

SBCERA Records Management Project Decision Memo for "Collect" (Canoe)

Prepared for: SAN BERNARDINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
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INTRODUCTION	3
GOALS	3
OPERATIONAL GOALS	3
SBCERA SPECIFIC GOALS	3
SELECTION PROCESS	4
DECISION RATIONALE	5
SPECIFIC BENEFITS.....	5
CANOE INTELLIGENCE FEATURES	6
RISKS	7
ABOUT CANOE	8
REFERENCES	9
INVESTORS	9

INTRODUCTION

San Bernardino County Employees' Retirement Association (SBCERA) hired Cordatius LLC (Cordatius) to assist in identifying a suite of systems that could satisfy the functional requirements identified in the RFP. SBCERA evaluated two proposed systems suggested by Cordatius, based on their extensive and current knowledge of the document collection industry. We are pleased to present Canoe as the vendor that has been selected, and this document outlines the selection process and the reasoning behind the final decision.

GOALS

Project was launched with several goals that were determined as operational (common to most investment offices) and specific (to SBCERA) goals, based on discussions with SBCERA staff.

Operational Goals

The common operational goals include (but not limited to):

- Minimize the total number of technology components utilized by the investment office, while satisfying all stated functional needs.
- Improve the quality of life of all members in the investment office.
- Create a central document system with a single data warehouse servicing all asset classes.
- Improve overall document quality and integrity, while simplifying data collection and normalization towards a single and reliable source of truth.
- Further, streamline and consolidate all processes.
- Reduce/Control costs.
- Equip the investment office for the medium to long term technological need.

SBCERA Specific Goals

Specifically, for SBCERA, the following goals and targets were identified.

- Alleviate the collection burden from the SBCERA team members.
- Create an efficient and streamlined document/artifact collection flow/process
- Capture all existing files from all sources including: single Manager MFA, Multi Manager MFA, Email attachment, valuable Email content..
- Capture all artifacts/documents
- Tag the collected artifacts/documents.
- Store the collected artifacts/documents in the "Organize" vendors data warehouse.
- Provide a monitoring dashboard to SBCERA staff.
- Help SBCERA scale operationally with minimal on-going effort.

SELECTION PROCESS

After considering Cordatius' extensive experience in the field (i.e., 20 firms were considered), and following discussions with SBCERA staff and considering Cordatius' strong recommendation, three vendors (Alkymi, Canoe Intelligence, and Fund Cogito) were selected for evaluation. The first phase of the project involved a thorough review of SBCERA's functional needs, specifically pertaining to artifact collection. The findings from this review were then used to guide vendor's demonstration for an effective round of evaluation.

Prior and current Cordatius experience was used to conduct the formal process. This stage included:

- Preparatory calls: This step included a preparatory call, introducing SBCERA and its data flows, the functional needs, and a recommendation on functionalities to highlight. Follow up calls were also held to provide more clarity on the matter.
- Demo: Vendors had the opportunity to demonstrate their capabilities to the SBCERA team (60-90 min).
- Internal discussion: Multiple rounds of discussion with the SBCERA team were held which included discussions around the strengths and weaknesses of the vendors.
- Preparatory calls: Additional functional needs were identified, and preparatory calls were held with the vendors, for a second round of demonstrations.
- Follow-up Demo: Vendors had the opportunity to demonstrate its capabilities further to the SBCERA team (30 min) this time with specific features in mind based on feedback collected after the first demo.
- A mutual NDA was executed with the vendors for the Proof of Concept (PoC) round.
- A PoC document was created outlining to vendors the goals, questions, and decision parameters.
- A set of artifacts/documents or manager websites were carefully selected and prepared by Cordatius and SBCERA. The goal was to create a targeted and complex, but not unreasonably taxing test of the vendor's capabilities.
- The PoC document as well as SBCERA specific documents were shared with the vendors.
- Additional pre-PoC discussions were held by Cordatius with each vendor, to answer detailed follow-up questions.
- PoC demo was held with SBCERA staff, followed by follow-on clarifying demos.
- Following the PoC, the vendors were asked to provide initial pricing, and references.
- Reference calls were held as part of the due diligence process.

- A final decision was made, and this decision memo was prepared.
- Price negotiations were held with the selected vendor (Canoe) and a request was made to receive Best and Final offer (BAFO).
- Final pricing is agreed upon, and the contract is expected to be executed shortly.
- Statement of Work (SOW): Detailed SOW will be finalized shortly after the contract signature, and before the start of implementation.

DECISION RATIONALE

The decision is based on the following factors:

1. Canoe meets all the necessary requirements.
2. Canoe is a leading vendor dedicated to artifact collection (only their collection Connect and Intelligence services were considered for this project).
3. Canoe is built on a modern technology stack.
4. Canoe has over 100 LPs as clients.
5. Canoe offers an existing relationship with thirty-three thousand (33,000+) funds.
6. Canoe securely connects to all necessary sources to download documents.
7. Canoe securely downloads all documents across all sources (e.g. portals) and modes of delivery (e.g., email).
8. Canoe's competitive price.
9. Canoe's willingness to connect to other vendors.
10. Canoe is a preferred vendor selected by StateStreet.

