

## MOVERS & SHAKERS

By Lauren Keyson

### **Disorganized Research**

*The Need for Managing Proprietary Information*

**Exclusive TTB Interview with Mark Rice  
CEO and President of Tamale Software**

Traditionally, money managers execute trades using an order management system to manage their order flow and trading. They also purchase accounting systems and performance and risk systems to manage their portfolios. Now money managers and buy-side analysts are beginning to think of research management systems in the same way – just as they would use a system to manage trades, they can also use a system to manage their research.

With the explosion in the number of hedge funds and other money managers who are opening their own investment firms, Mark Rice, the CEO and president of Tamale Software, says that he is seeing a real need and a demand for research management applications. A need he saw develop over the last 10 years as the CTO for the Prime Brokerage division of a major Wall Street firm.

**Lauren Keyson (The Tech Briefing): What is the problem you see with investment research today?**

**Mark Rice (Tamale Software):** The investment research professional is inundated with information from multiple sources, and a lot of this is a result of changes in the industry that have occurred in the last few years. Reg. FD has made it more difficult for companies to provide a lot of information themselves. So there's been a proliferation of independent research providers, who are out there gathering primary research and providing it to those people who are making investment decisions. Now there are multiple sources, there is a ton of raw data and information, and research professionals have to go through it all and make sense of it. They have to do their own primary research to formulate their proprietary thoughts about companies, industries and sectors.

Because of this problem, they're struggling with how to manage all of that information and leverage it across an investment organization. The research analyst is collecting a lot of information. They need to keep track of where they got it from, who they got it from, what conclusions they drew about each piece that they read or each person that they spoke to. Then they need to formulate their own opinions and thoughts, present them, and collaborate on them with their portfolio managers. The whole collection process is abysmal today. The systems that they have to use are basically just Outlook folders, shared drives, and very often filing cabinets and shelves! So the real need is for something to help these people manage all of this proprietary information that they are gathering and transform it into something that they can discuss with their colleagues.

**LK: Is the same true for buy--side and sell-side research?**

**MR:** Yes, it's basically the same problem. The sell-side research shops are gathering a lot of information also. They're highly regulated in the information that they actually distribute to their customers -- and that is yet another problem. But the gathering of the information -- so they can formulate their opinions-- is very similar. It's a plethora of information that they need to keep track of.

**LK: How does your software enhance investment returns?**

**MR:** It helps the buy-side shop keep track of their ideas, develop their ideas, collaborate on their ideas and then prioritize them for execution. So it helps them manage their creative process - the investment ideas that they are formulating. And it allows them to make better decisions, because the people who use the application are much more organized, can recall information and conversations quickly and can see connections between ideas. Also, the portfolio managers who use it feel quite a bit more informed, because they have access to all of this information that used to be inaccessible in Outlook folders and shared drives and in filing cabinets or on shelves. Basically, they didn't have access to it before, and now they can bring up this information and add their own insights -- and make better decisions.

**LK: How does your software help money managers gain insight into analyst changes and comments?**

**MR:** It provides you with an easy way to see the body of information that an analyst produces on a particular name that you thought was relevant and worth saving. Whether it's emails or phone conversations that you are having with an analyst, all that information is present in the system, and each item has a sentiment attached to it – positive, neutral, or negative. You can see over time how it changes, and what causes it to change. So you get a complete historical picture of what an analyst thought of a particular stock or a particular investment idea.

**LK: What characterizes the early adopters of Tamale – your first customers?**

**MR:** Our first 20 clients are a mix of long-short, long-only and various strategy, buy-side firms along with a few sell-side firms who do research. They have varying investment styles, but they all believe that the research process can be improved – just as order management systems and trading algorithms improved trading, a research management system can improve the fundamental investment decision making process. Tamale enables the analyst to spend more time on value added primary research, analysis, deduction and seeing the mosaic because it saves them time across the lifecycle of an idea – capturing, tracking, developing, collaborating on, prioritizing and monitoring more effectively and efficiently with Tamale. It's an investment in the analyst – the creative idea generators of the fundamental shop.

**LK: In general, how do you think the tech sector will do the second half of this year? Do you think it will be a good place for people to put their money?**

**MR:** As far as I can tell, in the financial industry, the players – the major companies – are investing in technology. I think they held off for quite some time, and in the last year or so have started to pick it up. They need to, because they need to continue to invest in their infrastructure and their platform for doing business. And there are new things out there that are worth investing in that can give them an edge – like Tamale!

I don't know if that's an indication of what is going to happen with stock prices, but I do think that the industry is going to invest in technology.

**LK: Are you planning to go public at some point?**

**MR:** That's a possibility. We are a privately held company. So we will either go public or we will merge with some other institution.

*Mark Rice is the president and CEO of Tamale Software. Prior to joining Tamale in March 2004, Mark was a Managing Director at Morgan Stanley where he held several positions over a 20 year career. Most recently he was the CTO for the Prime Brokerage division globally where he oversaw a technology budget of \$100MM and had responsibility for the development, sales, deployment and support of their client technology products and consulting services. He graduated Magna Cum Laude from Williams College, with a degree in mathematics.*