



DIGITAL BY DEFAULT: THE NEW ASSET MANAGEMENT PLAYBOOK

VIDEO TRANSCRIPT

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Today, the playbook in our industry is digital by default. It's pervasive digital. Imagine, go back to many years prior to this 2020 and ask yourself if someone said to you; let's imagine 90 plus percent of our workforce working remotely. What you would have normally would be five committees, 10 working groups. And the answer will still come back one year later and say, nope, we can't do that. It would be too much risk. Yet, here we are.

The old digital playbook was one on exploring and maybe experimenting with data analytics and AI across the investment process. Today the new digital playbook, the playbook that's already here with our clients is about seamless digital interactions across the entire investment management landscape. It's a new way of working. It's a new way of engaging. It's about humans and machines working together to drive business and customer advantage.

Let's reimagine the playbook. The art of the possible is already here. This is about a win-win approach to driving revenue, changing our cost equation and growing our business.

We work with our clients on three components to make this happen. Digital everywhere. Across the entire investment landscape and across the entire investment process and lifecycle from digital distribution and digital engagement with our clients to create advantage.

Right size your business, right size your business in terms of agility and in your operating model. And also use the advantage of technology to bend the cost curve, bend the curve permanently on a more sustainable basis to future proof your business. And then customize, redefine, and personalize your product and brand to drive linkages into your business that generates differentiation at the value of your whole organization's level.

Where is data analytics and AI being applied and why? We're in the middle of a conversation right now. It's the first true examination of what's actually happening versus theoretical. We're discussing with over 40 global asset managers, what are they doing with data, analytics and AI. Where are they getting results? How are they governing it and what are the business results that are being generated.

We found that over 90% of all firms are using data, analytics and AI in their investment process today. What jumps out is that the alpha potential is well over 300 basis points. That is a monumental increase from what we would have seen at least four or five years ago and certainly further into the past.

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Where are firms putting analytics and AI to work across the spectrum? What's interesting is while 83% or so are using analytics and AI in the research process, only 40% of them are driving investment decisions with data analytics and AI. Where and what is holding the rest of the 60% back? These are fundamental questions that will start to come into each asset managers, executive committee over the next three or five years. The results that are being generated are tremendous. It's clear and it's compelling for any asset manager today to say that you can generate up to 200 basis points just from optimization of investment decisions with data, analytics and AI is a game changer.

What and how should asset managers react to in this new world of data analytics and AI? What we've seen is that there are really clearly four levers that you can pull to drive this new playbook. One is around alpha capture. Two is around smart automation of investment processes and related processes where humans and machines work together to separate out signal from noise. Three is around client focus and distribution using data, analytics and AI to engage across a number of digital vehicles. And four is about data-as-a-service, leveraging data as a smart asset.

When we think of the journey that you as a client will go through, we view it as four key aspects. Number one, the program is a journey. It's not a project. Two, it's about executive leadership where you have true C-suite engagement and leadership throughout the entire journey. Number three, it's about simplify. Simplify everywhere, every process, every interaction, every engagement to drive brand and customer and business differentiation. Lastly, it's about transformation. It's about the program and process for evolving technology beyond this traditional scope to being a true business partner, an influencer that drives the business forward. The success of these programs is all about clarity and intent. It separates the best from the average.

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