

Stone Coast Delivers Real-Time Visibility for Error-Free Fund Operations



Industry: Banking
Location: United States

The largest private hedge fund manager in the US, Stone Coast Fund Services was looking to digitize and automate its business processes and improve operational efficiency. They handle multi-million-dollar cash transfers on a daily basis and needed visibility and auditability over transactions and operations of \$100 billion in assets under management. Up until 2016, their transactional cases were carried out over email or on paper, making it hard to see work in-flight. They needed a new way of working to make it easier to meet investment deadlines and effectively manage their clients' portfolios.

Stone Coast deployed their first process in Bizagi in just six weeks, and over the course of seven years have scaled the platform to create workflows for 80 core business processes. Bizagi is now used by every department in the organization and has become their second most critical application behind their core fund accounting system.

The platform gives them real-time visibility over cash movements and capital activity, making employees accountable and ensuring deadlines are always met. They automated email ingestion so that clients' requests are launched as new cases directly in the Bizagi platform. Additionally, Bizagi automatically generates audit trails for Stone Coast, making it easy for them to prove compliance on their annual audit.

"Bizagi has become our second most critical application. Obviously, we have a core fund accounting system, but in support of that, Bizagi really is critical to how we support our organization as well as our clients and investors."

Justin Wood,
Senior Manager - Technology

25,000 cash movements completed per year	15,000 capital activity transactions completed per year	
99.9% error-free across critical workflows	15x faster service request process	6 weeks to deliver first application

Objectives

- Digitize paper-based financial operations
- Increase transparency of the organization's data to see work in-flight
- Provide efficient and high-quality interactions with clients
- Connect data for better decision-making
- Standardize operations to reduce complexity
- Create robust processes to ensure regulatory compliance

Achievements

- All documents digitized with automated email ingestion to centralize data
- 50 standalone processes and 40 subworkflows implemented over 9 years
- Real-time visibility of case progress through workflows and dashboards
- Data visualized through PowerBI via Bizagi
- Timely and 99.9% error-free delivery of services to customers
- Predefined workflows and automation for risk mitigation
- Integrated with Sharepoint and finance management apps to manage highly-sensitive data

Overview

The largest private fund administration firm in the US, Stone Coast Fund Services administers \$100B in assets across 350 different funds, with an outstanding reputation for providing a highly personalized service to their clients.

In 2016, they embarked on a digital transformation initiative to automate the complex, paper-based financial transfers movement review and approval transfers process, meeting compliance requirements and generating new valuable insights across the organization. They are now using AI to further enhance operations.

Challenge

As a transactional business, timeliness is everything to Stone Coast, so their primary driver for transformation was transparency of processes so they could meet their SLAs. Many of their capital transaction processes, such as cash movements, were still reliant on physical documents. This made it difficult to oversee work-in-flight and left space for error when transferring information between systems. To effectively manage their clients' portfolios, Stone Coast needs visibility over who is responsible for the various steps in the case and the reason for any hold-ups.

This lack of transparency also presented an issue of audibility. As is the case with all fund administrators, they are heavily scrutinized by third party regulators and need to provide various audits to prove compliance, which is hard to do when there is no clear, recorded process.

But it wasn't a matter of simply digitizing Stone Coast's processes, they needed to unlock the value of their data within these processes to make more informed decisions on their investments and provide the return for their clients and mitigate risk wherever possible.

As part of their digital transformation, Stone Coast targeted a variety of operational-centric processes, including:

Cash movement:

Fund transfers is one of the most critical and highly risk-associated processes that financial services firms carry out. This was the first process Stone Coast automated using Bizagi as they needed to reduce risk involved around investments and withdrawals which was still primarily carried out over paper.

Automated email ingestion:

Investors and clients often designated work via email, but this limited management transparency and took time transferring information over into the appropriate systems. They needed a way to efficiently manage and execute information received via email.

Capital Activity:

This process is made up of multiple subprocesses wherever investors subscribe, redeem or make transfers as part of their investment strategy. Each of these actions requires appropriate information capture from supporting documents, which were stored in Microsoft Sharepoint, and must be approved by senior parties. Stone Coast needed to integrate with the processes across the business and their systems and create a robust workflow to meet SLAs.

Net Asset Value Accounting:

Stone Coast delivers one Net Asset Value (NAV) report per fund on a monthly basis to give clients an overview of their portfolio. It's a critical document that sources information held in various databases and requires a four-eye review. They needed a way to both attach and verify documents in a process could easily be error-prone, but was integral to customer satisfaction.

Service Requests:

Stone Coast receives over 25,000 service requests annually. These take investor representatives up to 10 minutes to deal with: reading the email and attachment, then classifying the requests before routing it to the appropriate representative. The Invest Analyst then spends up to 20 minutes creating and sending confirmation and SLA emails for each request; manually writing a response for the customer. The firm wanted to automate the process to save time.

