



accenture

# The Future of Asset Management

Business models and strategies for 2025

**What will the asset management industry look like in 2025? What changes will we see in areas like brand, product, distribution, operations, and talent? What will be the impacts of leading-edge technologies on strategies, capabilities, innovation, and the customer experience?**

This paper contains Accenture's answers to those questions. It is also grounded in Accenture research—based on a recent survey of 250 asset management executives in North America—conducted to more deeply understand where the industry is headed over the next few years. We have synthesized our experience and research to provide asset managers with insights to help them prepare for what's ahead. Or, more accurately, to help them create what's ahead.

Asset managers who are likely to be in the winners' circle in 2025 will be those who understand the arc of today's trends and tomorrow's possibilities and then proactively assemble the vision, strategy and capabilities needed to create their own future.



# The changing landscape

Investment firms face a rapidly shifting landscape where many traditional products, tools and approaches no longer seem as appropriate or effective as they once were. We see four primary features of this landscape.

## Profitability

The good news is that asset managers drove most of the buy-side industry's total revenues (42%) in 2020 according to Accenture research. The not-so-good news is that different profitability dynamics are in play, and a fundamental disconnect exists between the top and bottom lines, and between assets under management (AUM) and revenue. Improving profitability requires a deep-capacity analysis and measurement of the products and services that are driving profits, and then using that data to prioritize the product roadmap, identify areas with the highest profit margins, and assess the value of cost reduction and digitalization programs. Gaining margin would also allow firms to re-direct benefits for investing in future sources of growth and automating production.

## Technology

Asset managers have a pressing need to leverage technologies like automation, artificial intelligence (AI) and analytics—not only to realize cost savings, but also for product development, alpha generation and delivering a differentiated client experience. From our survey, we found the biggest gap between vision and reality to be in asset managers' use of advanced technologies. Nearly all respondents (95%) believe that an asset manager's technology, data and digital capabilities will be differentiators in 2025. On the other hand, many asset managers are still in early stages—exploration and prototyping—with many emerging technologies, including AI. Our survey found that 72% of asset managers do not view themselves as leading firms when assessing their digital maturity.

## Innovation

Even the most advanced technologies are, in the end, just the raw materials from which to create differentiating products and capabilities. What's needed, in addition, are the structures, processes and incentives that can help turn technology potential—based on ideas from individuals, teams and ecosystem partners—into revenue-generating products or services. Supportive processes and organizational structures must be present to encourage constant experimentation and to move innovations along the pipeline. Effective leadership then helps promote a culture of innovation, where practical creativity is accepted and expected as an everyday occurrence, not a one-time or accidental occurrence.

## Mass customization

Successful asset managers in the future will need to personalize products and services at scale across the entire business to focus on outcomes, values, product preferences and customized communications. In our survey, four out of five asset managers state that “customization for the masses” will be a key growth driver over the next five years. This is partly because alpha is becoming more difficult to attain, so personalized products are emerging as an appealing alternative to low-cost beta investing. It's also because customization can improve the client experience and overall client centricity. Client centricity has traditionally been a narrow focus within the sales and marketing functions, but it is now rippling throughout the organization, and all parts of a firm need to decide how they should react.

# Creating the future: Asset management in 2025

**What will asset management look like in 2025? Predictions from our survey respondents were wide-ranging:**

- “We will have to be more responsive to client needs on the digital level.”
- “The personal relationship with an advisor will erode, and investors will take charge.”
- “We will be mostly cloud-based and AI-operated.”
- “Corporate responsibility will become a global priority. New tools will empower millions globally to participate.”
- “There will be much more active investing and customization, and AI will play a huge role in differentiation.”

Clearly, the pressure to innovate in terms of both technology and client centricity will be intense. The shifting market and technology landscape just discussed, combined with intensifying competition, requires firms to take action across their business.



In this future-oriented analysis, we look at six aspects of the asset management model—not just in themselves, but also as they interconnect and interact with all the others.

## 01 | Brand Strategy

### You are who your customers think you are

Almost all of our survey respondents believe that brand is an important competitive differentiator cross-industry (97%). Yet one-fourth of respondents (26%) thinks that the market doesn't currently see their company's brand and purpose as being distinct from other firms.

Given the growing importance of market differentiation, asset managers should clearly define and differentiate their brand and purpose, conveyed through activation of that purpose. To do this, firms will need to distinctly articulate—internally and externally—the compelling story about their mission and values to customers and employees alike. This articulation should also align the corporate purpose to their customers' purpose. Such alignment, communicated across stakeholders, means that all parties will be focused on customer goals, as supported by a company's distinct positioning.

