

Weiss' Steven Breen Keeps it Simple

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Steven Breen has made a career out of untangling and simplifying hedge funds' technology infrastructures. Breen now finds himself at Weiss Multi-Strategy Advisors implementing a blueprint that has been honed over the course of nearly two decades.

By Anthony Malakian

Many CTOs you meet are tinkerers. Walk into their livingrooms and you're just as likely to find a stripped-down laptop as you are to find a credenza. But not Steven Breen. Breen is not a nuts-and-bolts kind of guy. But he does have a talent: When IT gets too out of whack and when there are more platforms than employees, Breen comes in and cleans up the mess—by simplifying things. This is not to say that he enters into dysfunctional situations. Rather, when hedge funds grow—as is the goal of any hedge fund—processes can all too easily become entangled and complex.

Breen has made a career out of thriving in these situations. He's the guy a hedge fund is looking for when it grows and wants to do more in-house. This is what gets him out of bed in the morning. This is what led Breen to Weiss Multi-Strategy Advisors.

The Blueprint

When Breen arrived at Weiss in the winter of 2009, the firm had a talented staff but was lacking direction. Weiss, founded by George Weiss back in 1978, had a catalogue of legacy technology that was outdated and not up to the task of scaling to support the fund's growth. There were scores of system failures, no clear IT roadmap, and no one at the fund had Breen's experience of overhauling technology.

“At my first executive committee update, I told them they had a bunch of people rowing the boat as hard as they could—it's just that the boat was pointed in the wrong direction,” Breen recalls. “All I'm

doing is getting that boat pointed in the right direction so that they can make solid contributions to the firm. It wasn't a lack of talent or effort—it was a lack of vision, direction and strategy.”

One of the first things Breen looked to do was to get the right people in the right seats. When coming into a new situation, Breen likes to analyze three things: what the application platform looks like, what the infrastructure looks like, and what the IT team looks like.

“The most important of those three things is the team,” he says. “I can highlight issues in the areas I mentioned, but if I don't have the right people in the right seats to address them, then what's the point?”

The experience was there, though. Two of the firm's former CTOs are still on the staff—three were with the firm when Breen arrived—but they did not have Breen's “cleaning” experience. So he moved some people around and let others go.

Consolidation

Weiss is set up so that the front office is located in the fund's Manhattan offices on Park Avenue and the technology and operations teams are based out of Hartford, Conn. All told, the firm has about 190 employees and in the region of \$2.5 billion under management. In order to ensure that IT was helping the traders as best as possible, Breen created a business analyst position for New York that would focus on the traders' needs. Once the right people were in place, Breen began to address the firm's accounting systems. He had, after all, graduated from Bryant College in Rhode Island with a degree in accounting and his first job out of college was as a hedge fund's accountant. So it was a natural place to start.

Weiss implemented Advent Geneva's accounting platform—a platform Breen had previously installed at his former company. Next, Weiss needed a data warehouse to couple with Geneva, so Weiss worked with MIK Fund Solutions, bought the vendor's code base, and worked with the vendor to develop a customized data management system.

Getting the data equation right was, for Breen, the next most important step. “I'm of the data-is-religion breed,” he explains. “Aside from people, the second-most valuable asset at the firm is its data.”

Within 18 months, Weiss rolled out a new portfolio accounting system, a data warehouse, a new security master, a new customer-relationship management (CRM) system, a new internally built profit-and-loss (P&L) platform, and conducted a major upgrade of its proprietary order-management system (OMS).

On the infrastructure side, Breen and his team improved the firm's disaster recovery capabilities; upgraded its storage area network (SAN) infrastructure; and moved its production datacenter from Hartford to Wallingford, Connecticut. According to Breen, what Weiss had in place wasn't bad, it's just that it could've been better, he says. And that required someone who had seen it and done it all before.

"The application platform had three or four different tiers written in different languages and they were all trying to talk to each other," he recalls. "So I sat down with the team and said that we're going to consolidate and simplify. We're a \$2 billion hedge fund with 200 people—there's no reason to be so complicated. We're not sending a rocket to the moon here. Yes it's complex, it's hard work, but we don't need to make it any harder on ourselves."

