

UC INVESTMENTS TRANSFORMS A \$125 BILLION PORTFOLIO WITH SOLOVIS

How a pension and endowment moved from legacy, siloed data systems to an agile, unified investment platform in one year.

\$125B
AUM Managed

2017
Partnership Began

1 Year
To Transform

“The second I saw a drag and drop recalculation of an entire investment world with total asset class reclassifications and shifts, I knew that Solovis was not the status quo.”

Arthur Guimaraes

COO
UC Investments.

● INTRODUCTION

Managing complexity at scale.

UC Investments oversees the University of California’s investment portfolio, including its endowment, pension, retirement savings plan, and working capital, totaling \$125 billion AUM. The portfolio spans both private and public assets, with a glide path to grow the proportion invested in alternatives, spanning 10 university campuses, five medical centers, three national labs, an endowment serving 280,000 students, a pension plan with 241,450 members, and a retirement savings plan with 320,000 individuals.

● THE CHALLENGE

Fragmented data, legacy infrastructure, and no single source of truth.

Despite its scale, UC Investments faced the same operational pain that afflicts institutional investors across the industry: no single, standard data source across asset classes. The team was continuously faced with poor data quality from third-party systems and spreadsheets that lacked standardization within and across asset classes, resulting in a constant effort to modify and shuffle data from one application to another.

The starting point for most data requests was custody system data, which had proven insufficient for investment decision-making. Siloed, manual processes meant there was no holistic view across investments, operations, and risk. The last data “spring cleaning” had been in 2002. A previous technology overhaul at a large Canadian pension had yielded an expensive, nearly three-year implementation with limited access to data useful to investment decision-makers.

UC Investments set out to address this with three clear goals: create a data platform for all private assets rolling up to a total fund view; streamline communication across departments from front to back office; and overhaul a legacy technology infrastructure that was costly and insufficient.

IN THEIR WORDS

“If we started from scratch today, given everything we know about computing, the cloud, calculations, business intelligence and other modernizations available to us, how would we build the operational backbone of a \$125 billion investment office that would best support the investment and philanthropic mission of the organization?”

Arthur Guimaraes
COO
UC Investments

“With a commitment and dedication to change from both organizations, UC Investments and Solovis were able to accomplish this in one year, proving that even a \$125 billion pension and endowment can transform quickly.”

● BUILDING THE BUSINESS CASE

Arthur Guimaraes, COO of UC Investments, posed the foundational question: “If we started from scratch today, given everything we know about computing, the cloud, and business intelligence, how would we build the operational backbone of a \$125 billion investment office?” Together with Albert Yong, head of data and analytics, they concluded that a single, consolidated, reconciled, and transparent dataset was needed. Five core needs drove the business case: a single source of truth for core data (ABOR and IBOR); the ability to support all personas across asset classes and board level; trusted risk assessments; an efficient way to manage multiple pools of capital; and overcoming poor historical data, with UC’s last data “spring cleaning” dating back to 2002.

● THE JOURNEY

To the Right Technology

● EARLY 2017

A novel approach to technology selection

UC Investments decided to take a novel approach to selecting software and service providers. The evaluation required an extensive review of legacy players and a willingness to dig deep beyond marketing hype. The team evaluated eFront, Addepar, SimCorp, Eagle, custodial systems, BlackRock Aladdin, FactSet, and many others.

● THE EVALUATION

Three categories, all falling short

Every system fell into one of three buckets. Service providers with a technology layer relied on outdated technologies bolted together per asset class. Accounting systems required multi-million-dollar budgets and massive IT forces with limited flexibility. Performance systems were asset class-specific point solutions that rarely considered holistic portfolio outcomes, overall risk, or cohesive reporting. None created shared ownership or cross-org consistency.

● SELECTION

One quickly rose to the top: Solovis

After ruling out the three legacy categories, UC looked to emerging leaders in multi-asset class portfolio management. These new players offered lighter-weight platform footprints leveraging modern cloud platforms and flexible software architectures. Solovis emerged to the top for its depth of functionality across all asset types, true IBOR capability, on-demand portfolio analysis tools, analyst services extending UC’s data operations team, and an attitude of true partnership.

● IMPLEMENTATION

A \$125 billion transformation in one year

UC Investments implemented an accurate accounting book of record and a near real-time investment book of record across all pools of capital, asset classes, and stakeholders in just over one year, including a complex data implementation and transformation of its risk system. Solovis became the core of the platform, with its open APIs enabling easy communication with other elements of the ecosystem.

VALUE PROPOSITION

- Depth of functionality for analyzing and reporting on all asset types, with private and public assets on one platform.
- True IBOR capability, including direct performance calculations more accurate than those from incumbent custodial and risk systems.
- A powerful set of tools supporting on-demand portfolio analysis from any angle.
- An analyst services team serving as an extension of UC’s data operations team to centralize collection, aggregation, and reconciliation of data.
- An attitude of true partnership

Make sure any vendor you choose can quickly and intuitively work with outside information and other technologies. Most importantly, remember you own your own data.

To learn more about Solovis and our solutions, visit www.Solovis.com