By taking these steps, the activation of brand and purpose can then be measured by how clear and easy it is for customers to achieve their goals—as well as by other brand measurements (customer performance indicators, brand tracking surveys, key attributes and brand's impact on AUM).

## 02 | Product Strategy

### Investor expectations are changing

We found that 74% of our survey respondents affirmed they are considering expanding their products and services outside of investment products. And 83% agree that their firm is actively looking to expand into new investment products and strategies. Part of this expansion will be fueled by hyper-personalization, as customers look for products and services tailored to their specific goals and timelines. For example, a retail investor might have different investment urgencies depending on whether the goal is short term (purchasing vacation property) or long term (funding retirement or saving for college tuition). Other customers may be driven by the desire to invest primarily in businesses with sustainable practices.

Traditional funds may work for some investors, while others could want personalized, separately managed accounts (SMAs) with customized investments. Institutional investors may also seek solutions that are packaged especially for them.

**97%**



of asset management executives see **brand as an important competitive differentiator**.

## 03 | Sales and Distribution

### Make the leap to hyper-relevant customer experiences at scale

Asset managers of all types and sizes identified product distribution as an essential part of overall transformation. In fact, 91% of our survey respondents intend to transform their product distribution value chain within the next five years. Improving product distribution will be even more critical as firms expand their ability to sell directly to consumers. One concern is that, although transformation of distribution will require advanced technology capabilities, fewer than one-third of surveyed asset managers (28%) said that their firms have fully embraced new digital advancements such as technology platforms across the organization.

Achieving true client centricity depends on reimagining client interactions and building trust. Asset managers must do more than just communicate more effectively to their end-customers. They should transform the entire end-to-end sales and distribution model, up to and including client interaction. That requires breaking down technology and organizational silos across sales, marketing and distribution so that these different functions can collaboratively create and deliver a seamless client experience.

## 04 | Investment Capabilities

### New technology, new alpha

New technology capabilities will be especially important for firms on their path to scalability, including the ability to innovate while incorporating fintech capabilities. These capabilities can help firms adapt quickly to evolving products and services, including those that are highly customized.

AI, analytics and alternative data at scale will play a prominent role in an asset manager's toolkit as a route to better returns. Today though, 74% of firms are still in the planning and experimenting stage, or are performing small, targeted AI deployments. About one-fourth (26%) are already scaling. By 2025, that number should be up significantly. Technology will be key to ensuring that firms' capabilities can adapt quickly to evolving products and services, including those that are highly customized, and that they can flex to support any investment strategy or asset class of the future. Although it may be difficult now to find success stories where alpha is attributed solely to AI, that could change as firms find that the benefits of AI in the front office are real, measurable and significant.

## 05 | Investment Operations

### Build an intelligence engine for your business

The asset management landscape seems to be evolving faster than firms' ability to operationally adapt, putting pressure on firms to implement flexible, scalable operations and technology. More than four-fifths (85%) of the firms we surveyed believe that asset managers need to radically restructure and redefine investment operations to focus more on competitive differentiators. Standard operating models will face significant disruption over the next few years and will increasingly focus on client-centricity, services, risk and oversight.

Regardless of the product mix, operating models should flex and be fit-for-purpose. Globally consistent operating models that promote automation and scale are a must-have. Intelligent investment operations can create a best-of-breed innovation technology engine and deliver value-generating, customer-centric processes.

# 85%



of the firms we surveyed believe that asset managers need to **radically restructure** and **redefine investment operations** to focus more on competitive differentiators.

## 06 | Talent and Culture

### The people to differentiate, the culture to thrive

Rapidly changing customer and employee expectations, amplified by the rapid pace of technology evolution and regulatory change, demand an urgent response to workforce, culture and organization impacts. The leading asset managers of the future will reinvent how they allocate tasks, structure job roles, augment workers' creativity and expertise with technology, and develop the skills of their people for the digital age.

As AI is woven into the mix, and as front- and back-office roles and responsibilities evolve, firms will be able to rethink competencies and move beyond traditional workforce models. If asset managers can design systems that effectively blend people's skills with automation, they'll be able to devise disruptive business strategies, empower people to cope with increasing complexity in the workplace, and enhance the customer and workforce experience.

Firms also need to infuse a change mindset into all aspects of their culture, including both technology and the business. This mindset goes beyond program delivery and into areas such as how people are hired, trained and rewarded, and how they collaborate with vendors, partners and clients.



Thriving in this moment will require ambitious leaders who are not content to simply return the business to what it was, but willing to up-end convention and invent their future.

