Asset Owner Transformation

The Unavoidable Case for Change

milestone group

RBC

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Asset Owner Transformation

Key Survey Findings

Asset Owner Transformation: Overview

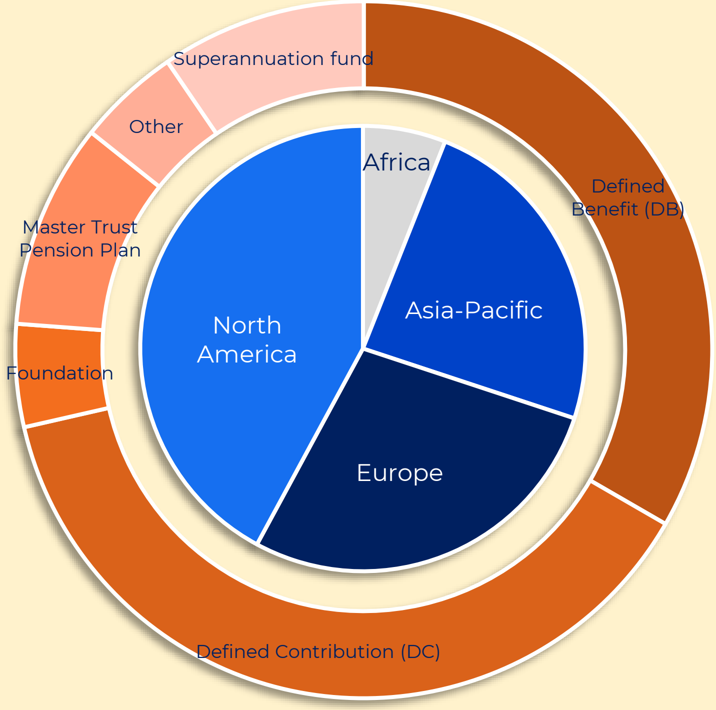
In September / October 2021, the ValueExchange launched an industry-wide benchmarking campaign to map out the case and path for change amongst global asset owners – with the support of the **Milestone Group, RBC, Citisoft and Adapa Advisory**.

This document summarises the key statistical findings of our campaign so far. All of the data in this Key Findings document is drawn from our interactive data dashboard. Please contact us if you would like to explore this data yourself.

We would love to hear your reactions to these findings and so please reach out if you have any comments or questions (to info@thevalueexchange.co)

Who participated in our campaign?

As a truly industry-wide survey, we have benefited from the insights of over **130 asset owners** (and their service providers) around the world. These respondents are broken down as follows:



Asset Owner Transformation: Key Findings

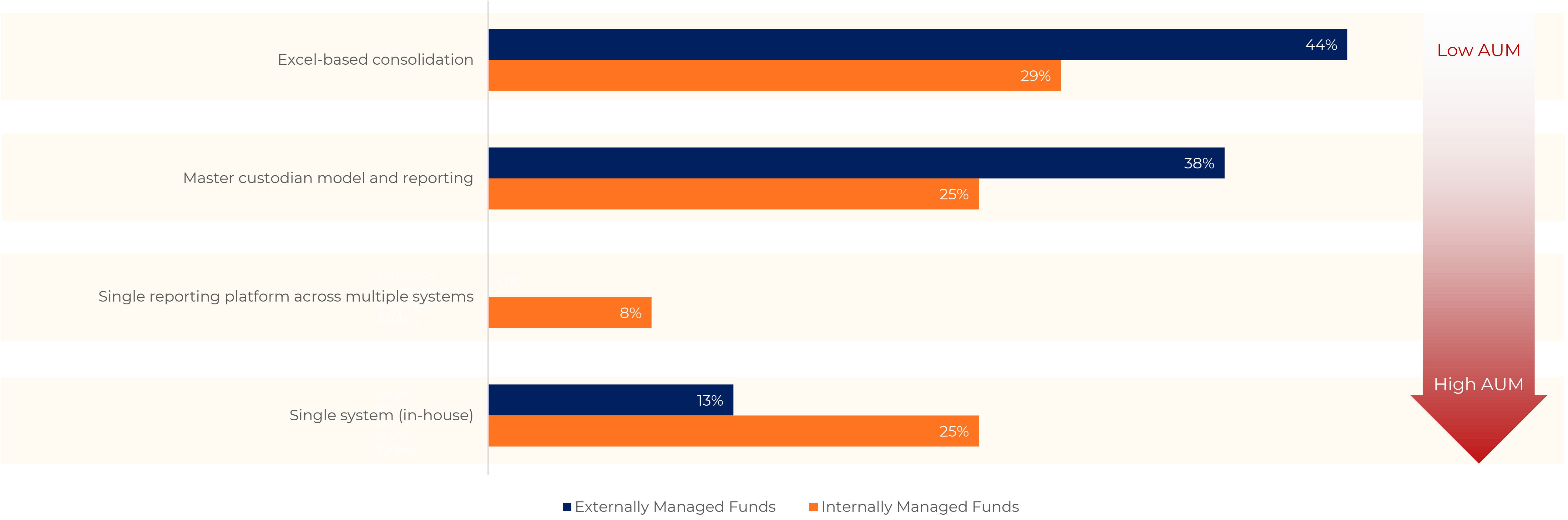
Today's operating model		Realising our transformation		Executing on transformation	
40%	of asset owners are using Excel for their asset allocations	62%	Of transformation projects in the next 3 years will be Enterprise-wide	66%	of asset owners have ESG projects planned for 2022-24
$20bn	Are asset owners seeing diminishing efficiencies above $20bn AUM?	78%	The average importance of Operational Agility as a driver of change	73%	of asset owners see department restructuring as a key step in their transformation
67%	of large asset owners see investment governance as a core priority today	40%	Of asset owners are turning to software vendors as their partners in change	17	The average transformation project duration is 17 months