SPECIFIC BENEFITS

The final decision is attributable to several specific benefits and characteristics:

1. 100% SBCERA Portal Coverage.
2. Complete manager and document coverage: Canoe's Connect service covers 100% of SBCERA's private managers and offers artifact collection services across all needed documents and downloads.
3. Document download monitoring dashboard.
4. Connectivity to other SBCERA vendors.

CANOE INTELLIGENCE FEATURES

Canoe has many features, including, but not limited to, the following:

- **Canoe Connect**- automate the collection of post-investment documents from current GPs (portals, admin data rooms, email inboxes). We leverage several technologies, from API, RPA, Python scripts, and proprietary tools, to collect new documents posted to portals. Canoe obtains our portal credentials as an interested party during the onboarding process. Portals are monitored at least once per day for new documents, and the most common 20 portal vendors are checked 3-4x per day.
- **Document Receipt Dashboard (DRD)**- intuitive, user-friendly dashboard designed to allow clients to manage and track ad hoc and recurring documents in real time. Understand what documents have been received, what documents are overdue (based on either standard or custom-designed thresholds), and what documents are potentially missing (harnessing Canoe's collective intelligence based on what other documents were received by other LPs invested in the same Funds as you).
- **Document Rules Engine**- allows users to create custom rules that get triggered for a specific document type or set of document types and for certain Funds. This functionality provides clients with more automated workflows by giving them the ability to have a document automatically flagged for extra review or automatically approved for straight through processing without human intervention.
- **Intelligent Document Center**- core UI experience for end users to interact with new documents coming into Canoe from various sources (e.g. custom GP portals, third party portal providers, admin sites, and email). Users can search, slice and dice documents, save common searches for future use and customize the visible columns. Additionally, users have full control over Canoe's renaming feature to provide documents with a consistent naming convention.
- **Data Alerts**- user-specific, flexible Data Alerts that will send emails based on a variety of selected factors (e.g. send an immediate alert when a new Capital Call has arrived, send a digest of all Investor Letters to the investment team members at 4pm each day, etc.)
- **Canoe API**- full access to Canoe's API documentation, plus availability to discuss best practices and other details that can be helpful in the use of our API

RISKS

Every technology project carries an inherent risk. These risks are currently estimated to be minimal, but worth mentioning:

1. The implementation phase of any project is often vulnerable to issues. In the case of Canoe, there may be two potential problems: (1) a weak implementation team assigned to the project, and (2) a lengthy manager onboarding process. However, the risks associated with these issues are lower for Canoe as it is already processing SBCERA's information through StateStreet.

Risk: Low

2. One of the risks that successful companies like Canoe face is acquisition risk (reflected 18-24 months later when management lockups expire). However, this risk is expected to be minimal for SBCERA due to the quick implementation of the Collect project. It's important to keep an eye on this risk as the company continues to grow and succeed.

Risk: Low

3. There is a risk that vendors may exaggerate their capabilities. Specifically, the items to monitor include (1) the breadth of the downloaded documents from portals; (2) ability to provide the tag set needed by SBCERA; and (3) the ability to deliver the downloaded document to a third party vendor (i.e., connectivity to the "Organize" agent. To minimize this risk, we employ a selection process that includes experience, multiple demos, PoCs, follow-up discussions, and reference checks.

Risk: Low

ABOUT CANOE

Canoe Intelligence is a private financial technology company created in 2013 that specializes in automating data extraction and document management for alternative investments. The company was founded to address the specific challenges faced by asset managers, allocators, and service providers in handling the vast amounts of unstructured data associated with alternative investments.

The idea for Canoe Intelligence emerged from the experiences of its founders, who recognized the inefficiencies in the traditional manual processes of extracting and managing data from alternative investment documents. They saw an opportunity to leverage technology to streamline these operations, reduce errors, and free up valuable time for investment professionals.

Since its inception, Canoe Intelligence has developed a platform that uses advanced algorithms and machine learning techniques to automate the extraction of critical data from various types of documents, including PDFs and scanned images. The platform is designed to be adaptable and scalable, accommodating the evolving needs of the investment industry.

Canoe Intelligence has gained recognition for its innovative approach to solving a longstanding industry problem. The company has formed partnerships with major financial institutions and service providers, further solidifying its position as a leading solution for alternative investment data management.

As the alternative investment market continues to grow, Canoe Intelligence remains committed to enhancing its technology and expanding its offerings to meet the changing demands of its clients. The company's success is a testament to the value of applying technology to address complex challenges in the financial sector.

REFERENCES

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INVESTORS

Canoe's investors include

- Portage Partners
- F/Prime
- Eight Roads