

STP forestalls headaches in money management

Firm gives clients luxury of straight-through processing

PETER KEY
 STAFF WRITER

EXTON — Managing money is a hard enough job without having to worry about whether your computer system is properly accounting for it.

That's the premise behind STP Investment Services Inc., which Patrick Murray started in 2008 with help from a Bermuda money-management firm he was doing consulting work for at the time.

"We're focused and dedicated to giving superior custom-catered client services to the small to midsize asset manager and we've been successful with that," Murray said.

STP gets its name not from the fuel additive or from the Stone Temple Pilots but from straight-through processing, which is what it enables its customers to do. That means an asset manager can make a trade on behalf of one of its clients and not have to worry about any aspect of it — from getting the money to the seller or from the buyer and taking or transferring possession of the securities he's buying or selling to accounting for the trade in his firm's books and client's account.

In designing its technology, STP didn't just automate the trading and accounting processes so that trade data sails through even if it seems dubious.

"We like to think of ourselves as following a controlled automation environment where we have checks and balances along the way," Murray said.

STP also enables its customers to track the performance of their money managers and can recover their data for them if they lose it because of a disaster or other problem.

Those services differentiate it from other similar companies, as does the size of its customers.

STP typically targets money-management firms with assets of \$25 billion or less, although it can handle larger ones, too. In addition to the amount of assets a firm has, the type of trading it does plays a role in determining whether it's a good fit for STP.

"An asset manager may have \$2 billion under management and be as complex as an asset manager with \$60 billion under management" if it does complex derivatives trading, Murray said.

STP grew out of work Murray did for PRP Performa Ltd. in 2008, when he was acting as the Bermuda-based money-management firm's chief technology officer.

Murray was charged with finding a replacement for the company providing Performa's accounting system. That, he thought, was a good opportunity to put together a center that provided a range of technology services to small-to-midsize asset managers.

"The back-to-middle office function for the small to midsize asset manager has been a problem for a long time," he said.

Performa provided him with funding to build the center, which he turned into STP.

"They're now my client and we're able to not only provide services to them, but provide services for all of our other clients," he said.

The system that STP implemented for Performa includes the investment-management suite of software developed by Eagle Investment Systems LLC, a Boston-based subsidiary of the Bank of New York Mellon Corp.

Murray said STP decided to use Eagle's software because it has a strong accounting system and data warehouse.

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Patrick Murray
 STP Investments

"We decided not to reinvent the wheel," he said.

The implementation also includes applications that STP developed to enable straight-through processing.

Although the financial capital of the country, if not the world, is New York, Murray based STP in Exton for several reasons.

One is that it's close to New York. Another is that the Philadelphia area has a good number of the types of asset-management firms that STP targets. Additionally, he's from the area, having grown up in Wallingford and now residing in Downingtown. And finally, it's not Wall Street.

"What was important to me in starting the firm was creating a culture where it's very family based and it definitely is the Wall Street work and challenges and really interesting stuff, but without sort of the Wall Street lifestyle," he said.

"We approach it as really being a family and I think that has instilled a lot of camaraderie with our team."

STP tries to carry that approach over to the companies it works with, which aren't big Wall Street firms either.

"We're looking to not really nickel and dime you, but to be your business partner," he said.



CURT HUDSON

Patrick Murray, president and CEO of STP Investment Services, with some of his staff. Seated: Dennis Cristofolletti (from left), Nick Cacciutti, Shaun Miller and Saneesh Surendran. Standing: Samuel Graef (left) and Chris Sallemi.

Murray wouldn't disclose STP's results, but said the company is profitable.

"That enables us to really invest in ourselves and continue to scale where we see fit," he said.

STP employs 10 but has relationships with offshore developers that enable it to bring on people quickly if it has to in order to handle a project that is particularly large or needs to be done in a relatively short amount of time.

"If time and scope aren't flexible, but cost is flexible, we can go out and hire a consulting firm offshore," he said.

Up Close

NAME: Patrick Murray

AGE: 30

TITLE: President

EMPLOYER: STP Investment Services Inc.

PROFESSIONAL EXPERIENCE: Contracted chief technology officer, PRP Performa Ltd.; member, Technology Leadership Program, Merrill Lynch;

EDUCATION: BS, management information systems and finance, Villanova University

CURRENT HOME: Downingtown

Advice to other entrepreneurs: "Surrounding yourself with people who are cut from the same cloth as you are is really important."

Lessons learned: "Clients ... want to attain the Holy Grail right away. [To help them do that] build a road map; a series of steps to achieve that goal."

Big achievement: "2009 wasn't exactly the greatest bull market in the world ... and we were a big-time success story during that period — a startup in the investment industry that has been successful and profitable and growing."