Today's operating model

Over 40% of asset owners are still using Excel to manage their asset allocations

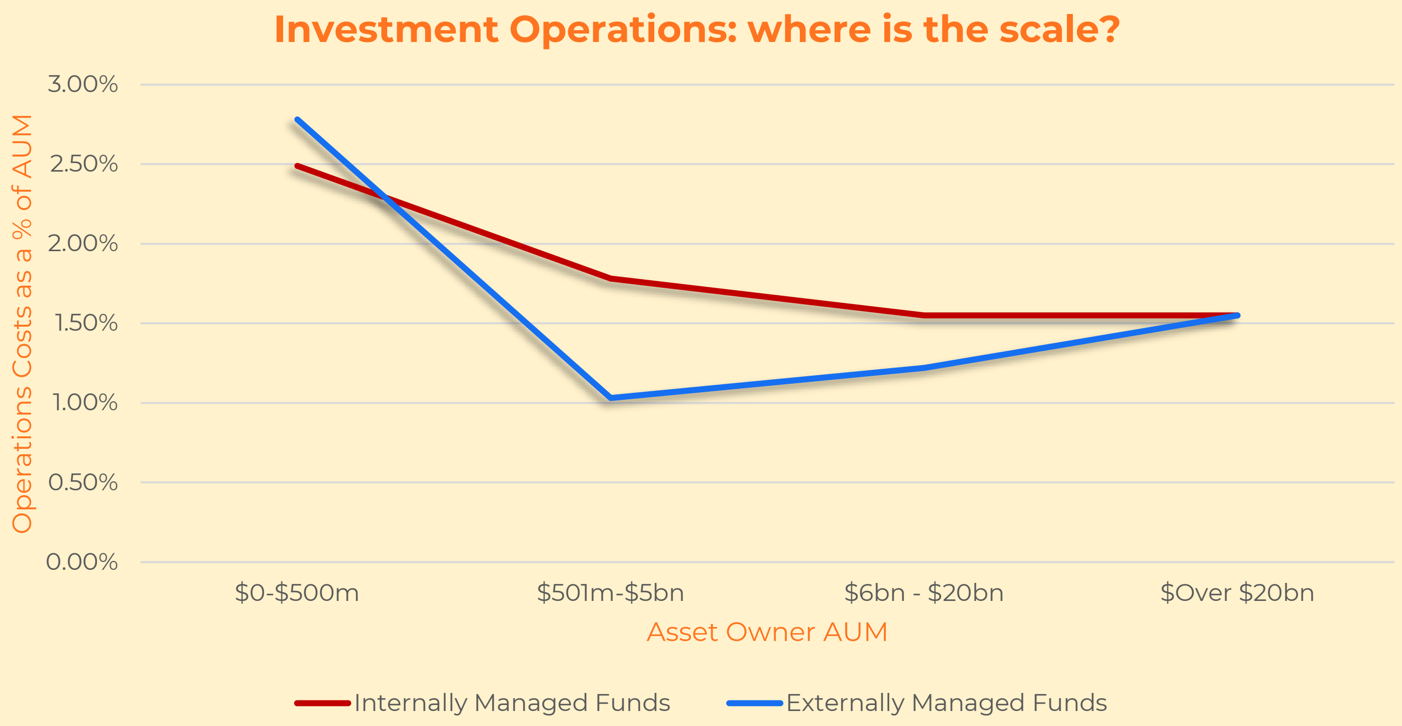
How are we overseeing and managing our asset allocations today?

(% of total respondents using each technology)



Today's Operating Model

Running an investments operation: diminishing returns on scale?



What is driving the transformation agenda today?

Investments governance and regulatory pressures dominate

Key factors influencing asset owners' priorities today
(Score out of 5)

North America

Operational Risk	3.5
Service providers / Availability of offerings	3.4
Policy / Participants pressures	2.9
Governance / Board-driven changes	2.6
Government policy / regulatory change	2.1

Europe

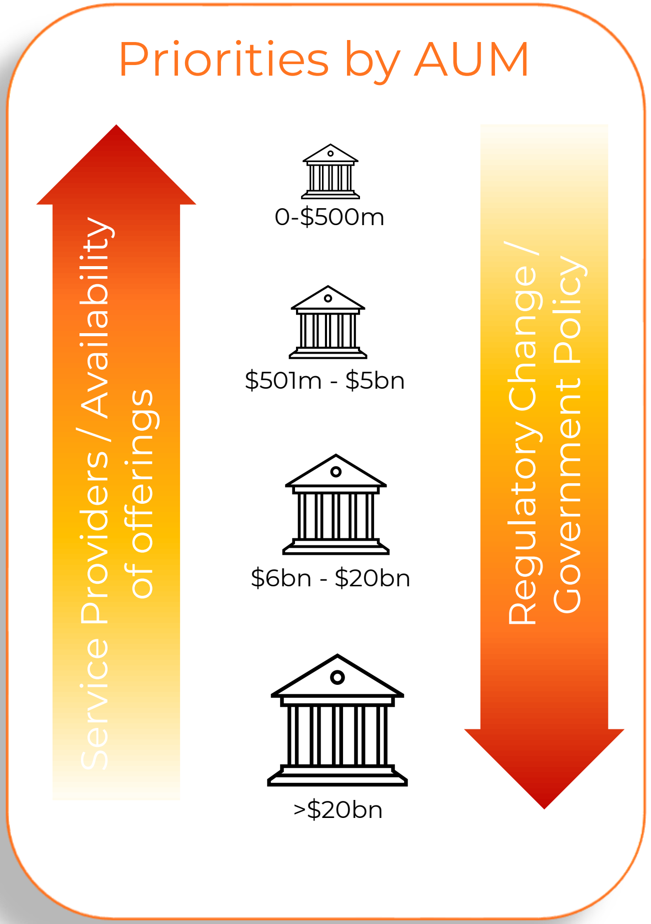
Governance / Board-driven changes	4.0
Policy / Participants pressures	3.0
Operational Risk	2.5
Government policy / regulatory change	2.0
Service providers / Availability of offerings	2.0

Africa

Regulatory change / Government policy	3.5
Service providers / Availability of offerings	3.3
Governance / Board-driven changes	3.0
Policy / Participants pressures	3.0
Operational Risk	2.5