Boundless opportunities exist for asset managers willing to break from the mentality of “that’s how we’ve always done things” and become part of **crafting what comes next.**



# 01 Brand Strategy

**You are who your customers think you are**



# Extend and deepen your brand strategy

*It's not just what you sell. It's who you are.*

No matter what you're selling, people eventually want to know who you are—not just your ideas or what you're promoting, but your core values and purpose. It's your “brand”—beyond a photo or a PR campaign—and you should understand it, build it and nurture it.

Asset managers are similarly challenged today to create a clear and enduring brand that lets the marketplace know, not just how great their products are, but how great their company is.

Firms that can get their brand strategy right have the chance to use brand as a key differentiator. Yet 26% of the asset managers we surveyed do not believe their brand is distinct from competitors.

The goal for asset managers is to use their brand to attract new prospects and reinforce brand value to existing clients. Doing so means shifting perceptions and increasing brand trust. This is where the biggest players are competing. They focus on how differentiation can manifest itself up to brand marketing and then down through activation.

# Brand strategy in 2025: What's ahead

## 01 | Strong and compelling brands will be key to competitive differentiation

Brand is an increasingly critical competitive playing field for asset managers, but many don't feel they're actually game-ready.

Almost all firms in our survey (97%) see brand as an important competitive differentiator.

But, as noted, one in four thinks that the market doesn't see anything distinctive about its brand.

Other research has found that 58% of asset managers feel they have stagnant or decreasing brand awareness among customers, and they need a concerted, systematic refresh of their brand.<sup>1</sup>

Marketing professionals have always known about the need to combine both emotional and rational appeals to customers about products and services. In the future, that knowledge will be raised up to the level of brand strategy and then, by association, to business strategy.

Asset managers should become more comfortable with intangibles—creating and sustaining real growth in AUM by creating a brand story that involves ideas, concepts, accomplishments and aspirations. Firms will need to shift perceptions and increase trust in their brands. This is where the biggest players will focus to differentiate themselves in the future.

97%

of asset management executives see **brand as an important competitive differentiator**.

25%

of asset managers **do not believe their brand is distinct** from competitors.



## O2 | Brand will be tied to core values and purpose, not just to products

Historically, asset managers have focused their marketing efforts on their products—leveraging differentiators such as past performance, star managers and the ability to generate returns. That now looks like a two-dimensional perspective in a three-dimensional world.

Alexander Hamilton once wrote that those who stand for nothing will fall for anything. Across industries, customers are making purchasing decisions based on what companies stand for, and the investing community is following suit. The public's expectations for companies have risen dramatically. Every company should not only deliver financial performance, but also show how it makes a positive contribution to society.

Being able to quickly associate a brand with the company's sense of "purpose" is particularly important. Without it, no company can reach its full potential. Brands are community property. Shareholders own a stake, as they always have, but so do the employees who bring the brand to life.

Successful firms will look at their value statements in very demanding ways, asking in each case what actions live out those values. Customers reward authenticity, strong leadership and outspokenness. Those traits need to cascade from the very top of the organization, across the entire C-suite and then to all levels of the workforce. Accenture research has found that 65% of consumers are influenced to buy a brand, product or service by the words, actions, values and beliefs of a company's employees—not just the CEO or marketing spokesperson.<sup>2</sup>

## Which of the following activities does your company plan to leverage to activate your brand purpose within the next five years?

71%

Product/Service Expansion (e.g., financial advice)

67%

Advertising Campaigns (e.g., Television, social media, digital)

65%

Personalized Experiences

61%

Content Marketing

1%

Other

1%

We do not currently have plans to activate our brand purpose



### 03 | Metrics to assess the value and impact of brand will become more sophisticated

Brand value measurement capabilities will be essential to move beyond anecdotal reports to assessments that generate insights and specific plans for improvement. Facets of measurement may involve surveys (email, website or telephone), website traffic or search volume data. Social listening is also important. Asset managers will need to understand customer needs more deeply (using techniques such as interest graph analysis and activity feed analysis) and life events at an individual, friends and family level. They can also leverage marketing automation and campaign management platforms to deliver personal marketing campaigns. Revising a metrics plan over time is also important because the relevance of a brand to the marketplace is always evolving.





