

Wentwood Finds Cost-Effective and Reliable Asset Management System in Fusion

Overview

Founded in 1997, Wentwood Capital Advisors, L.P., provides direct-investment, funds management, asset management, recapitalization and work-out services to corporate investors on their Low Income Housing Tax Credit (LIHTC) equity investments nationwide. In 2011, Wentwood fund manages \$900 million in tax credit equity investments for one of the largest private companies in North America. This portfolio includes 30 syndicated partnerships consisting of over 535 properties in 47 states.

Due to the foregoing assets under management, and an expanding portfolio and team of asset managers, Wentwood sought, and investors required, asset management software to maintain and analyze data, and proactively manage the accounts to effectively report to investors.

The Challenge

Like so many asset management firms, Wentwood was using numerous Excel spreadsheets to manage their portfolios. As a small firm, this process worked well when asset management, analysis and data collection were handled for tens of properties. However, as Wentwood's portfolios grew, asset managers were spending more time utilizing multiple spreadsheets for data and conducting spreadsheet-driven calculations and analyses to uncover issues. The firm needed to transition from its in-house tools to a single-source solution in which asset managers could effectively analyze property performance and generate the reports Wentwood is required to ultimately deliver to investors and/or partners.

In its analysis, Wentwood determined that it required a system that would be:

- Scalable;
- Reliable;
- Cost-Effective; and
- Designed and built for the LIHTC industry.

These "must have" criteria guided the selection and evaluation process for its new asset management system.

Wentwood recognized that its portfolio would expand dramatically over the coming years. It needed a responsive and effective licensor, and software solution that could maintain performance and speed with multiple users, while managing exponential growth of data. With a rapidly expanding workforce and escalating reporting demands, Wentwood wanted a dependable system that would allow team members to collaborate effectively. They needed a single solution that would eliminate the constant compatibility and potential human error issues that may occur using multiple, manual-entry spreadsheets. The system had to be reasonably priced and scale as the team, portfolio and the need for more robust features, grew. Finally, recognizing that the LIHTC industry had its own rigorous reporting, auditing and analytic requirements, Wentwood needed a system built specifically for LIHTC asset managers.

Benefits:

- Designed by asset managers, for asset managers
- Custom reports and analysis
- Scalable web-based platform
- Automated analysis tools
- Built-in data validation
- Intuitive workflow requires little to no training
- Innovative and cost-effective data management solution

“Some companies are married to a system that may be antiquated, hard to navigate and slow. We knew we could not grow as a company or market our asset management department with the system we had. Ultimately, we couldn’t even use it effectively and their poor reputation was holding us back.”

– **Kent Mehring**,
SVP, Head of Asset Management,
Wentwood Capital Advisors, L.P.

Before Fusion

In 2008, Wentwood selected its first vendor. After the installation, Wentwood began experiencing issues with the database. If more than two users worked on the platform at one time, the system would crash. The interface was difficult to navigate and required extensive training, which significantly slowed adoption and curbed productivity. As a safeguard against system crashes and lost data, Wentwood’s asset managers continued to maintain separate spreadsheets, in addition to entering the same data in the vendor’s product. The duplication of effort for data entry, validation and management created inefficiencies.

While Wentwood embarked on a series of lengthy customizations needed to make the software work effectively, critical system updates were slow and irregular and there was little feedback from the vendor. By 2009, it became clear that the vendor would not be a long-term partner in empowering Wentwood’s growth and that the cost of customization far exceeded any tangible benefits. Wentwood sought out a new technology partner and subsequently ended its engagement with the non-performing database vendor.

The Solution

In August 2009, Wentwood and a credit investor met with Lexington Solutions® to evaluate Fusion™, its comprehensive LIHTC asset management tool and data repository. Feedback from the credit investor was very positive and soon after the evaluation Wentwood selected Fusion. In 2010, Wentwood began implementing Fusion – the only LIHTC asset management software designed by asset managers, for asset managers..

Using the same Agile software development and testing methodologies employed by Google, Motorola, Daimler Chrysler and many others, Lexington Solutions and Wentwood worked together to develop and execute an implementation and deployment plan that would deliver Fusion on time and on budget. Their test driven development and quality

assurance practices ensured that Fusion would meet all of Wentwood’s data management needs. Strong collaboration and clear communication throughout the process helped set the stage for the development, testing and deployment of Fusion with its asset managers. According to Wentwood, this process was “seamless.”

Tennessee Partners XII, LP (017453)					
OPERATING EXPENSES	2010	2009	Change	Variance	
Management Fee	\$26,349	\$27,138	\$(789)	-2.9%	
Administration Expense	\$94,560	\$97,021	\$(2,461)	-2.5%	
Bad Debt Expense	\$6,408	\$6,921	\$(513)	-7.4%	
Utilities	\$97,041	\$87,830	\$9,211	10.5%	
Maintenance Expense	\$99,132	\$93,162	\$5,970	6.4%	
Security Cost	\$131	\$0	\$131	#DIV/0!	
Real Estate Taxes	\$47,869	\$66,169	\$(18,300)	-27.7%	
Property Insurance	\$31,004	\$39,888	\$(8,884)	-22.3%	
Other Operating Expenses	\$0	\$0	\$0	0.0%	
TOTAL OPERATING EXPENSES	\$402,494	\$418,129	\$(15,635)	-3.7%	
-PER UNIT	\$3,870	\$4,020	\$(150)	-3.7%	
NET OPERATING INCOME	\$292,038	\$275,572	\$16,466	6.0%	

NON OPERATING					
	2010	2009	Change	Variance	
Property	104	253	909	62	933
Previous Yr State Avg	11	1073	361	1,221	150

Expense Category	Total		Per Unit		Variance	
	Current Yr	Prior Yr	Current Yr	Prior Yr	\$ Per Unit	%
Utilities	\$97,041	\$87,830	\$933	\$845	\$89	10%
Maintenance	\$99,132	\$93,162	\$953	\$896	\$57	6%
Adjusted Maintenance	\$99,132	\$93,162	\$953	\$896	\$57	6%
Real Estate Taxes	\$47,869	\$66,169	\$460	\$636	\$(176)	-28%
Insurance	\$31,004	\$39,888	\$298	\$384	\$(85)	-22%

“Once asset managers realize they can now go to Fusion as the one source for all their information, analysis, and asset management, they will realize how much more efficient their time and their day can be.”

– Sarah Hamm,
VP, Asset Management
Wentwood Capital Advisors, L.P.

Moving Forward

Today, more than 19 Wentwood asset management employees are using Fusion to manage tax credits and losses, quarterly monthly financials, capital accounts and year-over-year budgeting. Fusion has reliably scaled to match Wentwood’s tremendous asset management portfolio growth from 29 to 535 properties in just 5 years. Wentwood has also found that the benefits of Fusion’s analysis tools are not only limited to asset managers. Its auditors and the new business research department are now using Fusion as well. Lexington Solutions continues to work side by side with Wentwood on software updates and customized features that will propel Wentwood into new opportunities to market its asset management capabilities in the future.

“Fusion works seamlessly and effectively. Even if we’d spent more, I’d be happy.”

– Kent Mehring,
SVP, Head of Asset Management,
Wentwood Capital Advisors, L.P.

To learn more about what Fusion can do for your team, visit:

www.lexington-solutions.com

or contact Brian Madden,
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