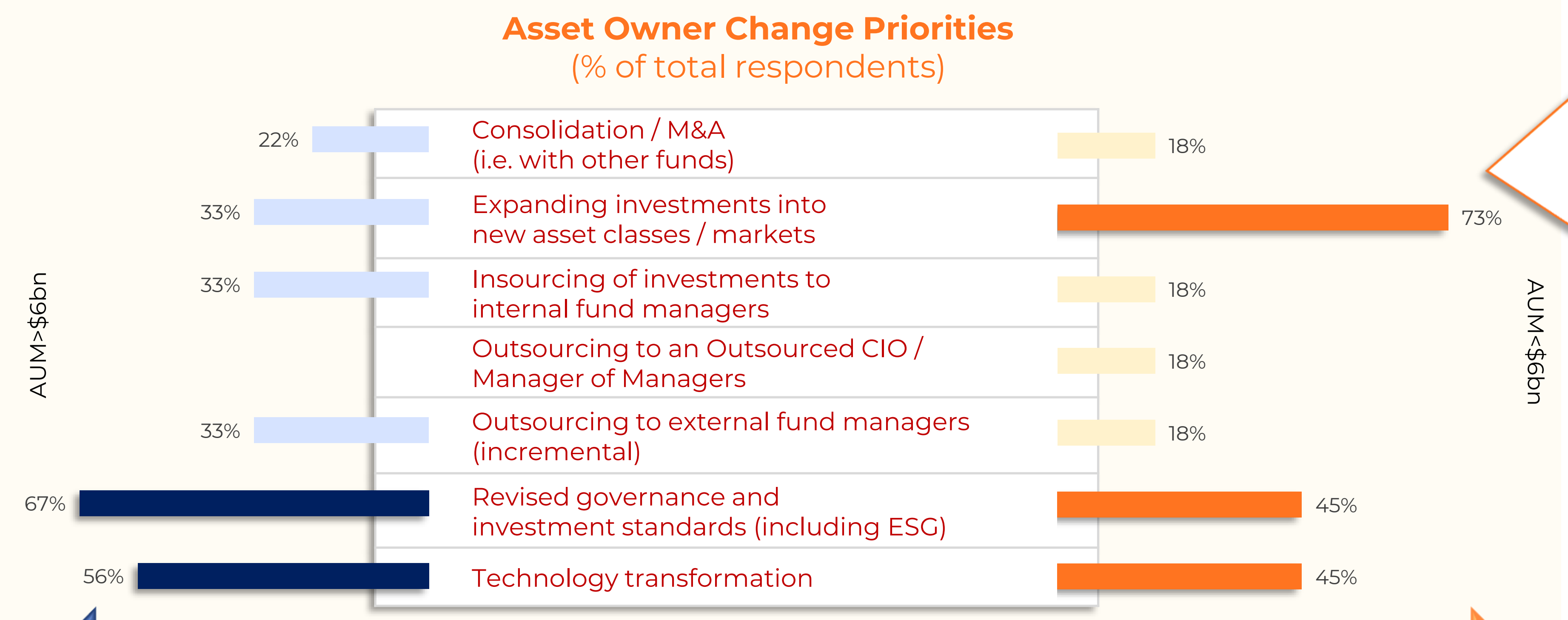
Asia-Pacific

Regulatory change / Government policy	4.4
Operational Risk	3.2
Policy / Participants pressures	2.8
Governance / Board-driven changes	2.6
Service providers / Availability of offerings	2.0



Defining our transformation

Governance and technology vs returns? Size matters



Large asset owners are focused on (investments) governance and technology…

…whilst **smaller asset owners** focus on seeking new returns above all

20% of asset owners are **consolidating**

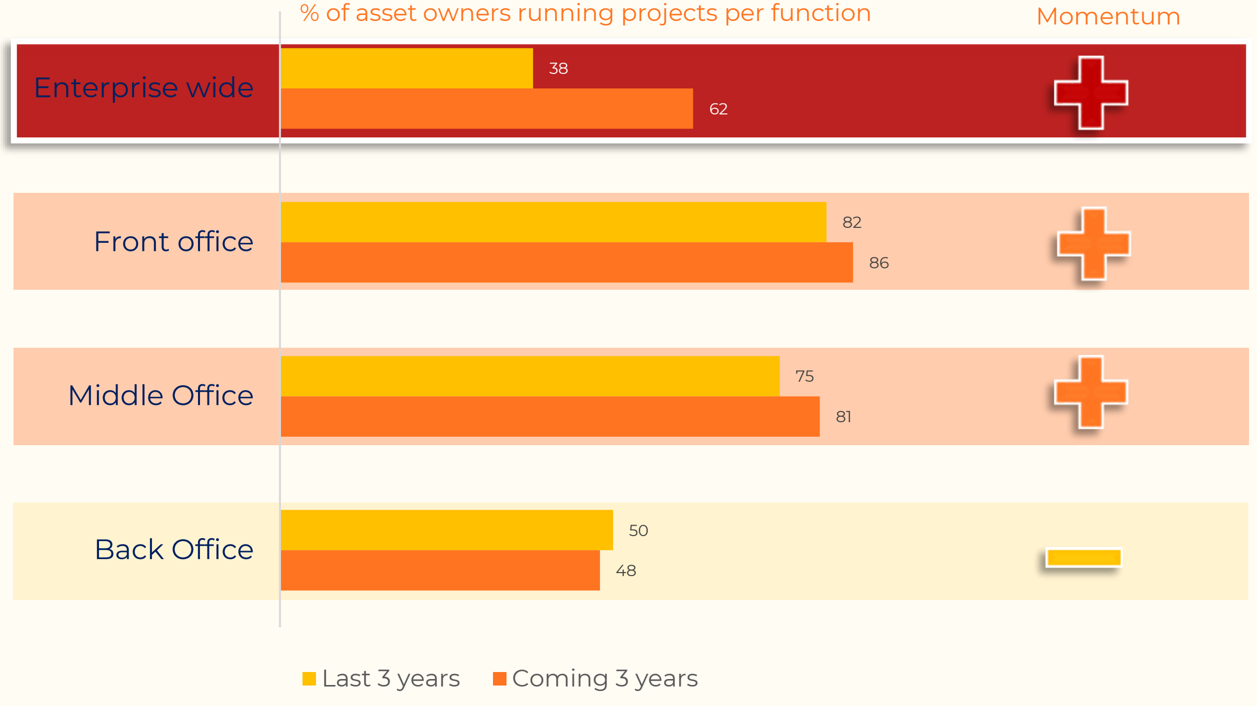
Net-zero balance of insourcing and outsourcing of fund management

5% of asset owners are beginning to **offer their (in-house fund management) services to others**

