

THE  
DATA-FRAME  
IN ASSET  
MANAGEMENT

# Future-Proofing Asset Management With Technology-Forward Thinking

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## Overview

# A Huge and Important Industry.

The asset management industry is undergoing profound change. Much is at stake in this significant area of the economy. [According to PWC](#), over \$127 trillion of assets are managed professionally worldwide. Within this pool, alternatives as a sub-sector is growing at a faster rate than the overall industry, [slated to break the tape](#) at \$14 trillion in 2023.

According to McKinsey, the industry has been undergoing a “reset” in 2022, as complexities emerge, asset classes proliferate, and data burgeons.

### **Managing Complexity**

With the reset playing out, deriving simplicity and decision-ready information from the sea of data is key to managing complexity. With a taut regulatory framework prevailing and increasing competition from the growing number of funds (across all classes), asset managers cannot rest on their laurels or maintain a static approach to markets. [According to McKinsey](#), the “traditional paradigms of investment have been upended.”

Alternatives as a sub-sector is growing at a faster rate than the overall [asset management] industry, slated to break the tape at \$14 trillion in 2023.

*ICLG 2018: Alternative assets industry set to hit \$14 trillion by 2023*

### **The Role of Technology**

Technology can play an outsized role in helping asset managers perform the “reset” they need to in order to embrace complexity and generate returns in 2023 and beyond. “[AssetTech](#),” technologies built specifically for this industry, has emerged as a major growth sector as asset management firms look to perform for their clients. [According to a field study conducted by Pepper](#) and others, within the AssetTech space, data management is seen as crucial to this reset.

### **What Next?**

Pepper and MagComms partnered to understand what asset management professionals’ opinions are on what we deem their “technology-forwardness.” While the technology industry works off the assumption that everyone sees technology as a “fix” to problems, our methodology called for a tabula rasa framework. We noted, however, that even posing questions about technology foregrounded it as important; but in the surveys we fielded and interviews we conducted, technology was brought up proactively by each and every respondent.

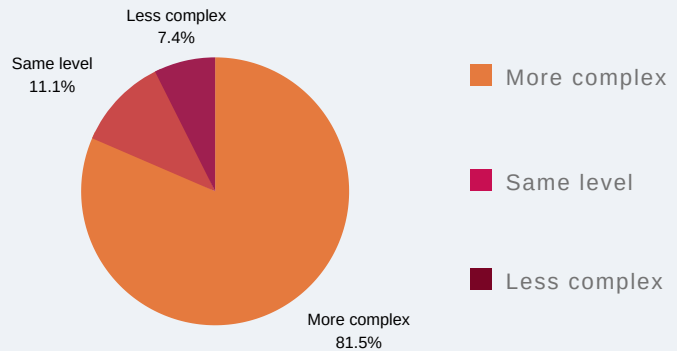
# Asset Management 2022-2024: Survey and Field Study

**Précis:** Asset management professionals seek help in navigating rough waters in the investment marketplace. They increasingly turn to technology to help reduce complexity and drive results, but often find themselves inadequate for the task. Cloud-based technology and innovations in the field are not well understood by a set of professionals focused on deals and outcomes, and less on tools.



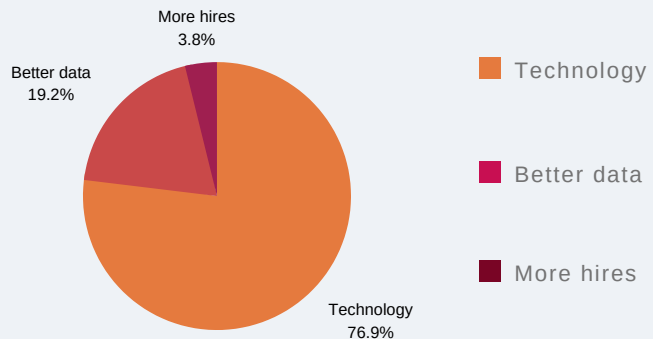
Graph 1

**Has asset management gotten more or less complex over the last five years?**



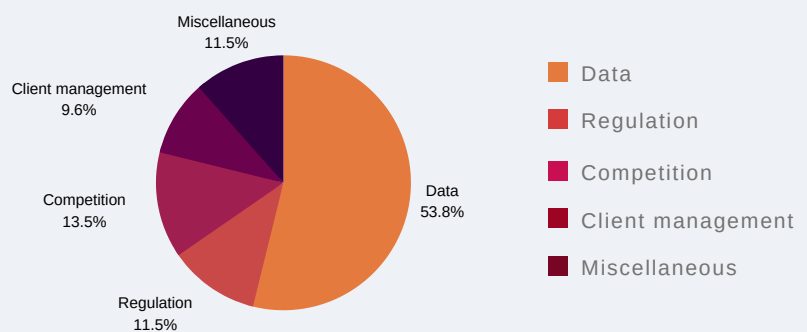
Graph 2

**What is the most important asset you currently have for managing complexity?**



Graph 3

**What are the biggest problems asset management needs to solve?**



# ASSET MANAGEMENT AND TECHNOLOGY

These critical technology questions were met with the following responses.

QUESTIONS	YES	NO	UNSURE
Do you feel technology solutions in your firm are adequate to manage complexity?	4	48	
Do you feel conversant with cloud-based technologies and how they can help you drive ROI and manage risk?	13	39	
Do you consider yourself "technology-forward?"	6	40	6
Do you want to consider yourself "technology-forward?"	43	9	
Are you open to seeing new technologies that can help you with data management and other related areas?	49	3	

Though the survey did not allow for nuanced conversations, 44 interviews gave us insight into a recurring theme with asset managers, which we summarize as **"future-proofing."** McKinsey refers to the same idea creating an "all-weather" asset management practice.

The key to creating a future-proofed asset management firm is a strong technology foundation. With ever-changing needs and currently unknown scenarios sure to unfold, flexible and elastic, cloud-native infrastructure platforms are vital and foundational blocks for the desired infrastructure.

Point solutions for specific problems are attractive in the moment, but the "all-weather" agenda requires resilient systems characterized by flexibility and the ability to produce decision-support information on the fly. Security, compliance, and governance are table stakes.

# SUMMARY

Technology-forwardness eludes asset managers despite their desire to embrace technology. They understand that cloud-based technologies are key to success. It is the job of platform companies to work to put technology front and center on the agenda and to partner with customers to achieve the desired success. This change can be brought about with focus.

McKinsey highlights [the important role of technology](#) in their recent report. Our findings concur with theirs.

The elements of the “scalable operating platform” they suggest all asset managers should have are:

- **A single source of truth on data**
- **A streamlined technology chassis**
- **Analytics-enabled business processes**
- **End-to-end automation**

Pepper's platform is exactly that.