# What are your next steps?

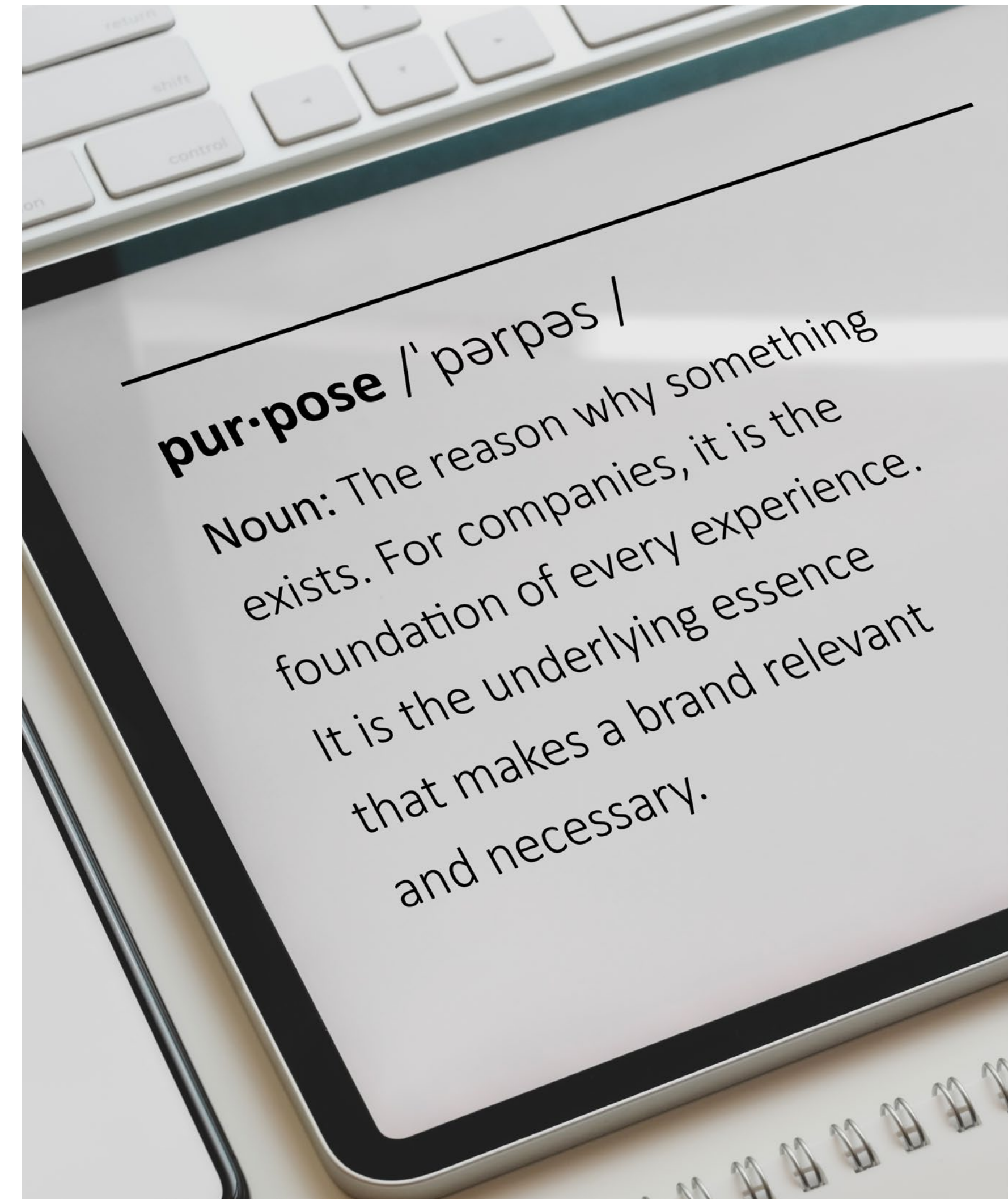
## 01 | Bring together multiple stakeholders to help you get specific about your brand purpose

Involve customers, employees and your larger ecosystem of stakeholders to identify shared values and areas where your firm can make a difference. Communication is key, as more than half of US consumers identify more attractive brands as those that actively communicate their purpose.<sup>3</sup>

Design thinking workshops are a way to get yourself on the right path quickly by using the reactions and insights of your internal and external stakeholders.

Instead of creating a product and trying to find ways it could make people's lives better, start by looking at what customers really need and then work toward meeting that need. Focusing first on the experience rather than simply rushing ahead to just "solve the problem" leads to faster, more successful solutions and results.

At this preliminary stage, brand purpose isn't a marketing or advertising activity. That comes later. This is about gathering leaders together to ask, "What do we want to be famous for?"



## 02 | Develop a brand activation plan

Brand purpose is only potential value until it is brought to life, or “activated.” A brand activation plan is the critical asset that allows you to start transforming those insights into business realities. Crafted in the right way, it enables your brand to drive consumer action and engagement via brand experiences.

How is that accomplished? We found that over two-thirds of our survey respondents intend to take steps to activate their brand purpose by: expanding engagement via products (71%), advertising (67%), personalized experiences (65%) and content marketing (61%).