From the Ashes

Breen is probably as surprised as anyone that he ended up at Weiss: Prior to joining the hedge fund he had spent the previous four years at the now-infamous Pequot Capital Management, which was shut down by the Securities and Exchange Commission (SEC) in 2010. Breen's mentor, Jim Hiatrides, had connected him with Pequot and Breen soon found himself running technology for Arthur Samberg's firm.

For Breen, Pequot was the right environment. He was previously the deputy for Deutsche Asset Management's US operation, although it had never been his plan to work for a global behemoth, with all its bureaucratic red tape and politics—Deutsche had bought Scudder Stevens and Clark from the Zurich Group in 2002, which, in turn, acquired Scudder in 1997. It was at Scudder where, under the tutelage of Hiatrides, Breen had learned how to overhaul an antiquated hodgepodge of systems and build infrastructures for scale.

But with Hiatrides gone, working for a buy-side firm the size of Deutsche Asset Management was not what Breen wanted. He's from a small town in Westchester, New York. He graduated from a small college. He started his professional career at a relatively small long-only asset manager, Jennison Associates, which is where he first met Hiatrides. That's what made Pequot such a good fit—it was his first chance to run technology completely on his own.

By 2009, all the heavy lifting was done. He had built a team, trained them, and they went about building new systems and workflows. The core systems—accounting and data management were in place—they were just beginning to automate any manual process they could find.

Then, on May 27, 2009, the SEC charged Samberg with insider trading, which involved a Samberg hire from Microsoft Corporation. Before the end of that month, it was announced that Pequot would be shutting down.

Breen spent the next several months helping to unwind the defunct fund's business and looking for a new job. But if it's true that through adversity there's a path to opportunity, Breen found Weiss, a firm he knew nothing about.

"After Pequot folded, I realized that I wanted to try another renovation instead of going to a startup," says Breen. He had the option of building a startup hedge fund from the ground up. "I love the challenge of coming in and turning things around."

Just the Beginning

While much has been accomplished over Breen's first two years at Weiss, there's still plenty more to be done. The most significant project underway concerns the firm's counterparty risk management system. Weiss conducted an extensive vendor search but ultimately decided Weiss was better off building it in-house. Breen says there were a lot of vendors that were good at what they did best, but for the breadth and functionality that Weiss needed—a fund that runs around 20 strategies including market-neutral, fundamental, long–short, and macro—it would've had to use three or four solutions. And that's exactly the type of scenario Breen was trying to avoid.

"The more applications you have, the more datasets you need to maintain and reconcile to ensure accuracy," he says. "We've spent a lot of time and effort putting our data warehouse in, and we're going to make every effort to leverage it as the single version of the truth for as many applications as possible."

At any given time there are about 15 to 20 projects in play, according to Breen. Much of that is automating manually-intensive operational workflows. Additionally, the firm's legacy technology is written in FoxPro, an archaic, unsupported language from Microsoft. So the firm is consolidating that into C#, which it will use to tap into Microsoft Silverlight's front-end series of applications, Breen says. This way, Weiss' operations team will have the Silverlight portal for a standard framework for development. Everything will be standardized with the same look and feel—screen to screen, function to function, even the colors will be the same.

Technology as a Tool

It's the challenge of creating an efficient, clean infrastructure and supporting applications that excites Breen.

Even at Pequot, after four years, things were running smoothly. As Breen puts it, the picture was painted and was hanging on the wall. But there are still exciting projects for Breen to work on at Weiss. He says the best part of the job is seeing someone use something that he and his team delivered to make or support investment decisions.

Breen doesn't have a love of technology—instead, he loves using technology to drive positive change. So, as long as the business is growing and there are applications and systems that need improving, Breen is a happy man.

“The thing that keeps me going is when the business is growing,” he says. “If you have a business that's stagnating—if we weren't adding new strategies or creating new business opportunities—then it can get stale. I'm all about helping the business to grow and run efficiently, so if they stop growing then that's where I start to lose interest. As long as the business is growing, there will always be interesting things for me to do.”