



CUSTOMER SUCCESS STORY

PRAGMA WEALTH MANAGEMENT

DEMOCRATIZING DATA WITH A
SOLUTION THAT PULLS IT
ALL TOGETHER

CHALLENGE:

Pragma Wealth Management was already a high-performing family office when David Smith joined as its director and investment committee chair. Smith's objective was to build upon Pragma's success and develop the business into an institutional quality wealth management company. Pragma had the advantage of a talented and motivated investment team, but staffers were relying on a more than decade-old approach to managing and updating data and documents. Smith's first priority was finding a more systematic way to organize the information with a goal to save time and allow the investment team to better collaborate on new insights and opportunities.

SOLUTION:

With data and documents all in one place and information presented in context, Backstop Solutions provided Pragma with a turnkey tool that bolstered the investment team's productivity and allowed them to focus on finding new and better ideas for growth.

BENEFITS:

- ✓ Easy access to data
- ✓ Efficient data management system, allowing more time for new idea generation
- ✓ Ability to quickly interface with third parties
- ✓ Consistency across the platform for staff and clients

MUST-HAVE: 'DEMOCRATIZATION OF DATA'

David Smith arrived at Pragma Wealth Management with decades of experience in the industry. In 2017, he retired after nearly 20 years as chief investment officer of GAM, a global asset management business with more than \$100 billion in assets under management. The business was built, in particular, on alternative assets and fund of funds. The following year, Smith agreed to help Pragma transition from a family office into an institutional-quality asset management business to give the family longevity and continue to build on its already excellent performance.

Smith's task was to build up the then family office into a self-sustaining and more institutional wealth management business with third-party investments. He was impressed with the team already on board, but how they managed the firm's 20 years of files left room for improvement.

"With the best intentions in the world, they were still holding their notes on emails or on Word and Excel documents held in a drive here and a drive over there. This made it pretty difficult to centralize, organize and create a 'knowledge legacy,'" Smith said. "Often, they had a performance analysis that was on various random Excel sheets that somebody had spent years connecting to each other. It was very much a patchwork of analysis that constrained the ability of the very talented people to extract the conclusions that they required. Also, the ability to ensure consistency across people and teams of researchers when not using standardized templates always presented a challenge."

As Smith sees it, the key to investing is being able to methodically sort through data to pull insights from it. But at Pragma, he was faced with random silos of information that were dependent on and only accessible to the individuals who managed them. What's more, for third parties or external investors, the system likely would not have stood up to the rigors of institutional-level operational due diligence or examination, he said.

To better manage the information and grow the business, Smith knew Pragma needed a different approach to information management that made it easier for all team members to access the data they needed.

"I call it the democratization of data," Smith said. "Instead of having one key individual who has the audience, absolutely everybody in the community has that same information."

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ROAD TO BACKSTOP

To find the right solution, Smith talked to software engineers he knew from his previous company and considered developing a custom solution — until one of those software engineers alerted him to a handful of vendors already offering the kind of application he needed. To him, a turnkey system that didn't require a potentially lengthy and costly development phase seemed like the better option.

"I just think of how much money we spent on developing proprietary systems, which was, at the time, super cool," he said. "But now we look back on it, and it was a terrible waste of time and money."

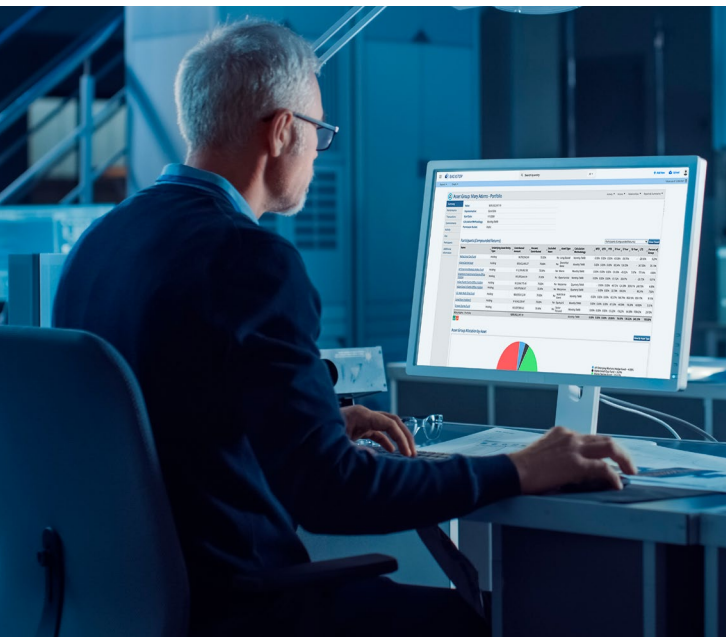
BUILT FOR USERS

Of the handful of vendors he considered, it was obvious that Backstop provided the best infrastructure and capabilities and was built based on the unique needs of firms like Pragma. "It's pretty clear that each one of the modules has been built with the user very much in mind," Smith said.

He also appreciated that the platform is continually upgraded across all users, so everybody is using the latest version. "It means that you've constantly got the best software development in front of you," he said.

