Data: A Competitive Differentiator

How Asset Management Organisations Are Investing in Data Management

A Global Survey of 375 Asset Management Firms

InterSystems®
Creative data technology

About This Research

This report summarises the key findings from a survey of 375 asset management decision makers at organisations with $30B to $500B assets under management (AUM) across the US, UK, Austria, Brazil, Germany, Malaysia, Singapore, and Switzerland. The survey covers independent asset management firms and hedge funds, as well as asset management functions within government organisations, commercial and investment banks, and insurance companies.

Key Findings

54% of firms are challenged by errors in data

This is largely due to the number of **disparate data sources**, and the amount of effort required to integrate, validate, and reconcile data to transform it into a usable format. With eliminating errors being such a significant challenge, the research shows **it is now the number one driver for businesses investing in data management**.

After eliminating errors, the next two biggest data management challenges cited by firms are improving responses to regulators and improving risk management.

0%

of firms with $100B to $500B in AUM are using data less than 1 hour old for reporting

Only 3% of all respondents use data that is less than 5 hours old for reporting

Only 38% of all respondents use data less than a day old for reporting. No firms with $100B to $500B in AUM reported using data less than 1 hour old for reporting.

66% of respondents require 6 to 9 people to process data to meet the needs of business stakeholders

For independent asset managers the percentage employing 6 to 9 people to process data rises to 76%, and among firms with $100B to $250B in AUM it rises to 77%. Additionally, 85% of respondents reported that their **data teams and IT personnel spend up to 50% of their time servicing data requests** from business stakeholders.

The research found that asset management firms typically use between 20 and 29 sources of data. When combined with the resources required to process data requests, **this places disproportionately heavier demands on the limited resources of smaller firms** when it comes to acquiring, processing, and managing all this information.

73% of respondents plan to invest in additional data management capabilities

Several business and operational drivers are behind this action. In addition to eliminating errors, the top business drivers for improving data management are responding to requests from the business in a timelier manner, providing the front office with accurate data for making investment decisions, and lowering data management costs.

Executive Summary

Asset management firms are grappling with a confluence of events that have created a particularly challenging environment in which to thrive. The post-pandemic reality of high interest rates and inflation, as well as global political conflict have contributed to significant market volatility, ending a long streak of strong market gains. As a result, **asset management firms can no longer rely on market performance to drive profitability.** To compete, all firms, regardless of size and geographic region, must deliver innovative products, differentiated client experiences, and streamlined operations.

Improving the use of data locked in silos across the enterprise offers asset management firms powerful competitive advantages. These include enhanced analytics that provide deeper insight into markets and clients, **faster reaction to market fluctuations**, more precise risk management, and improved responsiveness to regulators.

However, challenges persist with processing and managing the vast volumes of data spread across in-house and third-party applications, data warehouses, data lakes, data marts, external data feeds, and other sources. **These challenges result in delays, errors, inefficient workflows, and strained internal resources**. Improving data management transforms the speed and accuracy of reporting to inform decisions and meet the increasingly complex demands of regulators. The good news is that investment in data management technology is a priority for asset management firms.

The research results presented in this report confirm that improvements to data management processes are considered critical by asset management firms in order to provide faster responses to the front office, improve risk management, and gain a 360-degree view of clients.

According to the research results, **many asset management firms are challenged with data errors and delays**, making it difficult to provide accurate and timely responses to their business stakeholders. Remediating errors and handling ongoing data requests requires dedicated support from technology staff. The research shows that both small- and mid-sized firms rely on a number of data sources similar to large firms and spend just as many internal resources to service data requests, despite their smaller overall staff, thus increasing margin pressure.

Faced with these barriers, **firms are looking to a variety of solutions** to speed and simplify access to accurate and timely data. **One new approach that is rapidly gaining momentum is the data fabric architecture**, which enables firms to address the challenges of disparate, high-volume data in a non-disruptive way. With innovative approaches like data fabrics holding real promise for firms looking to leverage new capabilities, the industry has an opportunity to address age-old data challenges more effectively.

The research results presented in this report confirm that organisations consider improvements to data management processes as critical to providing faster responses to the front office, improving risk management, and gaining a 360-degree view of clients.

