

Profile

Client: W.H. Reaves and Co.

W.H. Reaves and Co. is a 47-year old asset management firm based in Jersey City, New Jersey. Specializing in value strategies for utility, energy, and telecommunications stocks, the 28-person firm historically has served primarily an institutional clientele, with an increasing separately managed account base for high net worth individuals, as well as a closed-end fund and a mutual fund.

Challenges

W.H. Reaves has been an Advent client since 1997, when the firm converted from an in-house system to the Axys® platform for portfolio accounting and reporting. Then, as now, the firm was constantly looking for ways to drive efficiency and improve workflow through automation.

Solution

As the firm's assets grew, W.H. Reaves continued to look to Advent for solutions, consistently upgrading Axys®, adding Advent's Moxy® trade order management system, then installing Advent's FIX protocol module for trade communication and Advent Custodial Data® (ACD), which automates interfaces with custodians for fast and accurate reconciliation.

“In our case, automation isn't about saving money and reducing staff. It's about our ability to increase what we can handle and to increase our capacity. Advent's been an important part of that.”

David Pass, Vice President, Chief Compliance Officer, and Head of Operations, W.H. Reaves

W.H. Reaves Stays Lean with Advent

Remember Y2K? It seems like a distant memory now, but the possibility of widespread computer failure at the turn of the century prompted system reviews at virtually every American company, and drove many investment firms to change their core operating software.

One such firm was W.H. Reaves, a well-established, New Jersey-based asset manager and broker-dealer with a strong track record in the utility, energy, and telecom sectors. As David Pass, Vice President and Chief Compliance Officer, recalls, “We had an in-house portfolio accounting system, an AS/400 system, and of course in 1997 we were looking at the Y2K situation. So we were searching for a new solution. We realized that an in-house system could not continue to support our business. Advent was one of the organizations we looked at and the one we chose to bring us into Y2K and beyond.”

W.H. Reaves migrated to Advent's Axys® portfolio accounting and reporting system in 1997. It was the beginning of a relationship that has seen continual improvement in operating efficiencies that have enabled the firm to grow its asset base.

Single Vendor Accountability

Thomas Harmke, Vice President and Chief Technology Officer, describes W.H. Reaves' technology evolution with Advent. “Around 2002 we began evaluating order management systems and ultimately decided to go with Moxy. One of the reasons was that we were impressed by its capabilities. Another reason was our existing positive relationship with Advent.”

Using Advent solutions for both portfolio accounting and trade order management means seamless integration between the two core functions of the investment process. According to Mr. Harmke, it also means smoother transitions when one system or the other is upgraded. “If we have more than one vendor and there's any change on either side, then we might not be functioning for hours or as much as a week while fixes are made. Advent has done a very good job of making sure that when one application changes, it doesn't affect another one. That, to me, is the importance of a single vendor. I think that's a key point.”

Streamlined Trading and Reconciliation

Building on the common platform of Axys® and Moxy®, W.H. Reaves took further steps to automate its processes. “In about 2003 and 2004, we decided to implement the FIX protocol,” says Mr. Harmke, referring to the Advent module that supports the Financial Information Exchange open standard for broker communication. “FIX has really allowed us to streamline the trading room, and it allows our traders to concentrate on monitoring the market instead of having to put in trades manually. And, of course, it has stopped a lot of errors resulting from manual input.”

The firm also took advantage of Advent's Custodial Data® (ACD), which delivers automatic data feeds directly into Axys from over 500 custodians. “We had ACD since the beginning, but over the last two to three years, we really started to utilize it to the fullest,” Mr. Harmke explains. “It's made us look like heroes with the portfolio administrators. They were putting in interest and other cash flows manually, and they were

Client Story

Benefits

- › Single vendor product compatibility and accountability
- › Significant productivity enhancement with automated reconciliation
- › Streamlined trading operations with automated broker communication
- › Increased business capacity without increasing staff
- › Retention of key staff in a more efficient work environment

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doing manual reconciliation, which was always delayed because they had to do it against statements.”

The improvement has been dramatic. “Now, not only can they perform daily reconciliation, they can also turn out a report that shows them the reconciliation with a click of a button. And, again, it prevents a lot of errors from putting in the wrong amount anytime you do a manual entry.”

Mr. Harmke does not discount the value of keeping staff happy. “I truly believe if we didn't implement these products, some of our key people wouldn't be here now. The portfolio administrators are a lot happier than they were before.”

“The combination of FIX and ACD has made our lives so much easier,” Mr. Harmke says. “In fact, if we're ever dealing with a broker that is not on FIX or ACD, it makes it so much more difficult. We really have become reliant on ACD and FIX.”

Mr. Pass agrees. “And, as helpful as ACD has been, I think we're still only at about 70 percent capacity. I think we still have a lot of upside potential as we learn more and more about how different custodians feed the system and how we can best use it.”

Growing the Business—Not the Office

Advent's suite of automation tools has been a factor in W.H. Reaves' growth over the past decade. As Mr. Harmke puts it, “Advent products have allowed us to add to our assets without adding any additional staff.”

Mr. Pass amplifies the point. “In our case, automation isn't about saving money and reducing staff, as it might be in a large-scale company. It's about our ability to increase what we can handle and to increase our capacity. And we still have quite a bit of capacity that we can fulfill using relatively the same amount of staff. Advent's been an important part of that.”

Another benefit of Advent solutions, says Mr. Harmke, is the company and people that stand behind them. “There is one very important piece here, and that's a centralized contact,” he says. “Sometimes what we need is beyond support, it's a solution, and we know we have one guy we can go to. He puts us in contact with the right people, and then checks back to make sure everything's working. He's done an outstanding job for us.”

Mr. Pass concurs. “As good as any system might be, the individuals and the interpersonal relationships between our organizations is always important. We see the effort Advent is making and we appreciate it.”

Join the Conversation



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