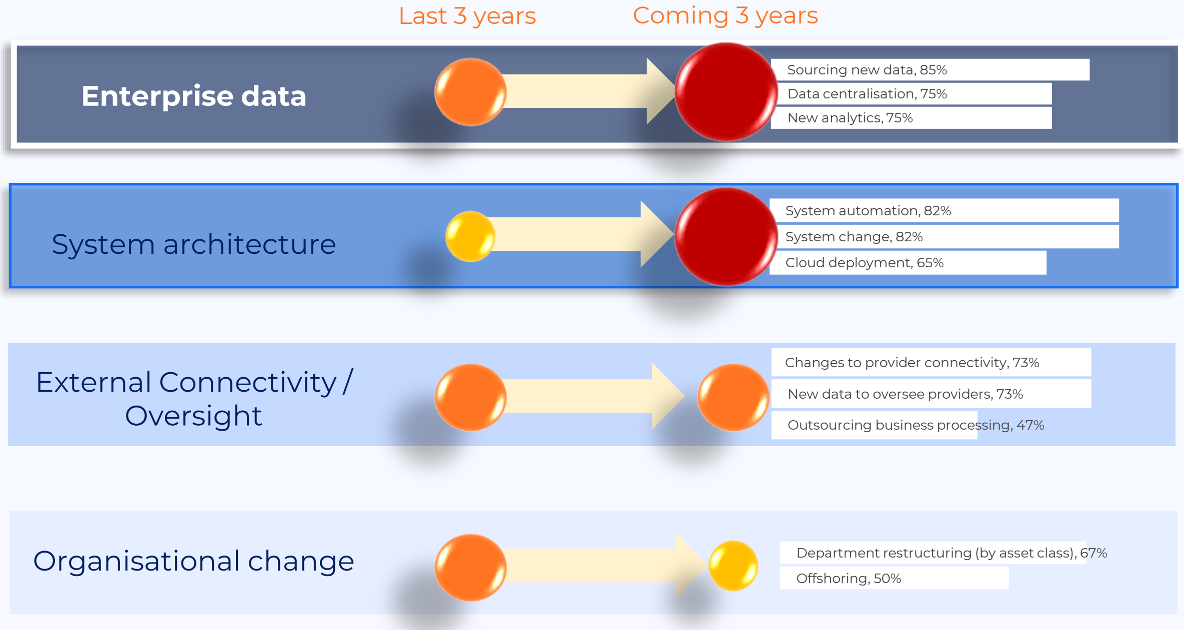
Realising our transformation

The rise of the Enterprise perspective

Where are / were the projects happening?



…and in what areas?



Defining our transformation

Building flexibility and control into our operating model – through people and process

What makes up the case for change?

(Importance out of 5)

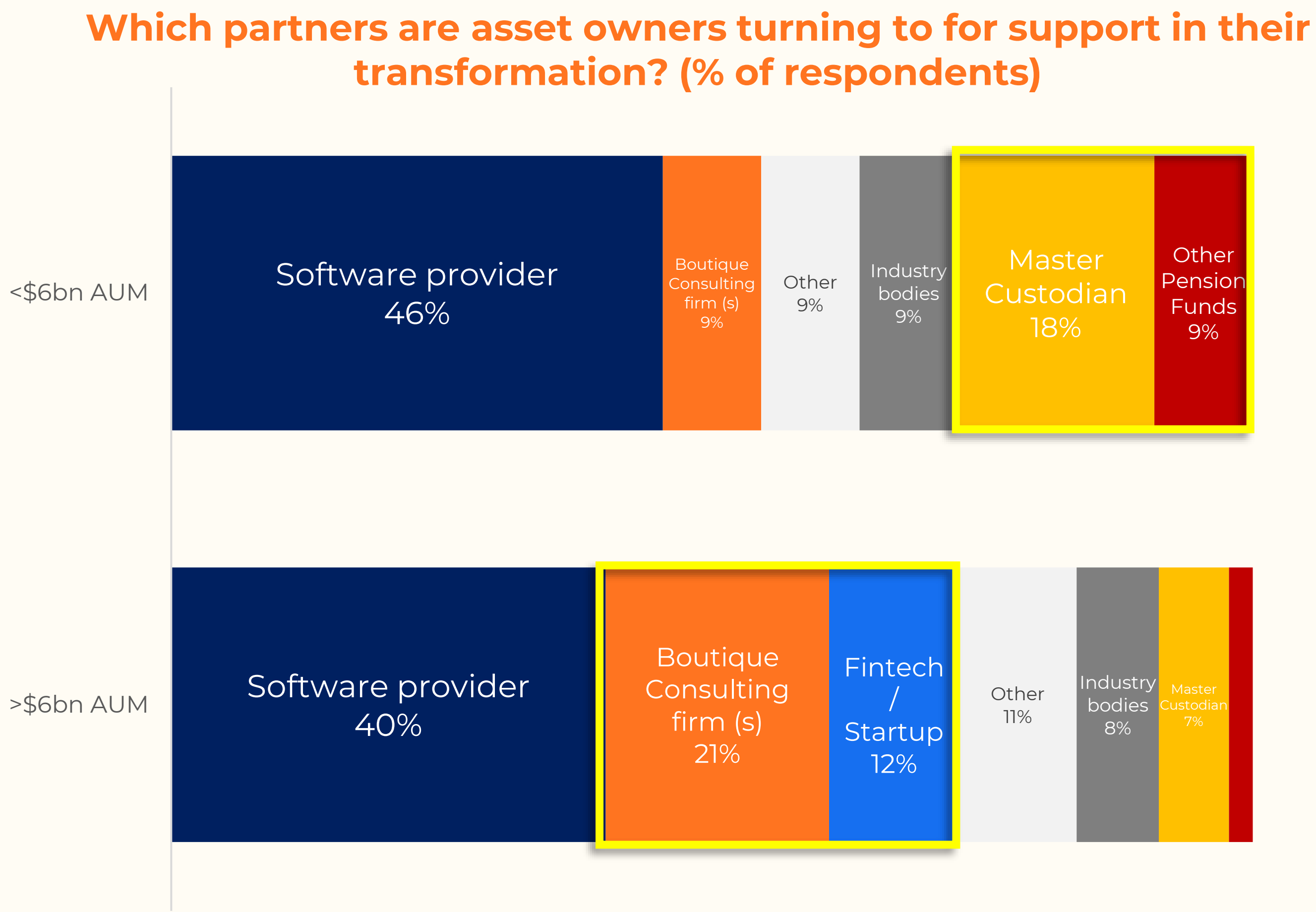
…and how is that transforming into projects?