A Deep Dive into the Results

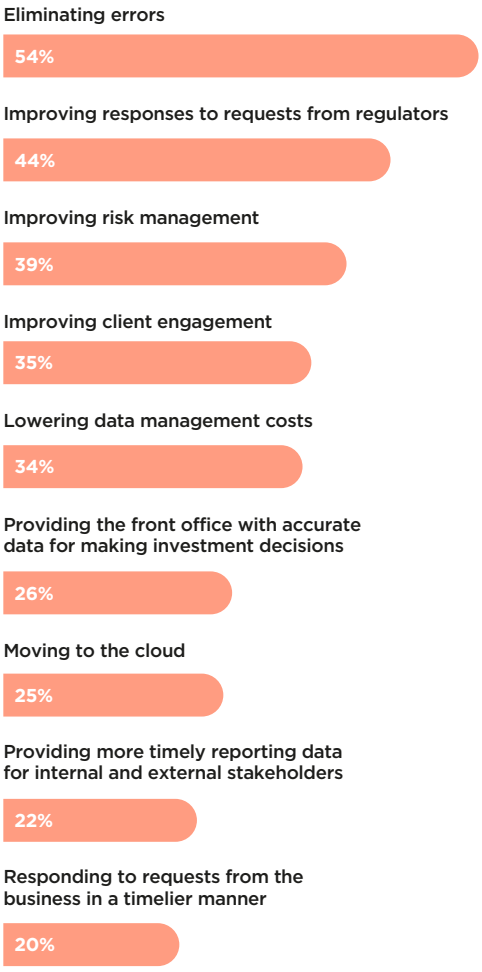
Inaccuracies in Data

When asked to choose their top three **business drivers** and **data management challenges**, eliminating errors was a common theme. This was chosen as both the biggest business driver and main data management challenge.

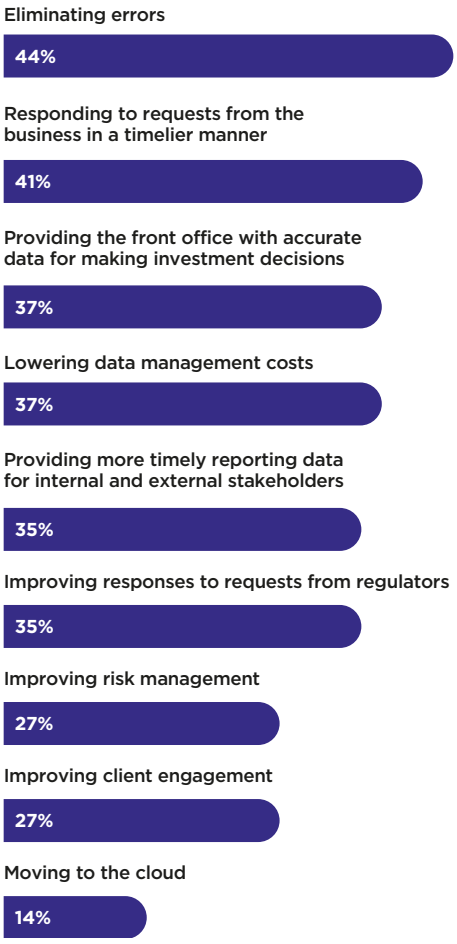
54%

of respondents cited eliminating errors as their top data management challenge

What are your three main *challenges* today relating to data management?



What are your three main *business drivers* for improving data management?



Data Challenges

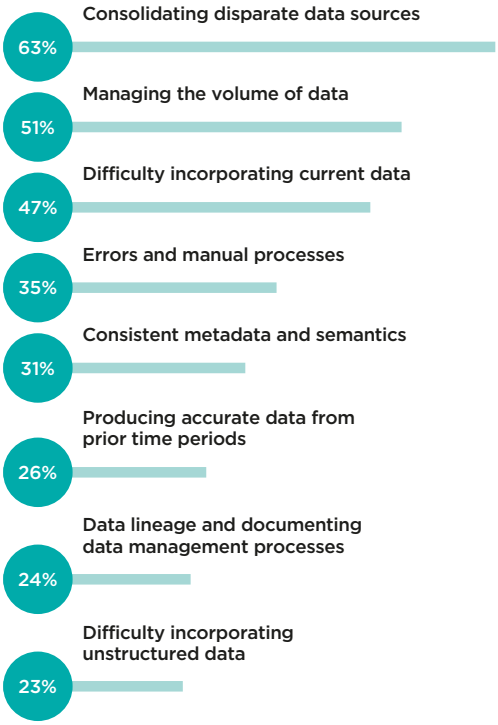
Managing disparate data sources and using current data are among the top challenges facing asset managers.

Risk Management

> ***When it comes to risk management, 68% of independent asset management firms struggle with consolidating disparate data, 57% have difficulty incorporating current data, and 56% struggle with managing the volume of data.***

Across all firms surveyed, 63% said that one of their main challenges in risk management is consolidating disparate data, 51% struggle with managing data volumes, and 47% have problems incorporating current data.

