



5 Questions to unlock the full potential of digital in Investment Management



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Introduction

Investment Management (IM) finds itself in new and uncharted territory. Following a sustained period of upward trajectory and pushing to the forefront of financial markets, in order to meet today's challenges firms are seeking to embrace new technology, and the projected impact it will have as a key enabler shaping the future of the industry.

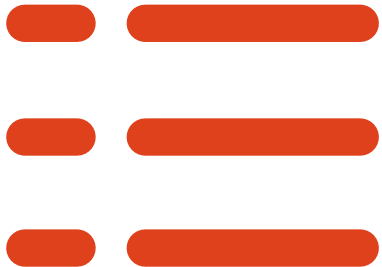
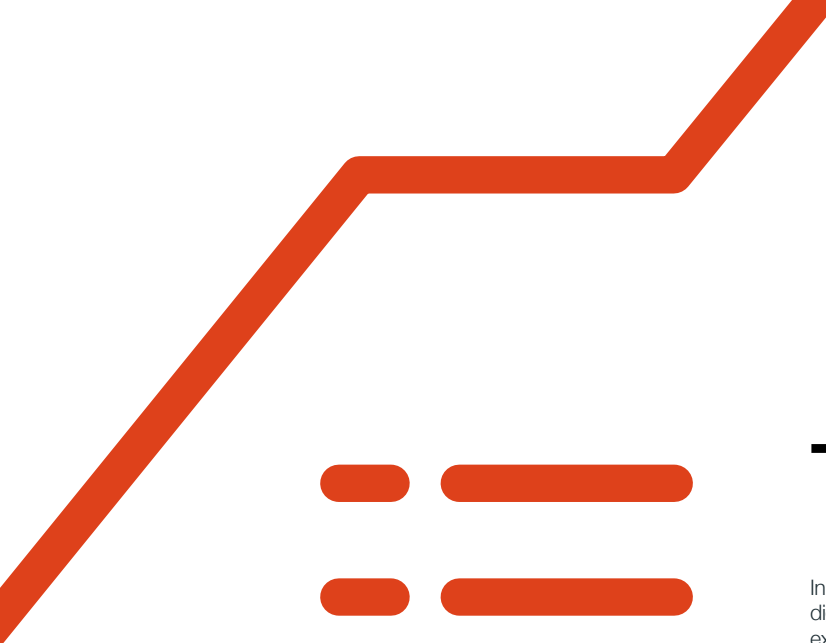
This guide details five key questions IM firms need to ask themselves in order to take full advantage of how digital can drive growth by:

- Implementing more flexible and responsive solutions
- Leveraging data to ensure clarity and insight through market disruptions
- Enabling cost efficiencies
- Building an Environmental, Social and Governance (ESG) technology roadmap
- Tailoring product offerings to better meet their end customers' needs

IM firms are on a journey of reimagining how they leverage technology to not just survive, but thrive by taking advantage of the digital opportunity.

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Today's Challenges

In contrast with other industries that have already employed digital-first strategies, few of today's IM firms offer advanced digital experiences. Especially now, as firms face a new reality of a physical disconnect between client and Fund Manager, any lack of a digital strategy and capability is a weakness that more advanced competitors can exploit.

Putting the customer at the centre of the digital focus has become of paramount importance. Digital, automated, frictionless onboarding is required to meet retail client needs. Client portals and self-service apps can give clients 24/7 real-time access and a needed sense of control during market volatility.

Decision processes that start on mobile can be seamlessly concluded on a tablet or laptop if more information or more sophisticated tooling is required.

Meanwhile, investor expectations still demand options that utilise lower cost and more accountable investment strategies, more outcome-based product sets, fee transparency and alternative fee models. From chatbots and apps to virtual agents, investment managers should be willing to experiment to win clients during times of disruption.

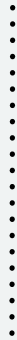


The increasing volume and complexity of regulation increases the need for quality, consistently available of data. IM firms must define compelling data strategies, supported by robust technology solutions to ensure the increasing reporting burden for regulators and clients alike.

A comprehensive view and understanding of data presents further opportunities outside of regulatory readiness: refining investment strategies, enhanced trading analytics, creating new product sets & fee models, enhancing customer experience and more.

But how do you get there? Firms can begin to unlock their digital opportunity by asking the following questions.

The 5 Questions



- Q1.** Do you have a complete view of your system landscape, and the role it plays in providing a seamless digital experience?
- Q2.** As environments change, do you have a clear picture and understanding of your data?
- Q3.** Do you have an automation roadmap?
- Q4.** Do you offer clients a compelling digital experience?
- Q5.** What is your ESG technology roadmap?

Do you have a complete view of your system landscape, and the role it plays in providing a seamless digital experience?

An understanding of your entire technology estate is essential to expose untapped opportunities. Establishing a quality digital experience is reliant on a sound, cohesive technology estate that enables flexibility, scalability and effective delivery of new digital products and services.

