

## Start-up Funds Benefit from Investing in Full-Service Platform like Backstop

How much capital does a start-up fund need to commit to information systems, and why should it do so?

That was the challenge facing the executives at Hylas Capital Management, an event-driven long-short fund that opened in July of 2010. The firm's founders, Adam Scotch and August Roth, had experience managing capital at Jana Partners, and they understood the importance of having a single intelligent system where they could store and easily access investor and organizational information.

After conducting research Hylas concluded that the answer was to invest in Backstop's award-winning CRM platform. In the end, that investment added efficiencies that helped the start-up go smoothly, and saved the fund data migration headaches for years to come.

Adam Horowitz, the firm's Chief Operating Officer, wanted a shareholder management solution in place before the fund began reaching out to potential investors.

"As a start-up, you have limited resources, but your most limited resource is time," said Mr. Horowitz. "I could do a lot with Excel and Outlook but it would take up a great deal of time, and it would never do everything that the Backstop platform could do. I don't know when I'd find the time to do this in Excel."

Using Backstop, Mr. Horowitz and his staff manage investor interactions, track different share classes and have set up a robust compliance process.

"We've had a lot of investor meetings. Having a centralized system where we could quickly pull records of every single interaction has been vital to our success," added Mr. Horowitz.

Hylas Capital is working with a few different capital introduction groups, and they use Backstop to maintain a detailed record of the meetings, as well as who is responsible for the introduction and what feedback has been returned. That information helps the firm manage its contacts better and show the utmost professionalism with its prospective investors.

"It would be nearly impossible to do the bulk of what we do in Excel, which a lot of startups attempt to do," said Mr. Horowitz.

Another Backstop functionality that benefits startups is the ability to track different classes of shares. Hylas Capital has different share classes for their earliest investors and the fees are discounted for the earliest share class. Regular share classes have different fees and the system helps track them accordingly. The fund needs to keep these investors' records separate so that performance reporting is accurate. With Backstop, they can now flag shareholders and add shareholders in other classes without causing any discrepancies.

Backstop is also a key component of Hylas Capital's compliance plan because it creates a communication trail that shows when the fund established a substantial relationship with a potential investor and records dates, times and notes from conversations.

"I have all the email traffic between the firm and investors captured in Backstop, so everything gets tracked and logged," said Mr. Horowitz.

Backstop also makes it easy to add watermarks to PDF files which helps monitor the flow of information for both marketing and compliance purposes.

Mr. Horowitz joined Hylas Capital after several years in the prime brokerage group at UBS. There, he noticed that many of the firm's clients used Backstop to manage their shareholder relations and compliance procedures, which is why he chose it when he moved to Hylas Capital.

Despite being familiar with Backstop's capabilities, neither Mr. Horowitz nor anyone else at Hylas Capital had actually used the platform before. The Backstop Implementation team over saw the smooth implementation of data and trained the Hylas staff by showing them new ways they could leverage Backstop features and functionality.

"The process was much easier than we expected and we were able to do a lot of the work on our own," said Mr. Horowitz. "Within a couple of weeks, we were up and running and because the Backstop platform is web-based, there was no additional IT configuration."

Mr. Horowitz is glad that he did the work of integrating the Backstop platform because he knows it will save him extra work later on down the road.

"At UBS, I saw clients outgrow spreadsheet-based records, and then face the hassle of overseeing an implementation to a new platform right in the middle of the business cycle," said Mr. Horowitz. "It is imperative for start-ups to have a client relationship management solution in place that has all the tools necessary to meet the growing needs of their fund and Backstop has just that."

"It's a no brainer. It's a pure business decision," said Mr. Horowitz. "To me, it's a great return on our investment."

## Contact

For further inquiries contact your Backstop Sales Representative or [info@backstopsolutions.com](mailto:info@backstopsolutions.com) or +1 877 259-0990.