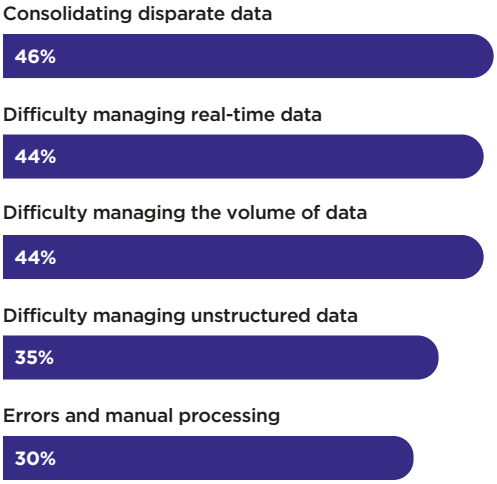
What are your main data challenges in relation to risk management?



Client Management

Across all firms surveyed, as highlighted in the graph below, there are a number of challenges that prevent them from obtaining a 360-degree view of their clients. The top three reported challenges are consolidating disparate data (46%), difficulty managing real time data (44%), and difficulty managing the volume of data (44%).

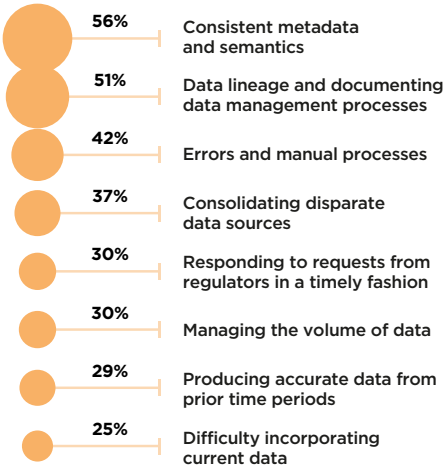
What are your main challenges in obtaining a 360-degree view of clients?



Compliance

Consistent metadata and semantics ranks as the highest data challenge (56%) for all firms in relation to compliance, followed by data lineage and documenting data management processes (51%), and errors and manual processes (42%).

What are your main data challenges in relation to compliance?



68%

of independent asset management firms struggle with consolidating disparate data in relation to risk management

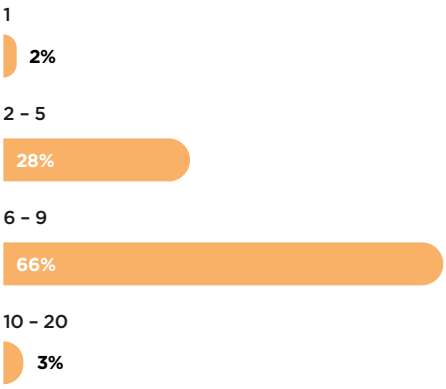
57%

of independent asset management firms have difficulty incorporating current data in relation to risk management

Data Processing Resources

The majority of respondents require 6 to 9 people to process data to meet the needs of business stakeholders, regardless of the size of the firm. This disproportionately impacts smaller firms, which work with a similar number of data sources, and face challenges similar to larger firms, but have fewer resources to manage them.

How many people are currently required to integrate and prepare the data for your business?

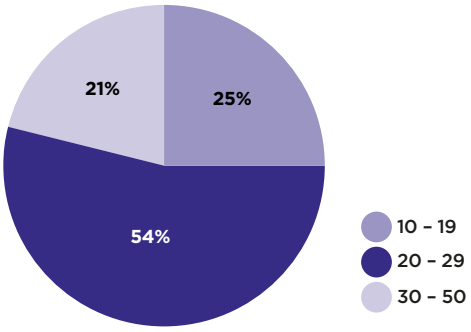


26-50%

of IT personnel's time is spent on servicing data requests from business stakeholders

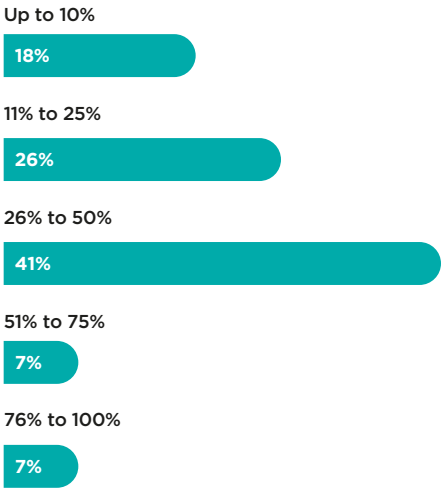
More than half of respondents use 20 to 29 sources of data to make business decisions and generate reports, regardless of firm size or firm type, and 21% use between 30 and 50 data sources.

