

Case Study: JP Morgan PEFS

The Company

JP Morgan Private Equity Fund Services (PEFS) was launched in November 2005 through the commercialization of JP Morgan Partners' finance and technology teams. The PEFS team manages more than 50 professional services clients from offices in New York, London, Sydney, Chicago, Dallas, and San Francisco. PEFS offers a full suite of outsourced services including both fund administration for fund managers and portfolio administration for investors. PEFS's value proposition is to free fund managers and investors from administrative tasks and allow them to focus their energies on building wealth.

This case study is based on PEFS's experience managing a large corporate pension fund with \$160 billion in assets under management. Several alternative asset sub-classes are represented within the fund: private equity (buy-out, mezzanine, and venture capital deals), real estate (both direct and fund investments), and hedge funds. The investment team is made up of 42 investment professionals organized by sub-asset class while finance and operational responsibilities for the fund are centralized.

The Challenge

Before PEFS took on administration of the pension fund, the portfolio management process in place consisted of assimilating multiple data reports from multiple fund managers. The reports were all in different data formats and mediums (such as fax, hardcopy, and electronic). In addition, many of the financial data records from the property managers were incomplete or missing entirely.

PEFS was looking for a solution that would allow them to consolidate all of the reports for each and every reporting period. The solution required extensive management reporting for the pension fund and its underlying properties, including key measures, operating information, cash flows and performance measures. In addition, PEFS required a tool that would facilitate the process of collecting data from property managers in the field.

The Solution

PEFS chose Data Exchange to implement a two-fold solution – a reporting package tailored to each asset class and a web-based workflow application for the asset managers to deliver key financial data back to the investors.

The reporting packages were created in Investran Report Wizard and are delivered through Data Exchange's dynamic reporting interface. Each investment professional can review the portfolio returns (dollar weighted or time-weighted) for their respective asset sub-class. The investment key measures reports include data points such as property type and regional classifications, renovation descriptions, total units occupied, total units available, and square footage. Data points covered in the performance measure reports include property-level cash flow tracking, expanded performance metrics as well as equity and debt financial measures.

The real estate workflow application, embedded in Data Exchange, captures investment-level detail directly from the property managers in a normalized format with a common definition for all data elements. Custom reporting metrics for real estate portfolios were integrated with the application including tenant rosters, individual building mortgages, and so on. Data collected from the client portal includes tenant name, NAICS code, credit rating, square footage leased, and commencement/termination date for each unit. Debt tracking data includes lender name, balance, interest rate, amortization period, capitalization, and finance terms. To provide an intuitive, user-friendly environment and ensure the consistency of the data submitted, the real estate application interface employs drop-down lists and standardized field formatting. The automatic email alert feature provides a simple way for PEFS to remind property managers when to submit data.

Data Exchange has proven itself to be an ideal solution to help PEFS organize and sort out an administrative jungle of reports in multiple data formats and mediums. Additionally, the Data Exchange solution improved the reporting experience for investors, making customized reports and on-the-fly calculations with unlimited sorting and filtering capability available through the Data Exchange web-based portal.