

# insights:

## LEVELING UP: MODERNIZING OPERATIONS TO ACCELERATE GROWTH

Three technology-enabled steps managers should incorporate into their growth strategy to take their operations to the next level.

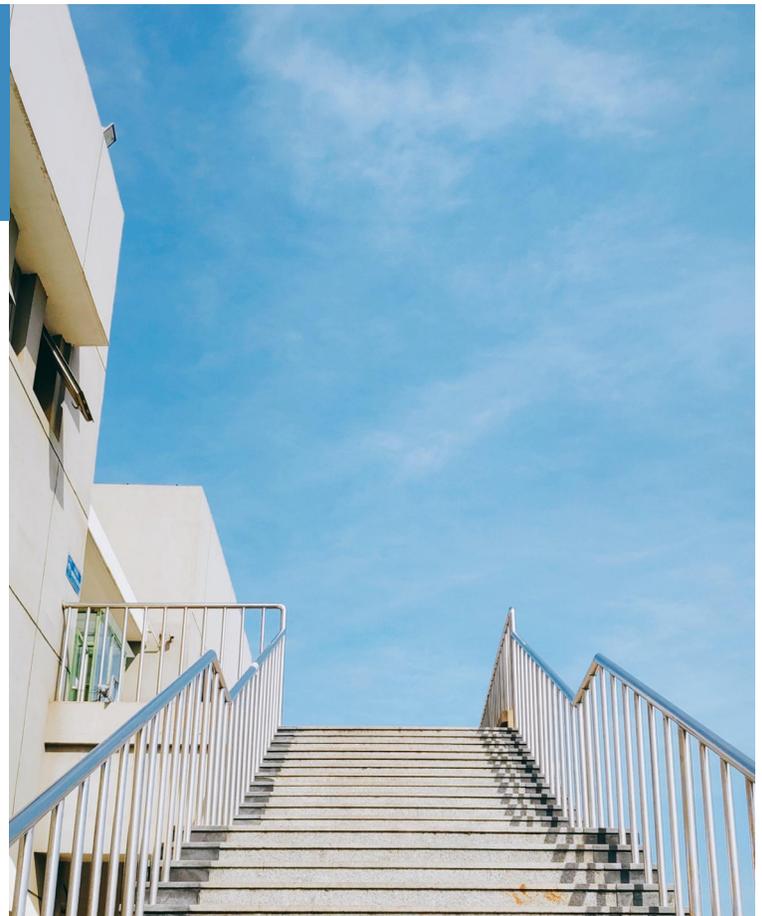
So much has shifted for investment managers over the last several years — the competitive landscape has intensified, regulatory fees have increased, fees are being compressed, workforces have decentralized, and investor preferences have changed.

To compete in this environment, managers are innovating their product sets, using data to make more informed business decisions, and working more closely with distributors to reach new audiences.

However, a critical — and often overlooked — aspect of any sound growth strategy is modernizing operations. Like many other facets of the investing world, technology has revolutionized operations in ways some managers have yet to realize. In fact, these advancements have moved so fast that much of the industry is still playing catchup to understanding the ways operations can give them a competitive advantage.

With technology moving so quickly, it is important for investment managers to understand how the most recent trends in operations can help them bring new products to market, expand distribution, and create efficiencies so they can remain competitive.

As a technology leader helping managers maximize their operations, here are three trends we're seeing that can help investment managers accelerate their growth.



### 1. FRONT-TO-BACK OPERATIONAL OUTSOURCING THAT CREATES POWERFUL EFFICIENCIES

In the past, whether it was trading, settlement, performance reporting, accounting or otherwise, investment managers' time and attention was required to manage at least a few aspects of their operations in house. As certain aspects of investment managers' offering, like trading, have become commoditized, it now makes more business sense for investment managers to outsource these functions and focus more on growing their investment expertise and maximizing their team's strengths in ways that add the most value.

Connectivity is key to the success of any outsourcing partnership, and investment managers must work with third-party providers that can easily connect with other platforms. Roadblocks that prevent data sharing and integration will lead to frustration, confusion and wasted time that negatively impact the client experience. This is especially true when it comes to integrating with order management systems (OMS). Investment managers must ensure they have the ability to customize the OMS integration for every client based on their specific needs.

Today, modern technology has given managers the ability to cost-effectively outsource nearly every aspect of their front-, middle- and back-office operations to service providers that can fill gaps in their solutions and services. This allows the in-house team to focus on the firm's strategic initiatives such as product innovation and expansion.

## **2. COST-EFFECTIVELY PROVIDING CUSTOMIZATION AT SCALE**

Providing a high level of customization is the future of investment management. Today we're seeing a wide array of managers, from global institutions to smaller boutique firms, push into products such as SMAs, UMAs, and model portfolios to meet the rapidly growing demand for these solutions among retail investors. But cost-effectively providing customization to investors at scale presents operational challenges for many firms.

New technology makes it possible for firms of all sizes to create customized experiences with less day-to-day manual upkeep. This helps managers develop customized products to expand their distribution footprints and attract new investors seeking these products. Many service partners also make it possible for managers to leverage their own proprietary tax and environmental, social, and governance (ESG) data or pull in industry information to create these products. This flexible approach enables managers to maximize efficiency and gain better control over the information they need.

## **3. LEVERAGING ADVANCED TECHNOLOGIES TO UNLOCK NEXT-LEVEL EFFICIENCIES**

Robotic process automation, machine learning and artificial intelligence are already transforming a wide array of industries, and the time has come for investment managers to begin leveraging these technologies for growth. These innovative technologies are already being applied by some investment managers to power better research, reporting and attribution, investment decisions, and trading functions.

Artificial intelligence and robotic processing automation allow investment managers to increase productivity by completing a large number of transactions quickly and with fewer people. The result is that tasks that used to require a team of people may now only require one or two people to oversee the process. Machine learning means that the technology uses data to get smarter over time, increasing accuracy and efficiency. For investment managers, these capabilities translate into reduced costs, greater efficiency, and less manpower required to perform these functions.

## **CREATING A SOLID FOUNDATION FOR GROWTH**

As technology continues to rapidly evolve, investment managers must regularly evaluate their operations and consider where they can make enhancements. While legacy technology can be a roadblock to innovation, modern operational capabilities serve as the platform for which investment managers seeking growth can launch their business to new heights. Advances in operations can help investment managers streamline their business, save costs, free up time to pursue revenue-generating activities, and accelerate growth. Technology will continue to advance, and those who choose to keep up today will be the winners of tomorrow.

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