Some accelerators and enablers to consider include data readiness and automation.



TOP TIP

Having a complete view of your system landscape will provide clarity and direction, helping you to remediate technical debt, enable efficiencies and set you up for future change and scale.

- Create and understand your target architecture
- Identify necessary future tools and technology
- Develop an associated technology roadmap

START WITH

A Digital Readiness Assessment

Conducted quickly and efficiently, Digital Readiness Assessments provide a valuable, tangible output which allows you to understand and map your existing technology estate to your digital aspirations.

Following on from the assessment, you can start defining your future target state and develop a roadmap to help achieve it. Reviews can take as little as one month to complete, are undertaken by industry practitioners and help you create the central building block of your digital strategy.

As environments change, do you have a clear picture and understanding of your data?

The real business value in having the ability to access and analyse internal and external data is derived from:

- Understanding where you stand even as things may be changing very rapidly around you
- Quickly identifying upcoming trends, challenges and opportunities in the business
- Continuing to meet client expectations in delivering valuable user experiences

Both organic growth and market consolidation have resulted in diverse IT estates and technologies which makes providing these benefits a challenge.



TOP TIP

Effective data strategies and data management solutions give you a clear picture of internal and external data sets and optimise their use and presentation, resulting in decisions based on insight and facts, not opinion and inference.

START WITH

Understanding Your Data Needs

Before undergoing a consolidation process to centralise data from disparate systems in your firm, understand what is required across every part of the business. You will then be in good standing to properly address each area's data demands and build flexible data integration, storage and reporting solutions to meet these needs.

Examples include building intelligent integration platforms to enable fast bridging between siloed departments and implementing a data layer acting as a first port of call for external market data requests in case the price already exist within the company.

Do you have an Automation Roadmap?

Cost pressures are driving the need to automate more. But there is conjecture within the financial services industry around the value automation can deliver in reducing costs and increasing operational efficiency.

Added to this are contradicting views on the practical application of robotic process automation, machine learning, artificial intelligence and the role they will play in achieving their heralded benefits.





TOP TIP

Take a pragmatic view of the ROI that automation projects can achieve and weigh the benefits, such as:

- Minimising costs of manual, repeatable processes
- Optimising your business, making you more efficient
- Achieving cost synergies across the value chain

START WITH

Automation Strategy and Execution Analysis

Tackle traditionally labour-intensive operational challenges such as extracting important asset-related data, meeting compliance obligations and reporting, and analyse which of these can be improved through automation. The resulting benefits include driving cost efficiencies and simultaneously freeing up your highly skilled employees to focus on the work that adds real value to your business.

An analysis exercise should be conducted by industry practitioners and technical leads over a short period, focusing on a particular automation use case, with the aim of producing a cost benefit analysis, associated POC for review and investment thesis, along with an identification of further use cases within the organisation.

Do you offer clients a compelling digital experience?

A reputable, seamless digital experience will deliver more value than ever as traditional interpersonal relationship-building approaches are re-assessed.

This presents an opportunity for IM firms to differentiate themselves by providing high calibre seamless digital experiences.

TOP TIP

Investment Managers should be looking closely at their customer engagement strategies across their onboarding, online portal and mobile strategies to develop or improve apps. Today's firms should focus on streamlining and improving the customer experience by connecting disparate digital experiences.

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START WITH

Customer Experience Workshops

When building customer-facing applications and platforms, the goal is to make it easier for customers to apply, find information and understand what else you can do for them. You can do this by providing easier onboarding and easier access to portfolio information, intuitive self-service reporting, better understanding of your value proposition and quicker access to pertinent documentation and research.

It's important for an organisation to identify gaps in the current engagement strategy. Start by thinking through your applications in terms of the customer journey. Asking some of your recently added customers for feedback can be very powerful and insightful. Identifying areas of high friction can lead to cost reductions and improved customer experience. Defining and implementing analytics and measures can help to retain focus on the most critical interaction points.

Are you prepared for the implications of ESG?

The ability to effectively innovate is becoming a competitive advantage and a business necessity. For many IM firms this means offering socially responsible investment products to their clients and having the ability to report on their performance. IM firms can use technology to improve their ESG offering by:

- Adding more sources of 3rd party data to the existing process of investment research
- Adjusting the data dictionary of investment strategies (sectors and asset classes) to accommodate the ESG dimensions, and ensure these fit into any data management and data warehousing approaches
- Adapting investment strategies, in the products themselves, in the risk measurement and management approaches and subsequently in any attribution analysis
- Adjusting the reporting process to accommodate the ESG factors, including 3rd party reporting to regulators, consultants and trustees



TOP TIP

Large traditional firms are starting to look at incubating innovation capabilities but lack experience, resources and flexibility to compete. Small and medium-sized companies struggle with sufficient investment capital or resources to foster this innovation drive and gain momentum, so a challenge exists in both camps.