SMOOTH TRANSITION

The transition to Backstop from its old ad hoc system was straightforward. "I understand why some people may have been hesitant about it. But I think it was a very cathartic moment for everyone to recognize that, now, they don't have to worry about keeping that little red box of files because they've got all the data," he said. "Sometimes you just have to jump off the cliff, and we jumped off the cliff."



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UP AND RUNNING, COMFORTABLY

Despite what appeared to be the somewhat random and disorganized nature of the files, Backstop was able to transfer all of Pragma's data into the solution in a matter of weeks, tagging it to the appropriate assets, managers and individuals. "Within two months of us pressing the button, people were up and running, using the data and systems comfortably," he said. "Backstop has helped ensure we have systems and information that allow our investment and operational team to make informed decisions with a clear audit trail of research to explain these decisions."

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TIME SAVED, NEW OPPORTUNITIES UNLOCKED

For Pragma, the benefits from Backstop were almost immediate.

TIME SAVINGS

Instead of wasting time chasing down information in scattered emails, Word documents and Excel spreadsheets, it's all in one place. "Once you have a really good software system, it's not necessary to have two or three different checks on data," Smith said. "Within the first few months, we noticeably increased the productivity of the team."

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MORE TIME, NEW IDEAS

The team had been managing existing investments well. But partly because of its disorganized approach to data management, it wasn't generating as many new ideas as it could have. With Backstop, the team can use its time more effectively. "The ability to regenerate can only be achieved when you've got a greater space for thought and a greater ability to recall and access data," Smith said. "With Backstop, it's no coincidence that they were generating far more new ideas."

THIRD-PARTY INTERACTIONS BOLSTERED

With the transfer of data straight into Backstop, Pragma can more easily interact with administrators, custodians, banks and other third parties. "Our confidence with interfacing with other parties and institutions has increased dramatically, which has only improved the quality of our analytics," he said. That benefit is especially a boon in areas such as private equity where Pragma analysts can quickly review information in data rooms and share outcomes with colleagues. "Accessibility to recall data is vital to us," Smith said. "Backstop gave the team the ability to do that in the midst of conversation with a manager or even while mobile."

TIME MANAGEMENT

Soon after Smith started at Pragma and before deploying Backstop, they assessed how much time was spent on operational tasks vs. more investment-oriented tasks.

BEFORE BACKSTOP

- Analysts spent nearly 50% of their time on operational tasks.
- The CIO spent close to 40% on associated operational issues.

"It was unproductive and unsustainable," he said.

WITH BACKSTOP

- Analysts spend less than 20% of their time on operational tasks.
- The CIO spends less than 20% of time on operational issues

But more importantly, whenever the investment team does get involved, it is to help improve their decision-making on investment issues, Smith said. "The real question, is how much added value to performance has Backstop contributed to Pragma?" he said. "I am certain it is a positive number and, **the opportunity cost of not doing this would have been enormous.**"

EXTERNAL INVESTORS LOCKED IN

When Smith joined, the family wanted to continue to attract new investments, but that required Pragma's processes to be clearly documented and structured. Backstop allowed Pragma to demonstrate it has the right systems in place.

"Going forward, we will take more advantage of the capabilities of Backstop Portal for existing and potential investors," Smith said. "It's a secure, compliant place where we can decide who sees what and when. Ultimately, we will use this rather like a data room for potential investors and a place where existing investors can see their individual statements and all fund-related documents."

CONSISTENCY ACROSS THE BOARD

With Backstop, Pragma has a single system to produce required reports, respond to audits or share information with clients. Everybody is on the same page. "It means that we have a consistency across our own interface with our staff and clients," Smith said. "That wouldn't happen without a single platform through Backstop."

BRIDGE TO BACKSTOP

For Smith, Backstop was the obvious choice for growing Pragma. And he regularly recommends it to colleagues. "I know quite a lot of investors around the globe," Smith said, "and whenever my counsel is requested, I often recommend Backstop to them whether they are long-only, private equity or hedge funds."

PRAGMA'S PLAYBOOK

To democratize its data and build its business, Pragma deployed these Backstop solutions:

BACKSTOP MULTI-ASSET CLASS RESEARCH MANAGEMENT

The all-in-one solution combines qualitative, quantitative and subjective data tracking tools and makes it easy to quickly store and share documents, emails, meetings, calls and other activities.

BACKSTOP PORTFOLIO MANAGEMENT

The centralized, consistent, and efficient solution encompasses portfolio management, liquidity management, and portfolio analysis, offering streamlined access to information, while providing robust auditing and compliance capabilities.

BACKSTOP INVESTOR PORTAL

The secure, customizable and web-based reporting portal can give investors access to their investment and portfolio-related information, including documents, fund research and account information.

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ABOUT BACKSTOP SOLUTIONS

Because every minute matters, Backstop's mission is to help the institutional investment industry use time to its fullest potential. We develop technology to simplify and streamline otherwise time-consuming tasks and processes, enabling our clients to quickly and easily access, share, and manage the knowledge that's critical to their day-to-day business success. Backstop provides its industry-leading cloud-based productivity suite to family offices, investment consultants, pensions, funds of funds, endowments, foundations, private equity, hedge funds, and real estate investment firms.

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