

US Service Provider Insights 2020

FEATURING US AWARD WINNERS

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US AWARDS 2020

Promising prospects for MSPs

Align: Best Cloud Services Provider

The changing needs of fund managers, driven by regulatory and industry progress, means Managed Services Providers are in a strong position to capitalise on these developments. The increased demand for regulatory-compliant IT services, increasing focus on operational standards and controls as well as the abrupt shift to a decentralised workforce have contributed to Align breaking the 350 client threshold in just about three years of going to market.

Specific growth areas for the firm included mature clients outgrowing their legacy Managed IT Services Providers (MSP) and firms looking to exploit the benefits of the public cloud. Align has also been servicing high pedigree start-up and emerging managers which expect immediate allocations and need to pass IT and cyber operational due diligence (ODD) examinations at lower price points.

The firm also signed on over thirty non-registered clients, most of whom are service providers to the investment management industry. These consisted of fund administrators, law firms, compliance firms, outsourced CFO firms and unexpectedly, ODD firms.

The creators of this business, Vinod Paul, Chief Operating Officer, and John Araneo, Managing Director and General Counsel of Align, believe the firm's growth is being driven by two specific industry developments. As Araneo observes: "Investment advisers have never been more regulated and there is an ever-growing focus on operational due diligence. Both these trends have a direct impact on Align's dual offerings – Managed IT and Cybersecurity Advisory – as they weigh heavily on new and mature managers alike.

"The increased regulation and emphasis on ODD require fund managers to take their IT infrastructure more seriously. IT infrastructure standards now mean each manager is expected to have a clear, full-throated description of a discernable, demonstrable and defensible IT environment. This is a result of the regulatory framework. Our entire offering was designed to meet these requirements and this



allows us to provide these necessary and bespoke deliverables cost-effectively and efficiently."

Fund managers are following the regulators' lead on these matters. They are now aggressively educated and informed on the IT and cybersecurity standards being asked of them and they are demonstrating this more frequently and earlier in their life-cycles. Paul observes: "We are seeing more decisive prospects and clients that now, finally, understand the value placed on building an appropriately sophisticated IT environment as well as a properly-scaled, bespoke cybersecurity programme that specifically addresses its unique data security risk profile."

Paul notes that the most far-reaching and tectonic – yet unanticipated – development in the industry has been the sudden shift to a decentralised workforce: "While none of us anticipated how easy the transition would be, challenges remain. These include being able to demonstrate how the now-ubiquitous decentralised environments create an operationally-sound and collaborative 'virtual working environment'. They also need to be appropriately layered with cybersecurity controls that now protect the endpoint, where the data now live, as opposed to being previously domiciled on a centralised network."

In Paul's view, it is an exciting time to be an MSP: "We believe the prototype for a successful MSP has been turned on its head. By offering managed IT services at a superior level designed to address the current regulatory, operational, security and ODD challenges, Align is in the pole-position." ■

Vinod Paul
Chief Operating Officer, Align



Vinod Paul brings over 20 years of in-depth financial services and technology experience to his role as Align's Chief Operating Officer. Vinod's responsibilities include the strategic development of Align's Managed Services offerings, including oversight of Align Cybersecurity™, the company's comprehensive cybersecurity risk management solution. In his current role, Vinod is also responsible for managing senior client relationships with alternative asset managers, providing ongoing guidance concerning industry best-practices and forward-looking trends in managed services.

John Araneo
Managing Director, Cybersecurity and
General Counsel, Align



Prior to joining Align, John Araneo was a partner at a well-known investment management law firm. Having published numerous articles on data privacy, data asset protection and other cybersecurity-related legal issues since 1996, John is an established author, a sought-after speaker, cybersecurity expert and well-known thought-leader on the legal, regulatory, governance and employment law issues related to cybersecurity, particularly in the investment management space.



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Align is headquartered in New York City and has offices in London, Chicago, San Francisco, Arizona, New Jersey, Texas and Virginia. Check out our blog at www.align.com/blog and visit www.align.com for more information.

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ARCESIUM

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Building on a platform developed and tested by one of the world's leading investment and technology development firms, the DE Shaw group, Arcesium launched as an independent company in 2015. Arcesium received additional equity backing from a second seed client, Blackstone Alternative Asset Management, the world's largest discretionary allocator to hedge funds. In January 2020, JP Morgan made a strategic investment in the company.

Arcesium supports more than USD380 billion in assets with a staff of over 1,000 software engineering, accounting, operations, and treasury professionals.



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Cowen Outsourced Trading provides investment managers with a first-rate, cost efficient solution for their trading needs. Our offering is full service, multi-asset class, global, and is differentiated by its transparency and level of operational support. Cowen Inc. ("Cowen" or the "Company") is a diversified financial services firm that operates through two business segments: a broker dealer and an investment management division. The Company's broker dealer division offers investment banking services, equity and credit research, sales and trading, prime brokerage, global clearing and commission management services. Cowen's investment management segment offers actively managed alternative investment products. Cowen Inc. focuses on delivering value-added capabilities to our clients in order to help them outperform. Founded in 1918, the firm is headquartered in New York and has offices worldwide.

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DMS GOVERNANCE

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INVESTCORP-TAGES

Investcorp-Tages is a global multi-manager investment firm that was launched in May 2020 through a 50/50 joint venture between Investcorp and Tages Group. With offices based in London, New York and Milan, Investcorp-Tages focuses on providing bespoke solutions and manages alternative assets for institutional investors worldwide. Their product range includes multi-manager portfolios across hedge fund strategies, private debt and impact investments, seeding and acceleration partnerships, thematic special opportunity portfolios, risk-premia and cross-asset strategies, and alternative UCITS.

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