How many internal and external data sources do you currently leverage to make business and investment decisions, as well as for reporting?



Regardless of firm size, the most common amount of time for IT personnel to spend servicing data requests from business stakeholders is 26% to 50%. Combined with the number of people required, this creates bandwidth issues for staff, which is especially challenging for the smaller firms that don't have the same number of resources as larger firms.

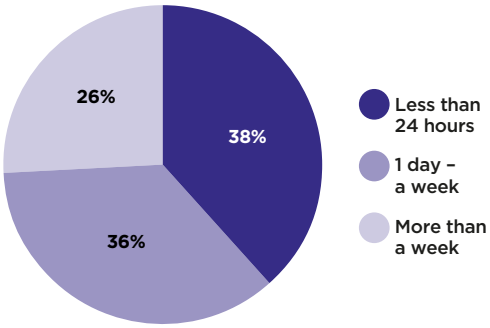
How much of their collective time does your IT and/or data team spend servicing data requests from personnel within the business?

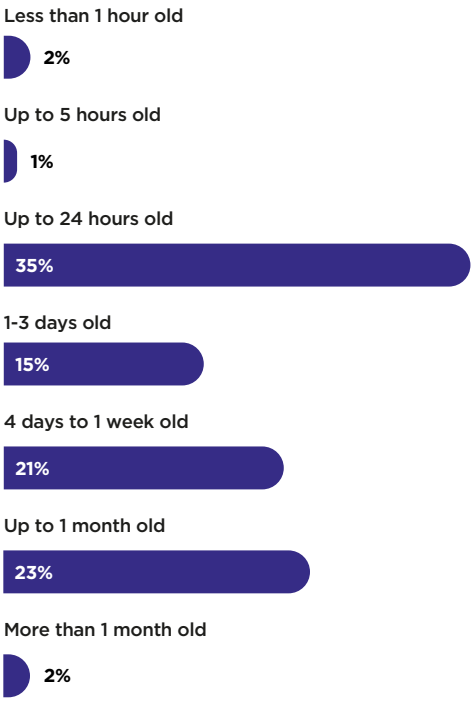


Timeliness of Data

Only 3% of all respondents use data that is less than 5 hours old for reporting.

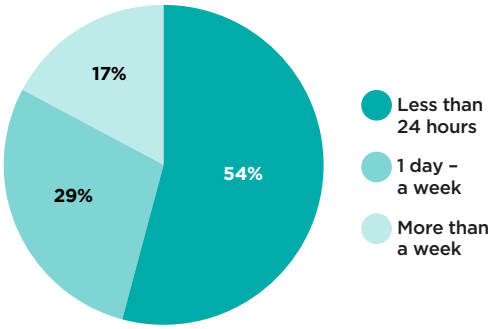
On average, how old is the data used for reporting?

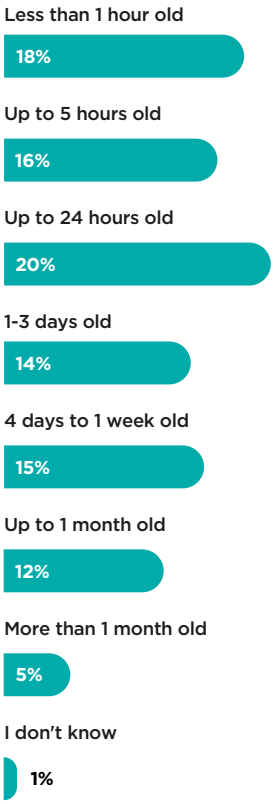




46% of firms report that the data used to make business decisions is more than 24 hours old, and 17% use data that is more than 1 week old.

On average, how old is the data used by business leaders in your organisation to make decisions?





38%

of all respondents use data that is less than 24 hours old for reporting

Ongoing Investment

Almost three-quarters of respondents plan to invest in additional data management capabilities, regardless of whether they believe their current capabilities are adequate.

73%

of respondents plan to invest in additional data management capabilities

Which of the following statements best describes your firm's current data management capabilities and plans?