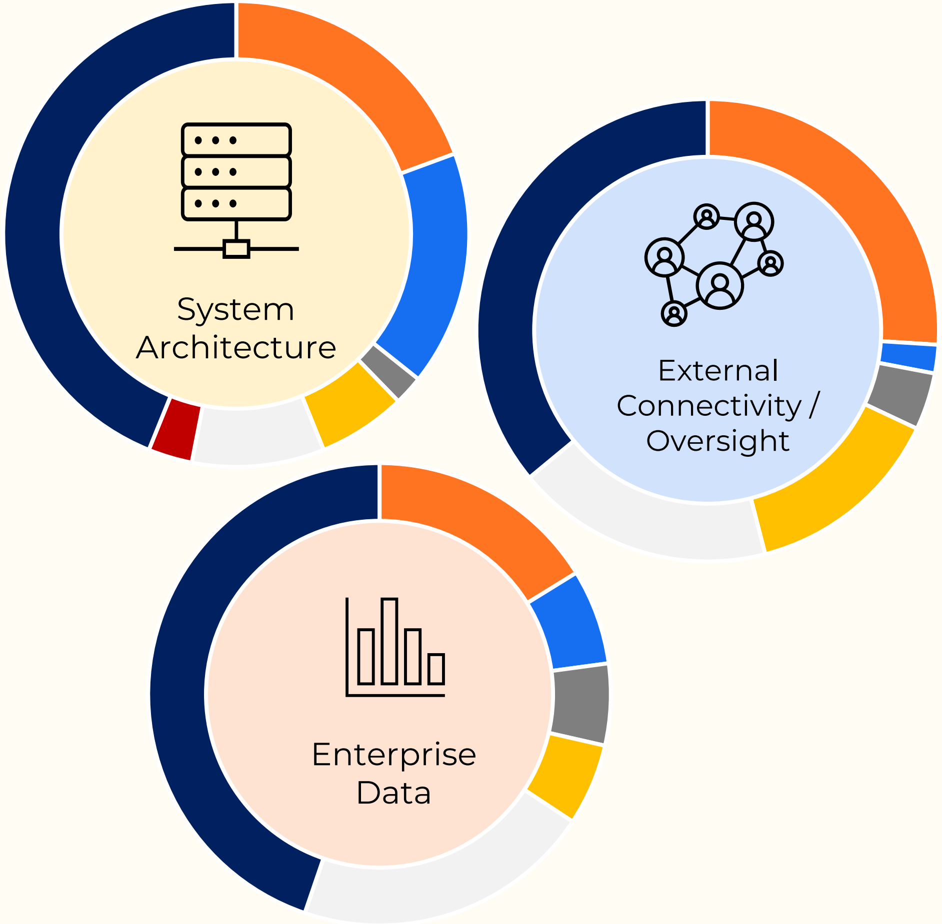
(1st to 3rd ranking of projects, based on each business driver)

Department restructuring (by asset class)	Outsourcing to a Master Custodian	Changes to provider connectivity (e.g. APIs)
Department restructuring (by asset class)	New analytics to model risks	Outsourcing business processing
Outsourcing to a Master Custodian	Consolidation of providers	Insourcing (data processing)
Department restructuring (by asset class)	Outsourcing to a Master Custodian	Insourcing (data processing)
Insourcing (data processing)	System replacement / consolidation	Changes to provider connectivity (e.g. APIs)
System replacement / consolidation	New data to oversee providers' performance	Data integration / centralisation

Defining our transformation

Who is the right project team?



