

CASE STUDY: Parnassus Investments



SCALABLE, ROBUST SOLUTIONS, FRONT OFFICE TO BACK

Marc Mahon, Chief Financial Officer at Parnassus Investments started out needing a scalable system to handle the firm's fund administration needs. He knew that Parnassus was going to grow and would need robust functionality that could keep up with that growth. At the same time, Parnassus needed a system that would not require a huge investment in information technology.

"We manage about \$3.5 billion today, but when we started with Linedata Services, we were only managing \$1 billion. One of the issues we faced consistently with service providers was getting something scalable that fit our needs," said Mahon. Not only did Parnassus need a system that would allow them to grow their business, but one that wouldn't require a team of IT specialists to implement and maintain the system. They needed something that would simply work without a tremendous amount of customization and ongoing IT oversight. "We would run into other service providers all the time that would have these fancy systems with a lot of bells and whistles, but the investment required was beyond what Parnassus could undertake."

Later, Parnassus determined that it would need a robust system for its front office, as well. Before Linedata Services, "we just used telephones, and a terminal-based system that included order management functionality," Mahon said. "When we started getting into higher volumes those methods proved to be unreliable. We knew we needed an OMS that could work seamlessly with its back-office solution."

LINEDATA SERVICES' SEAMLESS, SCALABLE SOLUTION

The fact that Linedata Services could offer a one-vendor comprehensive solution that spanned pre-trade through post-settlement was a major benefit for Parnassus.

"When we brought in LongView, a huge selling point was knowing that we could have the front- and back-office working together in one seamless process," said Mahon.

"Also, the products themselves are scalable," Mahon said. "We have never run into capacity issues... Linedata Services' solutions have grown with us. In fact, I would say that we probably underutilize the system."

STREAMLINED FLEXIBILITY IN THE BACK OFFICE

"There have been a lot of efficiencies gained, especially in the back office," said Mahon. "With MFact, we've streamlined a lot. Everything from reporting to extracting information... MFact is so flexible on that front."

"Specifically around reconciliations – weekly, monthly, cash reporting, trial balance – those functions are just built into MFact, which save us tons of time," said Mahon

Parnassus also does electronic record keeping, which requires multiple reports in PDF format output directly from the system. "Adobe fits right in with MFact, which is great," said Mahon.

"Memorized reports are also a big convenience for the firm," Mahon said. "One click of a button and it's done."

BUSINESS SITUATION

Parnassus Investments ("Parnassus") is an investment management firm founded in 1984, which applies a socially responsible investment approach to selecting undervalued companies.

In 2003, the company required a flexible, intuitive, reliable back-office accounting system, and in 2006, it needed to add a best-of-breed, front-office electronic trading system to cope with a massive increase in assets under management.

It was imperative for Parnassus that these two systems work seamlessly together, to provide robust infrastructure from pre-trade through post-execution.

In both cases, the company was looking for highly scalable solutions from a company that could provide a solution, and more importantly, a partnership that could grow with Parnassus.

SOLUTION

Parnassus implemented Linedata Services' award-winning fund-accounting solution MFact and LongView, the best trading system for the buy-side,* for a comprehensive solution that spanned front-office to back-office.

* Fund managers ranked LongView as the Best Buyside OMS in the Waters Magazine survey for 2008 and 2009.



LINEDATA SERVICES' TPA CLIENTS A TESTIMONIAL FOR MFACT

The fact that some of the largest and best-known third-party administrators use MFact was seen as a major endorsement of its value to Parnassus.

"We feel good that Linedata Services has clients that are some of the largest service providers and third-party administrators," said Mahon.

"It's comforting to know that if we had a TPA handling our fund administration function, they'd probably be using MFact."

NO LOST SLEEP OVER TRANSPARENCY AND DISCLOSURE

"Using LongView and MFact makes my team the data center in our organization," said Mahon. "We have Marketing, Shareholder Services, Portfolio Managers, IT people – so many functions in the firm that come to us to use the data, using that information to comply with everything we have to do."

"We feel good about being able to give access to that information completely and easily, in a straightforward way, whether it be FAS 157 reporting or disclosure on the prospectus, or whatever," said Mahon.

"I do not lose any sleep over transparency and disclosure," Mahon said.

"People assume – correctly – that things are going well when there are no issues. LongView and MFact makes my life easy because it cuts down on issues."

STRONG PARTNERSHIP BASED ON HIGH-LEVEL COMMUNICATIONS

"We haven't been afraid to ask someone from Linedata Services to come out to visit us for a few days," Mahon said. "Usually, when they come in, they handle the project at hand, but also spend time to go through the workflow and ask; 'how does it work, how can we improve this?'"

"We chat about what other firms are doing, where we're going - high level stuff. I have always been impressed with the direction (of Linedata Services)," said Mahon. "Those conversations always build off the products, where we address whether they are doing what we need them to do, and where Linedata Services is going to take them."

Parnassus also makes use of frequent access to high-level product leadership, and the input that they have on the product roadmap. "We love it when they stop by and ask us: 'What do you think?'"

IT COMES DOWN TO PEOPLE

"The product is great, the people behind the products are just terrific," said Mahon "That carries a lot of currency here, just knowing that the relationship is solid."

"I think it really comes down to people," said Mahon. "The Linedata Services team is genuinely interested not just in helping us solve our immediate problems, but are also in how my business is doing, and where it is going."

KEY BENEFITS

- Robust Infrastructure
- Strong Technology Partnership
- Personalized Service from Senior Linedata Services Technologists
- Scalable Solutions from Front- to Back-Office
- Highly Intuitive, Global, Easy-to-Implement Platform In Back Office
- Best Buyside Trading System in Front Office
- One-Vendor, Comprehensive Front- to Back-Office Solution

KEY STATISTICS

- More than 65 firms use MFact globally, including some of the best-known Third-Party Administrators ("TPAs")
- More than 100 firms use LongView globally
- 10 of the top 25 asset managers use LongView

