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FIS Group Launches System To Connect Managers With Vendors & Capital Providers

FIS Group is launching a system aimed at providing emerging managers with access to service providers and facilitating introductions with potential capital providers.

Tina Byles Williams

The FIS Group Ecosystem will launch later this month and will initially provide emerging managers with access to 15 service providers as well as serve as a facilitator between firms and eight capital providers who have expressed an interest in providing seed capital to emerging managers.

The program is open to managers on FIS Group's approved list as well as those in advanced due diligence stages with the firm.

"This is about is providing capital and infrastructure support to talented managers that would otherwise not be able to have the capital to establish an institutional quality firm," FIS CEO and CIO Tina Byles Williams said.

The Ecosystem is the brainchild of Senior Research Analyst Omaar Poitevien, who said that since he began conducting manager research in 2006 he has come across a number of firms where he said it is glaringly obvious that despite the investment talent, the firm did not have the resources to compete at an institutional level.

"We've seen and had experience with firms where, yes, the portfolio managers are talented and we've even approved them only to find out that it wasn't sustainable on the buy list because if we are the only money in the firm and they don't have the operating capital backing them up, they will go out of business very quickly," he explained.

"He could tell that they didn't have sufficient operational infrastructure to meet institutional standards and so he came back and said, 'why don't we figure out a way that doesn't create a conflict of interest,'" Byles Williams said.

Byles Williams said the simple motivation behind the Ecosystem, which is funded through revenue from the firm's core business, is to allow FIS and ultimately its clients to access talented managers.

Byles Williams, who founded Philadelphia-based FIS in 1996, said she could not have launched the firm in today's environment due to the increased capital requirement burden on investment management firms.

"Today, I could not start FIS. Just as simple as that with the resources I had available to me back then. So I think where the cost of establishing a firm disproportionately hits are those segments of the population that have the least access to capital," Byles Williams said, noting that while the firm's overall pipeline of managers has remained strong over the years, there has been a lack of new women- and minority-owned firms entering the space.

"We see fewer minority entrepreneurs for the simple reason that they traditionally have less access to capital, so I think that is where if I was going to look

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at trends today versus 18 years ago [there would be a difference]," Byles Williams said.

Once a firm is approved by FIS for the program, the manager has access to a list of vendors and capital providers through an internal Web site.

In the vendor section, the program will launch with about 15 different vendors within various categories, including compliance, order management systems and marketing, Poitevien said.

Managers will be able to send a communication to a vendor they are interested in looking at through the Web site, said Cesar Gonzales, Jr., senior v.p. of investment programs at FIS.

FIS has negotiated discounts with vendors on the system that are as high as 40%, the firm said.

Omar Poitevien

The participating vendors will be disclosed when the Ecosystem is launched later this month.

Poitevien said FIS does not have a cap on the number of vendors in the program and interested vendors should contact him via e-mail at opoitevien@fisgroup.com. One area in particular that FIS would like to enhance the offerings is in the data provider industry, he said.

From the capital provider perspective, FIS will serve as a conduit to connecting a manager with a capital provider.

Poitevien said the firm has had extensive conversations with the eight capital providers in the Ecosystem to understand what types of firms they are looking for. Once a manager and a capital provider are connected, FIS steps away from the process and is not involved in any of the discussions or negotiations. "We left that up to the manager and the capital provider. However they choose to set up their deal is their business," he said.

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> **Tina Byles Williams**
> *CEO & CIO*
> *FIS Group*

Managers are not able to directly contact the capital providers.

Approximately 80 managers will have immediate access to the system when it is launched in late March.

Firms not currently in due diligence with FIS can fill out a manager questionairre on the firm's Web site (http://www.managerresearch.fisgroup.com).

Byles Williams said she hopes the program can go beyond the coaching and advice that emerging managers-of-managers have been able to provide emerging firms up to this point.

"At the end of the day, these are businesses and they need to survive as an economic entity. You can coach until the cows come home, but if the manager doesn't have the capital to make ends meet, it is not the main challenge that managers are facing," Byles Williams said.