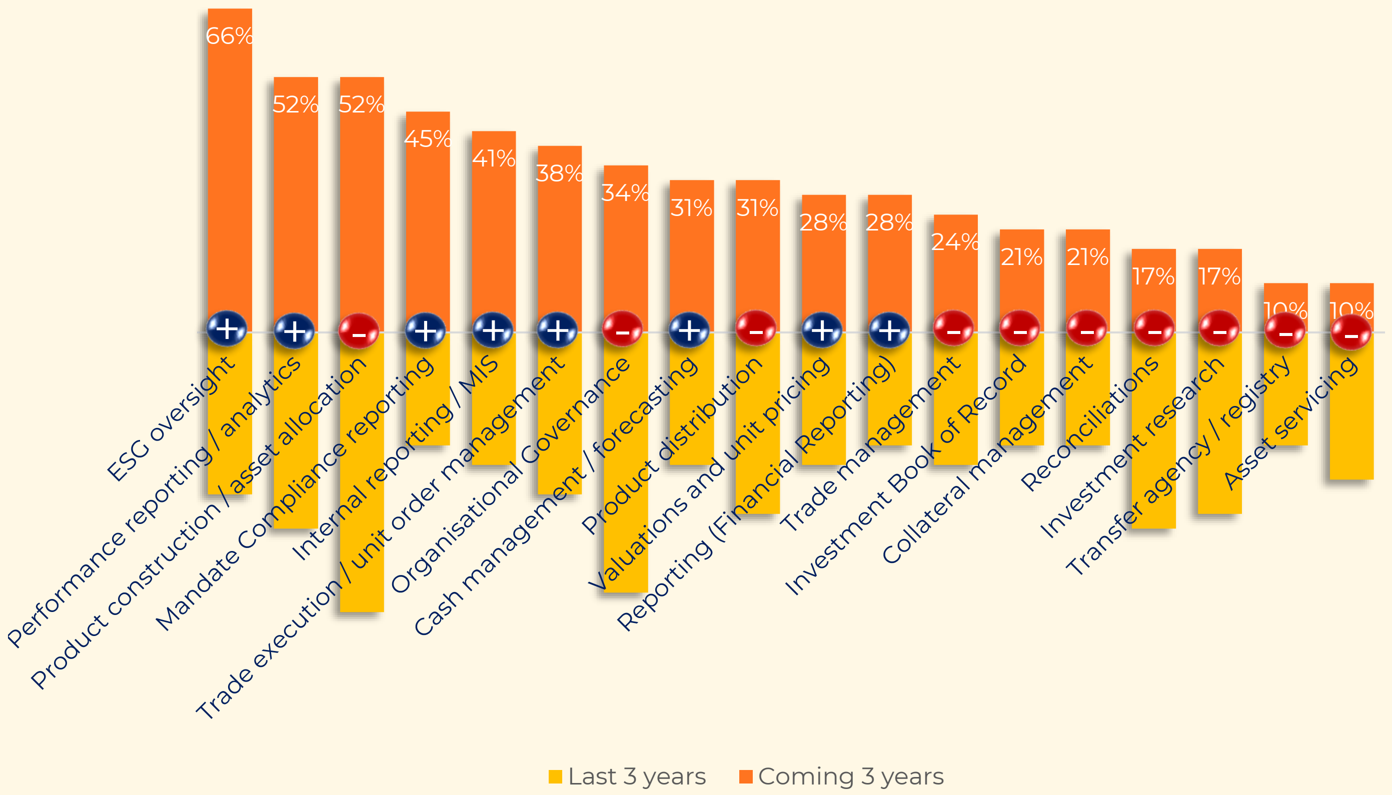


Realising our transformation

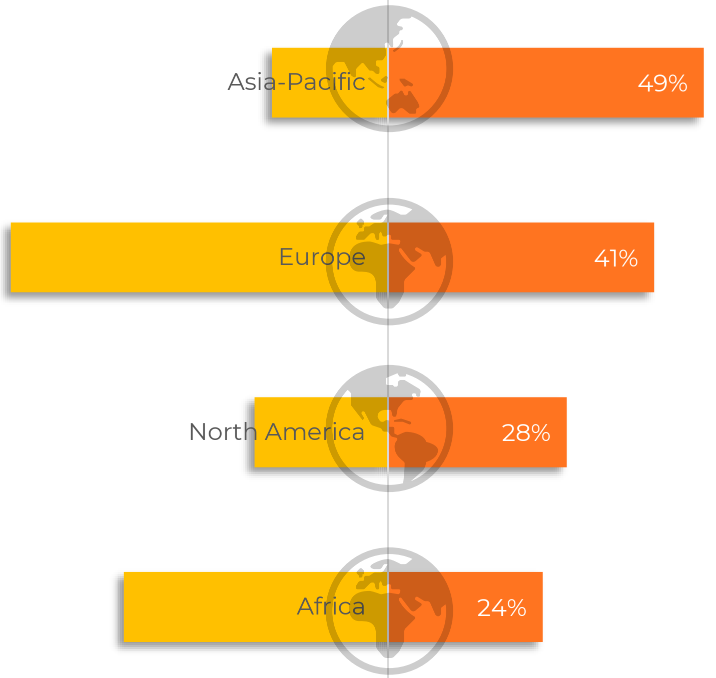
ESG and data dominate today's project agenda
...at the expense of operational efficiency?

Where are the projects that are we working on today?

(% of asset owners / + or – for momentum)



Where is the centre of activity? From Europe to Asia-Pacific

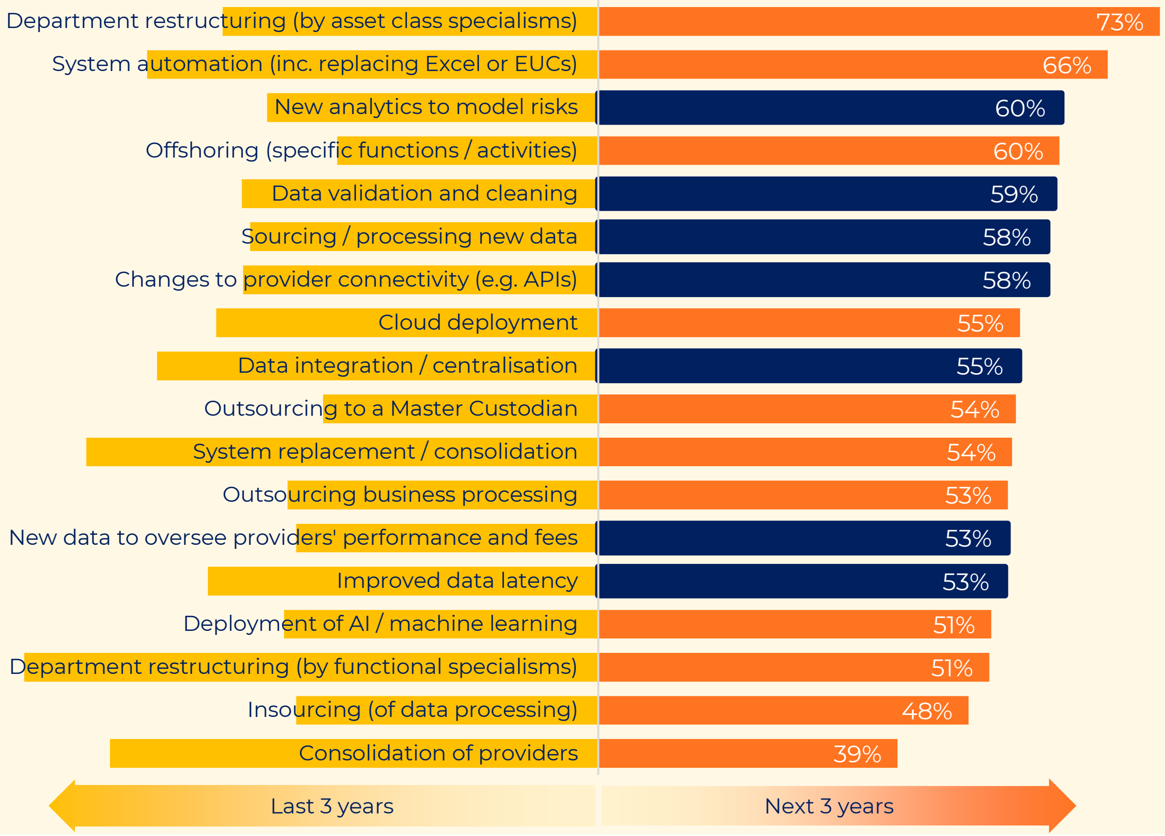


Realising our transformation

Data projects have grown to lead the change agenda

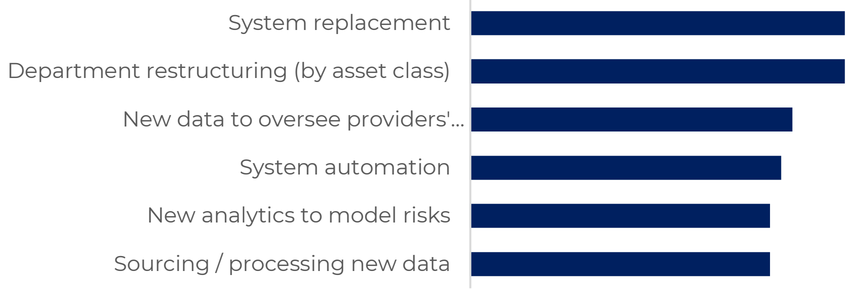
What projects are we working on today?