Start by fostering the right mindset by organising innovation events and setting challenges for participants which are specifically focused on ESG.

START WITH

Introducing a Fail-Fast Culture

Through a fail-fast culture, IM firms are able to rapidly prototype new ideas and quickly bring them to life – or not. It is ok for an idea to fail in this environment. Iterate ideas quickly through POC, prototype and set them on the path to production. Ruthlessly challenge the value they will deliver. Undertake market testing. Ensure small, flexible, experienced technology teams are generating value increments on a regular basis.

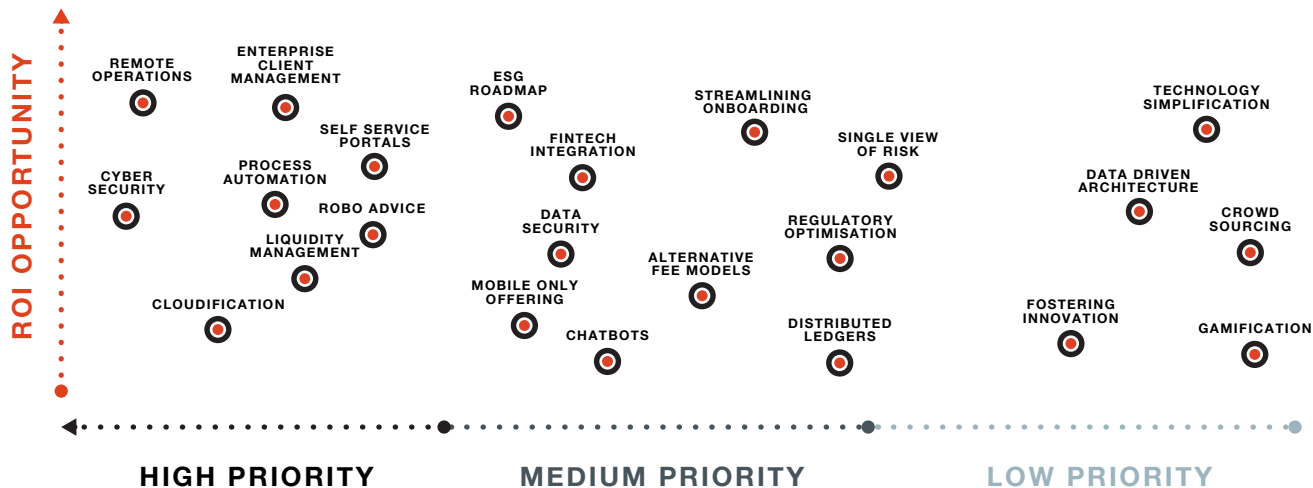
2020 Investment Management Trends



Our annual IM trends heat-map is designed to track the emerging and pressing technology trends that the industry needs to be paying attention to and making conscious decisions about investing in.

Designated by priority, high priority trends warrant immediate action while medium priority should be formalising on your roadmap. Lower priority trends can help with longer-term technology strategies, as they move up the priority list over time.

Our 2020 Trends Report



Success Story

Global Investment Management firm take a first step into the cloud with Endava

Through an in-depth architectural review, Endava created a clear picture of this IM firm's technology estate and identified which apps needed to be maintained, refactored and retired. We then built a key Best Execution Reporting and Monitoring solution which would ensure the business remained compliant with important regulation like MiFID II.

By thinking strategically about the desired future state of the solution, Endava designed and architected a highly flexible, robust and scalable platform that took advantage of a number of AWS's offerings.

BENEFITS:

- Improved compliance with trading regulations
- Overview of transaction costs
- Better client reporting
- Cost reduction from Serverless Cloud Architecture
- Improved agility through DevOps

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About Endava

Endava is reimagining the relationship between people and technology.

We have helped some of the world's leading Finance, Insurance, Telecommunications, Media, Technology, and Retail companies accelerate their ability to take advantage of new business models and market opportunities. By ideating and delivering dynamic platforms and intelligent digital experiences, we help our clients fuel the rapid, ongoing transformation of their business.

By leveraging next-generation technologies, our agile, multi-disciplinary teams provide a combination of Product & Technology Strategies, Intelligent Experiences, and World Class Engineering to help our clients become more engaging, responsive, and efficient.

Endava has 6,468 employees, as of March 31 2020, located in:

- close to client locations in Denmark, Germany, the Netherlands, the United Kingdom and the United States
- nearshore delivery centres in the European Union: Romania, Bulgaria; Central European Countries: North Macedonia, Moldova and Serbia; Latin America: Argentina, Colombia, Uruguay and Venezuela.

Along with investing in long-term customer relationships, Endava recognised the importance of providing rewarding and challenging careers for our people and, by doing so, has established itself as the employer of choice in certain regions.

Contact Us



Want to know more? Get in touch and start the conversation around how we can help your firm achieve more by fully utilising technology and the power of digital.

Contact us at www.endava.com/en/contact



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