AI Goals:

In 2024, Stone Coast decided that AI would become a strategic initiative for the firm, so they created goals around their automated processes to further enhance productivity. Some of the first AI-related goals were to use AI-driven operational efficiency and error detection to enhance accuracy, reduce manual load and increase capacity without compromising quality. They also aimed to use AI to aid Natural Language Processing (NLP) for client communication and compliance to improve responsiveness and consistency in client reporting and regulatory disclosures.

Solution

When Stone Coast first began using Bizagi in 2016, they trained one of their developers to focus entirely on the platform, primarily as a BPM tool before optimizing processes with automation. It only took them 6 weeks to deliver their first application, thanks to the ease of use of the platform. As they saw success in their early automated processes, demand grew and they needed to scale up their resources.

"We selected Bizagi because of its user-friendly nature. It offered low code, no code opportunities as well as the ability to manage software development lifecycles ourselves."

Justin Wood,
Senior Manager - Technology

One of the benefits of a low-code automation platform is that business users can get involved in the process as well. So, six business process analysts worked alongside the team of developers to deliver processes and applications faster.

To meet their AI goals, they deployed machine learning models to monitor fund accounting processes and reconcile data anomalies in real-time to aid error detection. They are using NLP to generate or check drafted fund reports, investor notices or audit responses based on structured data inputs, ensuring tone and accuracy.

Results

Bizagi is now a mission-critical platform, providing a centralized data repository for Stone Coast, securely connecting with their other applications and databases. Business processes have been clearly mapped with automated steps ensure that their client SLAs are always met. The automated processes coupled with secure business rules have achieved 99.9% accuracy across their critical workflows.

Integration with Power BI dashboards for data visualization has helped with resource utilization. Managers now have a high-level view of all cases and can see teams' work in real-time, allowing them to reallocate work if some teams are overloaded and not able to meet their deadlines.

"We've really been able to improve the quality and timeliness of our work with Bizagi because we now have transparency and can focus on areas that need that type of oversight."

Justin Wood

Stone Coast have also implemented an automated audit process within Bizagi and set business rules around cash movements and transactional processes to reduce risk and ensure compliance. This is of the utmost importance in an industry that's so highly regulated. Clean and successful audits in turn help with client retention and client prospecting, which is why Stone Coast has retained its position as a leading fund manager.

"Not only can we ensure that work is done timely and at the highest quality, we can also easily prove to our auditors that there is evidence of review and appropriate attestation through Bizagi's audit trail."

Justin Wood

Within the primary processes, the following results have been seen:

Cash movement:

Using Bizagi, Stone Coast has automated important risk mitigation steps within the process, including client acceptance, four eye review, stock reviews and auditing, which the team has described as "invaluable". They process 25,000 cash movement cases per year, making it their highest volume process in Bizagi.

Automated email ingestion:

This is the most critical business process that Stone Coast has automated with Bizagi as it is hugely beneficial from an audit and efficiency perspective. When they receive an investor or client request, a new case is automatically generated in Bizagi and assigned to the appropriate group based on a variety of business rules. This has provided transparency from the very beginning of a process and accelerated the time it takes to complete customer requests.

Capital Activity:

Bizagi has provided robust integration and automation of the capital activity process and its multiple subprocesses to provide efficiency and transparency. Bizagi now provides a centralized data repository by connecting with key systems, including Microsoft Sharepoint, and visualizes all information in PowerBI dashboards. This has facilitated appropriate information capture, demographic information, and reviews for 15,000 cases per year.

NAV Accounting:

By mapping and automating the NAV workflow in Bizagi, they have been able to increase quality, reduce risk and promote transparency thanks to the ability to seamlessly attach and attest documents. Additionally, automated reminders to senior members of staff to review the documents before they are sent to clients have helped to speed up the process.

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Service requests (AI Solution):

In just six weeks, the team created tested and launched the new service request process in Bizagi. When the initial email request is received, a native trigger creates a case in Bizagi, which allowed Stone Coast to retire several custom mail routing technologies.

They then layered on the AI component: the agent classifies the case into one of the three categories, then leverages automatic routing to ensure the case is sent to the appropriate group for management. The agent then summarizes the email for the user; so there is an AI insights text box within the case.

Users receive those insights in a summary of the email. The AI agent also provides a suggested response based on the summarization of that email. So, the process contains three AI Agents to categorize, summarize, and generate responses for emails and client requests. This delivered a 93% reduction in employee time to complete the task. It now only takes the Investment Analyst up to two minutes, rather than 20, and allows the Investor Representative to focus their efforts elsewhere as they no longer need to classify requests.

"We receive about 25,000 of these requests annually... so a significant reduction in processing time has allowed us to maintain extremely high SLAs. As we continue to overlay and grow our client base, the ability to do that at scale with AI agents and to build upon is gonna be a paramount functionality for us."

Justin Wood

Four custom coded apps at Stone Coast are now being retired and replaced by AI Agents. The team's vision is to move away from custom technology where it makes sense and replace it with Bizagi, leveraging out of the box AI functionality.