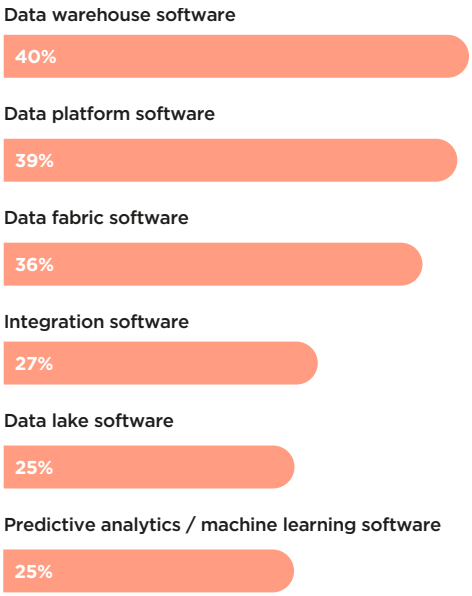
- 9% — Our data management and analytics capabilities are not adequate, but we have no current plans to invest in additional capabilities
- 29% — Our data management and analytics capabilities are not adequate, and we plan to invest in additional capabilities soon
- 11% — Our data management and analytics capabilities are currently adequate and we have no plans to invest in additional capabilities
- 44% — Our data management and analytics capabilities are currently adequate but we plan to invest in additional capabilities soon
- 8% — Our data management and analytics capabilities are excellent, meet all our requirements, and we have no plans to invest in additional capabilities

Regardless of firm size or company type, the average annual spend on data management technology is $1M to $2.5M.

There are a number of approaches that firms are evaluating or implementing.

> ***Data fabric ranks among the top approaches. It is also the most common response in the US and the UK overall, and with all firms in all sectors globally with $30B to $50B in AUM.***

Which, if any, of the following are you currently evaluating or implementing?



Conclusion

Asset management firms of all sizes face many significant data management challenges. **Eliminating errors, for example, is both the top data management challenge and the number one business driver for improving data management capabilities.** The impact of data errors and latencies are impacting compliance, risk, client engagement, and providing the front office with the information they need to make investment decisions, among others. This is true despite the current data management technologies in use.

This research also indicates how acute data management challenges are for smaller firms. These organisations still need to manage and process numbers of data sources and data volumes similar to their larger peers, placing greater strain on their disproportionately limited resources. Coupled with the amount of manual effort required, smaller firms, like their larger peers, are understandably looking to invest in additional data management capabilities.

With data being critical to competitiveness and increased margin, all asset management firms must harness the exponential growth of data to develop insights that lead to alpha. To do this effectively, **they must minimise labour-intensive and error-prone processes that erode efficiency**. Fortunately, there are new approaches enabling firms to address these challenges and better meet their business goals. Solutions that leverage a modern data fabric help provide accurate, timely, and trusted information that the business needs, while eliminating errors and inefficiencies impacting asset management firms.

InterSystems TotalView™ For Asset Management is fully managed cloud-native software that finally allows asset management firms to harmonise all siloed data from inside and outside the organisation into one single source of truth. It delivers consistent, timely, and accurate data to internal and external consumers, leveraging a modern data fabric architecture, providing a wealth of business and operational benefits.

For more information, please visit www.InterSystems.com/UK/Asset-Management

Audience Data

Company Type

Independent Asset Management Firm: 30% (113)

Government: 23% (86)

Hedge Fund: 19% (73)

Commercial Bank: 11% (43)

Insurance Company: 9% (32)

Investment Bank: 7% (28)

Assets Under Management

$30 Billion to $50 Billion: 43% (161)

$50 Billion to $100 Billion: 33% (122)

$100 Billion to $250 Billion: 14% (52)

$250 Billion to $500 Billion: 11% (40)

Seniority

Management / Senior Management: 30% (114)

Junior Management: 22% (83)

VP / Managing Director: 20% (74)

Director / Divisional / Department Head: 18% (67)

C-Level/C-Suite (e.g. CEO, CXO, CTO, CFO, CIO, CHRO...) or Executive: 10% (37)

Job Function

Head of Investment Operations: 27% (102)

Head of Financial Planning and Analysis (FP&A): 26% (98)

Head of Business Reporting: 15% (56)

VP / Head / Director of Technology and Systems: 11% (43)

Head of Data / Data Analyst: 11% (41)

Chief Technology Officer: 9% (35)

Region

US: 40% (151)

UK: 19% (73)

Austria: 7% (25)

Brazil: 7% (25)

Germany: 7% (25)

Malaysia: 7% (26)

Singapore: 7% (25)

Switzerland: 7% (25)

About InterSystems

InterSystems is a creative data technology provider dedicated to helping customers solve their most critical scalability, interoperability, and speed problems. It is recognised as a Leader in the Forrester Wave™ Translytical Data Platforms, Q4 2022, as a Leader in The Forrester Wave™ Multimodel Data Platforms, Q3 2021, as a Visionary in the 2022 Gartner Magic Quadrant for Cloud Database Management Systems, and as an Exemplary Vendor in the Ventana Research Data Platforms Value Index 2023. InterSystems is committed to excellence through its award-winning, 24/7 support for customers and partners in more than 80 countries. For more information, please visit www.InterSystems.com/UK/Asset-Management

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