe you've been at it for a while and your IT program is as wild and wooly as the Australian Outback. Or maybe you simply made a New Year's Resolution that sounded something like "I will build a great IT strategy to take me through 2011 and beyond!" and then jumped off the deck like Superman. Regardless of your motive, you're here and looking for answers from an expert.

Good thing we have Nicole Nakashian on tap to provide her Top 10 Characteristics of a Successful IT Program just for you. With over 10 year's experience working with startup and established hedge funds, she might just know a thing or two you may find useful.

STAY FOCUSED | Pay close attention to what drives alpha and the things that matter most to your firm. Don't distract yourself with the "digital plumbing." Email, file servers, mobile devices, phones, and network connectivity are required and need to be stable but shouldn't demand your time unless your strategy exploits them (e.g., HVDMA, Quant, etc.). Treat your IT infrastructure like a utility and let someone else handle it.

THINK AHEAD | As you already know, there's a balance between spending too much and too little when you implement your technology. Lay the groundwork for scale and integration but don't over engineer. Have a vision for how technology will be used within your firm 3-5 years out and plan with that in mind.

KNOW WHAT YOU NEED | How do people at your firm get their jobs done? There's an app for that but be sure it has an ROI. Look at how much time is spent on operational tasks like reconciliation, data aggregation and reporting, internal compliance, etc., and implement systems to reduce manual effort and data-related errors.

ASK THE EXPERTS | Your prime broker probably has a business consulting services team. Use it. You can also pick the brains of your IT services firm and your peers to learn about new technologies. These three sources of information can keep you updated on relevant new technology and save you the effort of trying to keep on top of all of this yourself.

BUY DON'T BUILD | Over the past five years, there has been an explosion in new systems that can deliver the functionality most hedge funds need. If it's at least 80% of what you need consider buying and negotiating the additional development in the contract with the vendor. Only build when it's obvious that it's a differentiator and core to your strategy.

GET COMFORTABLE WITH THE CLOUD | Keep your local hardware and infrastructure to a minimum. Stay nimble and allow your firm to grow, change or add locations, contract, etc., by utilizing the scalability and flexibility of cloud computing.

CHOOSE WISELY | That desktop tech or developer who's really awesome may not have the right skills to drive the technology strategy for your firm. If you promote from within make sure s/he is getting the professional development required by our dynamic field, is developing a strong peer network, and is keeping up with industry trends.

KNOW WHAT'S COMING | Be prepared for regulatory changes or other trends and ensure your technology solutions have you covered. Connect with your peers to learn the nuances and how they're coping and take advantage of your prime broker's informational sessions.

OUTSOURCE BUT DON'T FORGET | Ensure you have strong partnerships with your vendors. Devote some time, let them learn how your firm ticks, and it will pay dividends. Take the time in the beginning of the year to book at least two check-in meetings for the upcoming year and stick to them.

KNOW YOUR INVESTORS | Like it or not, your investors have opinions and requirements. You should keep this in mind when evaluating vendors/systems and have your responses to their due diligence questions ahead of time. Investors' perception can be impacted by the systems/vendors you select and why you selected them. Be prepared to defend those choices.

Nicole Nakashian is the Managing Director of Client Services for Agio Technology. She has been leading technology teams within the finance industry for over 10 years. As an Executive Director within Prime Brokerage Sales at UBS Investment Bank, she managed the services provided to hundreds of hedge funds utilizing the hedge fund "hotel" and client support desk, and directly advised clients as part of the business consulting services group. She absorbed the culture and inner workings of hedge funds from her time at Andor Capital Management and BlackRock Financial Management. Nicole is well regarded for her commitment to her clients and for inspiring her teams to not only deliver stellar service but to personally connect with firms they support. Nicole received an MBA from Long Island University and a BA in Communication from SUNY Albany. Nicole holds Series 7 and 63 licenses and is a certified Project Management Professional. She is also on the Executive Board of LitWorld, a nonprofit dedicated to promoting literacy.