(% of asset owners / + or – for momentum)

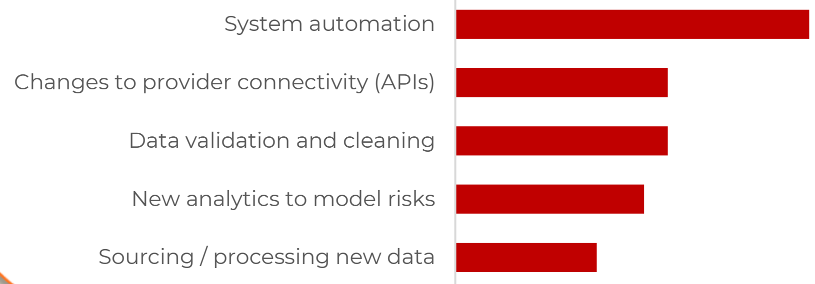


...but system change is also core across the industry

Externally managed funds



Internally managed funds



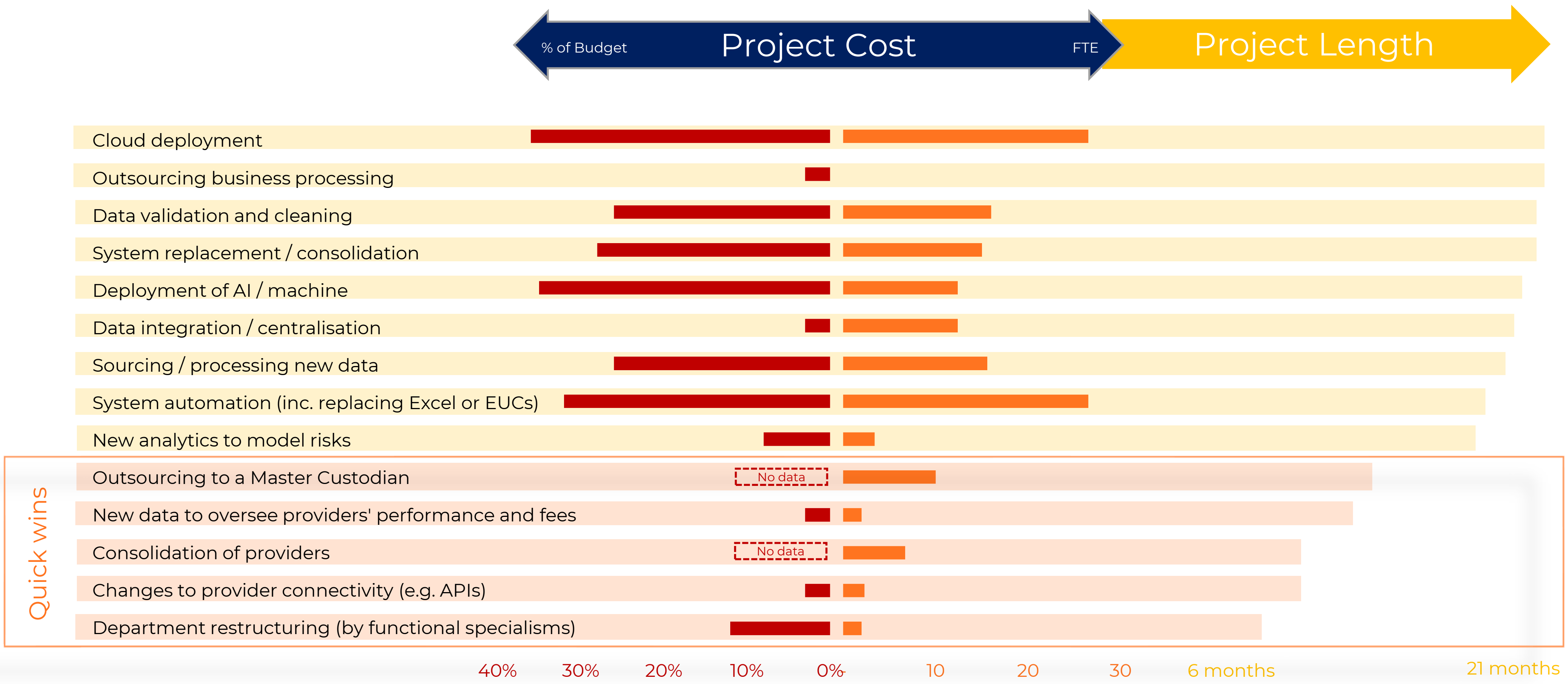
Realising our transformation

Are we focusing on the most impactful projects – or the quickest projects to deliver?

Return on Investment (Savings as % of Investment Operations Budget)	Most Common Transformation projects (Highest to Lowest frequency)	ROI Time Horizon (Years required to see Return on Project Investment)
8%	**Department restructuring (by asset class specialisms)**	2
17%	**System automation (inc. replacing Excel or EUCs)**	4
12%	**New analytics to model risks**	4
	Offshoring (specific functions / activities)	
18%	**Data validation and cleaning**	4
5%	Sourcing / processing new data	5
15%	Changes to provider connectivity (e.g. APIs)	1
20%	Cloud deployment	6
11%	Data integration / centralisation	4
15%	Outsourcing to a Master Custodian	3
20%	System replacement / consolidation	5
18%	Outsourcing business processing	6
5%	New data to oversee providers' performance and fees	1
18%	Improved data latency	7
	Deployment of AI / machine	5
	Department restructuring (by functional specialisms)	
	Insourcing (of data processing)	
22%	Consolidation of providers	4

Executing on transformation

...but are the quick wins more appealing?



