

Accelerating Deal Flow and Cash Flow Management by Migrating Away From Spreadsheets



Beacon Case Study
Global Hedge Fund

INTRO



“As a hedge fund, we want to focus on our deals and competitive advantages without a complex technology burden.” *Chief Technology Officer*

A global hedge fund with over \$1 billion in assets under management is continually working on new deals that will help their clients while generating positive cash flows. These deals often involve quantitative analysis to evaluate debt details and complicated payment structures based on multiple variables. The primary objectives of this project were to consolidate their systems of record and automate important processes, to increase their deal capacity. With a minimal IT department, it was important for them to limit the development and support burden of the resulting solution, so that they could focus their efforts on the business.

PROBLEM



“Spreadsheets were a quick and easy way to get started with these debt deals, but became too complex with too many versions to effectively handle the pace and scale that was needed.” *Andrey Ivanov, VP, Finance Practice, DataArt*

As the hedge fund grew, their existing processes and tools were creating an increasing drag on their deal flow. Multiple versions of spreadsheets, passed around in email chains, made it difficult to ensure that they were always working with the most current version. Evaluating deals as they progressed often required time-consuming keyword searches through email archives to find the relevant terms and discussions.

The company had made previous attempts to find alternatives, which worked well for canned reports but lacked sufficient flexibility and still required Excel to upload or update the data. They often found users downloading the database

to perform exploratory analysis in a spreadsheet. At the same time, tracking projected versus actual payments was problematic, with no easy way to compare them and run what-if scenarios. The cash flow generation logic had become too complex for the spreadsheet developers to handle, and lacked the governance and version control that they needed. The primary project requirements were:

- ▶ Migrate away from spreadsheets to web-based application
- ▶ Centralize and consolidate system of record for all deals and cash flows
- ▶ Codify cash flow generator with standard and customizable models
- ▶ Facilitate deal reviews and tracking of projected versus actual results

SOLUTION



“Good solutions must enable rapid updates. If changes take multiple days and require extensive QA, the product will not get much love from the end-users.”

Andrey Ivanov, VP, Finance Practice, DataArt

The hedge fund decided to work with **DataArt**, a global software engineering firm that helps clients create custom software that improves their operations and opens new markets. The way investment teams look at deals evolves with every deal they make, and nothing is ever set in stone. So a good solution must enable rapid updates to the forecasting logic, or else the users would go back to their spreadsheets. They chose Beacon Platform because it comes with a lot of functionality out of the box while also being easy to customize. Existing data connectors meant they would spend much less time getting the data they needed.

Beacon’s Excel plug-ins allowed the team to follow a gradual migration process, supporting the familiar spreadsheet user interface while storing data and performing complex calculations in the cloud. A powerful application development framework, called **Glint**, abstracts away the browser-coding requirements, making it faster and easier to build a slick user interface without requiring a dedicated JavaScript developer. A sophisticated **bi-temporal data model** captures expected and actual data, making it trivial to examine projections versus reality and further refine their deal models.

RESULTS



“With Beacon and DataArt, we got what we needed plus a whole lot of future possibilities, in a fraction of the time.” *Chief Technology Officer*

Using Beacon, the project took less than half the total resources that would have been otherwise required. Within three months, a small team comprising a project manager, two developers, and one quality assurance person had a deployed application. DataArt started by centralizing the deal database and reworking the Excel template so that the data was stored and retrieved from Beacon. Then they built the cash flow generator, leveraging Beacon’s extensive library of security instruments and financial functions. Reports are quick, consistent, and readily reproducible with a single source of data. The group is now looking to automate even more of their deal pipeline, further accelerating their business.