It’s 7 a.m. on Monday morning. Do you know where your research is?

code:red

Collaboration and Centralization of Research
with the Research Management Workspace

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"Investment firms will need to demonstrate internal controls, transparency in client account management, and regulatory responsiveness. Research systems lay the groundwork in the investments area."

- Aite Group

Whether you are a hedge fund, a large investment management firm, a fund of funds, an endowment, or a private equity firm, chances are you've had moments where you wondered where your most recent model was, or where your senior analyst's latest call or meeting notes were saved.

This purpose of this document is to highlight the key benefits of implementing a Research Management System into your investment process.

The situation

It's 7am on Monday morning and, as always, there is a mountain of work. It is earnings season. Your senior analyst in Asia had several important meetings earlier today with portfolio companies. A junior analyst who was crucial in the development of an investment model you needed and who collected research on your sector just left the firm on Friday. She kept everything on her local machine and in her personal Outlook. She only sent you her research items when you asked for it.

Where do you begin? Which companies are releasing earnings this week and when are the calls? Where are the notes from the meetings from your analyst in Asia? What is your latest thesis and how where are all the supporting documents?

There has to be a better way to manage this investment process…

The RMS

You are not alone. With all the information you have access to on a daily basis, it sometimes seems impossible to quickly categorize and store all of it in one central location. There is only so much that common tools like Outlook®, Lotus®, OneNote®, shared drives, and SharePoint® can do to correlate this information. Between email, internet feeds, sell-side research, notes and records on events you've attended, and your own personal research, you need a central location to store all of this information together.

Analysts have different methods for storing and filing research information. Some will store everything in their email, some store it on their personal machine, some will keep information on a shared drive, and some use every combination therein. And beyond just storing research, you need a way to quantify and qualify all that data.

How can you centralize your storage and secure your proprietary research and data?

You need to implement a technology to secure your research information in a collaborative and collective format so it is easily accessible and protected. You need an information hub, where you can quickly and easily search all research data across the firm and report back what was used to make your recommendations and decisions. You need a tool that works for your entire firm that stores internal and external research, contacts, appointments, and emails. You need a Research Management System (RMS).

Collaboration and Centralization of Research with RMS

Systems have been built to help traders more efficiently manage their trades. Software has been written to handle accounting, portfolio management, and risk management for the back office. Until recently, centralized systems to help analysts and portfolio managers with these pervasive problems did not exist. Analysts were trapped in a Lord of the Flies (or in your case Lord of the Files), fend-for-yourself world. But all of that has changed as systems have been built to fill this gap and manage all of your research, aggregate voluminous fundamental data from various

Definition of a Research Management System

1.A centralized front-end solution that acts as a repository for all investment research information including emails, reports, presentations, documents, complex data sets, and research feeds.

2. A hub to integrate data that matters most in the investment research process.

3.A tool that enhances firm productivity by supporting and improving workflow and collaboration.

sources, and even systemize the investment workflow process. These systems, Research Management Systems (RMS), are secure central repositories that can store all of your firm's research and related data in one location.

The RMS is a central repository that stores records of all emails, research notes, call notes, meeting notes, contacts, events, reports, websites, market data and feeds. Simply put, anything you deem as being part of your research process. The RMS enhances the tools you have in place by collecting all the information and storing it in one central location. All entries can be shared across the firm, kept secure within a group, or kept private. It gives you one tool for running reports and searching for relevant information. RMS providers build plug-ins into all of your major applications like Microsoft Office™, Internet Explorer™, and Adobe® to enable you to quickly deposit reports, emails, spreadsheets, and documents to the central repository with just a click of a button. Some even allow you to simply drag and drop files and documents into and out of the system for easy tagging, storage and retrieval.

There is no longer a need for multiple shared drives, Outlook folders, and internal intranet systems dedicated only to research. If you have an email or PDF related to multiple companies, you no longer need to store it in 5 different locations. You can easily annotate, rank, or prioritize every item you keep, which is almost impossible if you are using existing methods. You can even create alerts once information is in the system further streamlining your workflow and efficiency. As a portfolio manager, you no longer need to worry that all your employees are storing their notes and contacts in their personal Outlook, ready to walk out the door to a competitor if they leave. And while an RMS can't take all the pain out of an SEC audit, it will make the process much easier when you can easily, and confidently, show all of the details behind your investments. The RMS makes it infinitely easier to manage all of this information.

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How the RMS works

An RMS can be installed as a stand-alone system. Essentially it's a central repository to which you would deposit items and then quickly access them when needed. Even just this standalone database adds tremendous value to the firm. All of your internal and external research is now in one location that anyone can access, and you can finally search for keywords in all the notes and documents. You can get alerts regarding the meeting notes your Asian analyst entered in while you were asleep. And you never have to worry about your proprietary research and models walking out the door with any departing analysts.

But an RMS is even more powerful when it's configured to be an integrated solution with feeds to and from third party systems and common tools you currently use.

The integrated RMS offers a robust workspace for analysts and Portfolio Managers. It takes the repository function one step further by aggregating data from trading systems, accounting systems, market data providers, research providers, and internal systems. It brings together all essential data and presents it to you in the manner you want to see it in. This integrated solution puts all the data surrounding your investments and investment ideas directly at your fingertips, saving you time as you jump from one investment idea to the next.

Competition for assets is tough - especially these days - and you need to differentiate yourself from the pack. You also have a unique investment strategy that is different than your competitors. A good RMS can help you with both of these aspects of your business. An open and flexible RMS can allow you to create your own data fields and templates to help you track data specific to you and can help systemize and automate your investment workflow. The RMS can be used to illustrate to current and prospective investors that you have a repeatable and systemized investment process as well as a tool to help with regulatory compliance. The RMS can help you stand out from the pack and re-assure your investors.

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Transparency, Disclosure, and Technology Needs

You know the rules and regulations. The SEC has the right to demand and review all research used to make your investment decisions. After the highly publicized fallout of Bernard Madoff's hedge fund, investors and the SEC continue to be more cautious and educated on what to ask and look for when reviewing current and potential investments.

The RMS makes a painful audit that much easier when you can confidently and quickly answer the requests for information on your past and existing investments.

And when current and prospective investors look to see what systems you have in place, you can demonstrate that you have a tool that systemizes your entire investment process

Conclusion

In a world where you are inundated with data from a variety of systems, the RMS provides efficiencies to you and your analysts by allowing them to aggregate research and all the related data into one central platform. The RMS lets you seamlessly store notes and research, search the repository for work previously completed, and it puts various data at your fingertips instead of wasting precious time looking for information as you switch from one topic to the next.

In summary, a Research Management System (RMS) helps with your day to day investment decisions, provides collaboration, retains intellectual property, ensures security and centralized storage of critical information, and saves your investment teams and IT department invaluable time.

Next Monday morning you'll know where all your research is. It's in your RMS.

About Code Red

Code Red provides research management technologies to the investment management community. The Code Red Research Management Workspace™ includes its flagship product Red Alerts RMS™, a Research Management System; IdeaNet™, a platform for the distribution of research, ideas and meetings; and Open RMS™, a research and data integration service. Code Red's workspace lets portfolio managers and analysts easily manage research, control the flood of information, and integrate third-party data. It organizes and automates the investment management process, facilitates rating and ranking of information sources, and speeds navigation of investment research and the discovery of new ideas. Code Red's products are implemented at Hedge Funds, Mutual Funds, Fund of Funds, Endowments, and Private Equity firms.

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