Average project duration

<USD6bn AUM

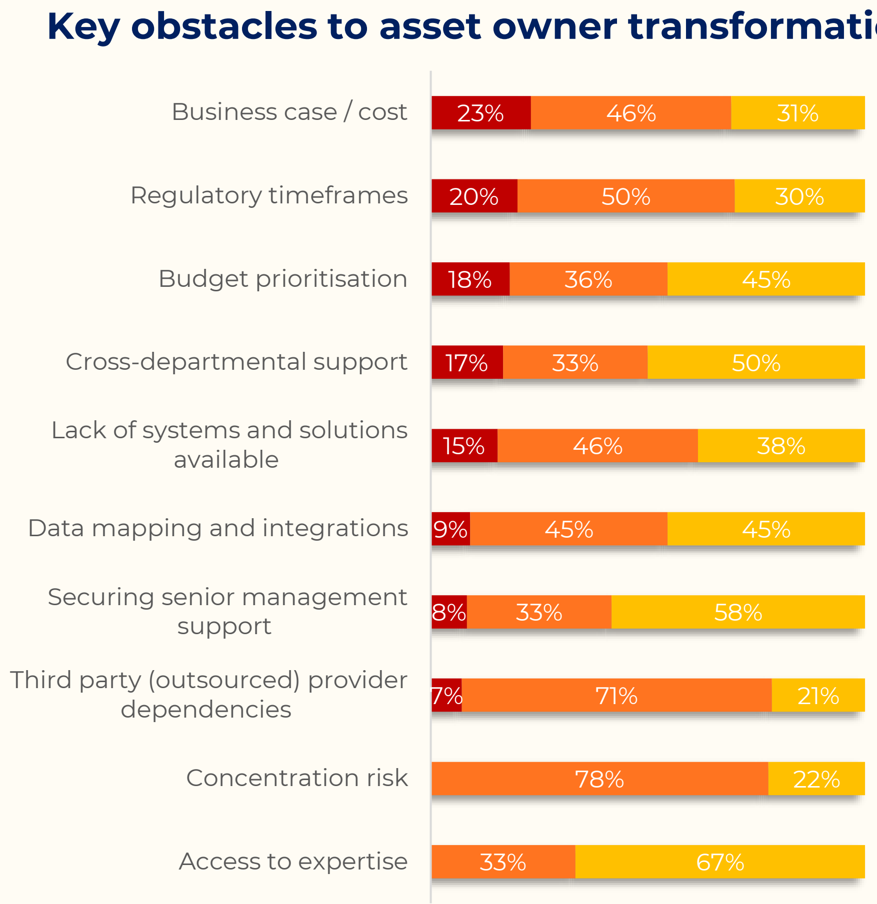
1 year

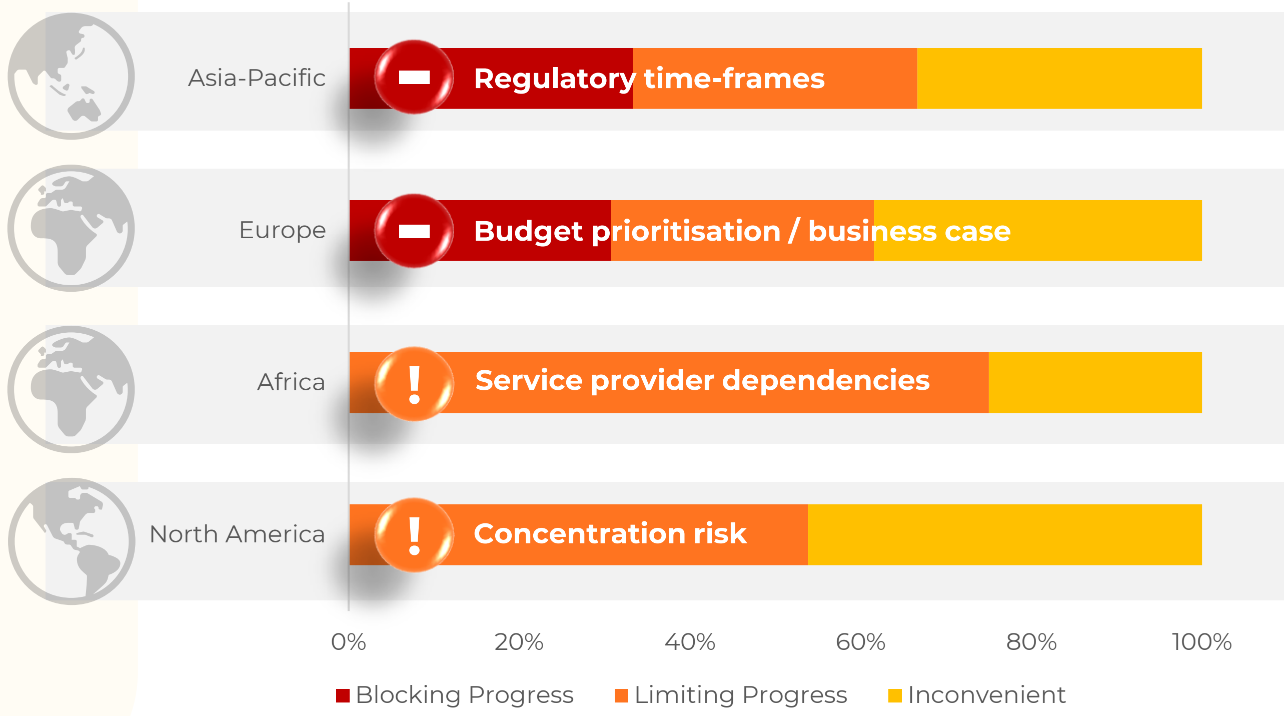
>USD6bn AUM

4 years

Realising our transformation

Roadblocks depend on where you are - but defining the case for change is a major challenge





Asset Owner Transformation:
What next?

Asset Owner Transformation

The Unavoidable Case for Change

Supported by

Key Findings	Benchmark Scorecards	Live data dashboards	Key Findings Podcast	Industry discussion	Market handbook
What did the survey tell us?	**What does this mean for me?**	**How can this support my business planning?**	**What are the headlines?**	**What does this mean for the industry?**	**What does the change journey look like?**
A discussion document that highlights the key statistical insights from our survey	Personalised scorecards for every respondent	Detailed, interactive dashboards giving you full access to every survey response	Specialist insights on our Key Findings in a 30-minute interview with leading experts	Presentations to a series of global industry working groups to turn our insights into advocacy priorities and outcomes	A comprehensive handbook report that showcases the transformation journey: what to focus on, what risks to expect and what returns to look for

Click here to visit our full resource page for Asset Owner Transformation

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