For an asset manager, part of an effective activation plan involves making sure the front-line “activators” of your new brand strategy—such as customer service, marketing and PR—understand the roles they’re supposed to play.

Hold workshops with these activators to discuss the planning and development of new programs and messaging. Give them the means that can help them help you. Then schedule follow-up sessions to review and improve each team’s activation plan, setting aside time for troubleshooting and Q&A.<sup>4</sup>

## 03 | Align corporate purpose with customer purpose

Understand how your brand can and should reinforce and align with your customers’ purpose. Customer research is generally required to understand purpose. Part of Accenture’s focus in the area of brand purpose is to help clients understand their customers’ values and intents.

Consider a hypothetical case where the brand attribute driving purchase intent is whether a company is easy to do business with. When that’s the case, leadership can take steps to cascade that brand attribute through the business and influence the culture so it works with that mindset.

Considerable investments are often made to improve the customer experience. That’s essential; but the experience is, again, both emotional and rational. The latter involves focusing on whether the experience delivers on what customers want to be able to do. Are customers able to achieve their purpose successfully and quickly find what they need?



## 04 | Deepen digital trust

Digital technologies have dramatically increased the quantity and velocity of data that companies, and customers, now share. With a few clicks, consumers can decide if their providers' promises are credible, if their supply chains and work practices are ethical, or if their product information is accurate. There's no place for firms to hide, so they shouldn't try to.

In addition, no one would trust a firm if it can't deliver on a world-class commitment to digital security and privacy. For example,

the way a company secures personal data is a top determinant of loyalty.

However, digital trust is no longer solely about firewalls and encryption. It reflects the character of the organization. As such, your brand strategy must consider a broad range of elements that make up trust—from how data is secured, managed and shared, to how ethical standards are created and enforced, to how reliably the company delivers on its promises.

Digital trust is no longer solely about firewalls and encryption. It reflects the character of the organization.







# 02 Product Strategy

**Investor expectations are changing**



# Design products with client-focused outcomes

**Investor preferences are changing. It's time to adapt your products and services.**

Mindsets are changing. Investors are no longer only seeking alpha; they also want to understand an asset manager's core values and how those align with the investor's short- and long-term objectives, whether solely return-related or not.

Truly custom client accounts are up, while the standard "product in a fund wrapper" is down. This new emphasis on "investments of one" increases the pressure on firms to innovate by harnessing the technologies that enable personalization. Positive business outcomes are great, but client-friendly and client-specific positive outcomes are even better.

Many asset management firms are re-envisioning their entire product value chain—from ideation, to governance, to proactive management. This transformation can result in better product selection upfront along with better ongoing management. Products can be managed back to profitability targets or rationalized by moving clients to more profitable product wrappers, while underperforming products can be discontinued completely.

# Product strategy in 2025: What's ahead

## 01 | Products will become increasingly personalized

Our survey found that 80% of asset managers believe that “customization for the masses” will be an important investment strategy in the coming years. Why? Because, as alpha becomes more difficult to attain, personalized products are emerging as an appealing alternative to low-cost beta investing.

This shift to personalization is already happening. Consider SMAs, which have grown by 84% since 2010.<sup>5</sup> Advisors will increasingly recommend these products to their clients because SMAs often permit the advisor to become more involved with a client’s portfolio. Customers can rely on the investment managers to manage the selections. Successful asset managers will need to support the advisors and clients who prefer these products.

## 02 | Mutual funds will become less dominant


Mutual funds still make up the majority of investments—more than three times the assets of exchange-traded funds (ETFs).<sup>6</sup>

Nevertheless, these funds are beginning to lose ground to emerging products. Collective investment trusts, for example, are gaining ground because their operating costs are lower than that of mutual funds and the consistent 401(k) plan inflows.

We’ll see a continued rise in investments that offer greater flexibility, such as active ETFs and direct indexing. In fact, our survey found that more than three-fourths (76%) of asset managers believe that direct indexing will become a more popular investment strategy over the next five

years. Although direct indexing may garner more attention, ETFs are here to stay and could continue to experience inflows at a rapid pace.

# 80%



of asset managers believe that **“customization for the masses” will be an important investment strategy** over the next five years.



### 03 | Asset managers will increase the number of ESG-related products in their portfolios

Our research found that 79% of asset managers expect the “purpose economy/purpose investing” to be a growing feature over the next few years. Many consumers now want at least part of their portfolio invested in companies whose purpose is actively centered on promoting environmental, social and corporate governance (ESG) goals—the central factors in measuring the sustainability and societal impact of an investment.

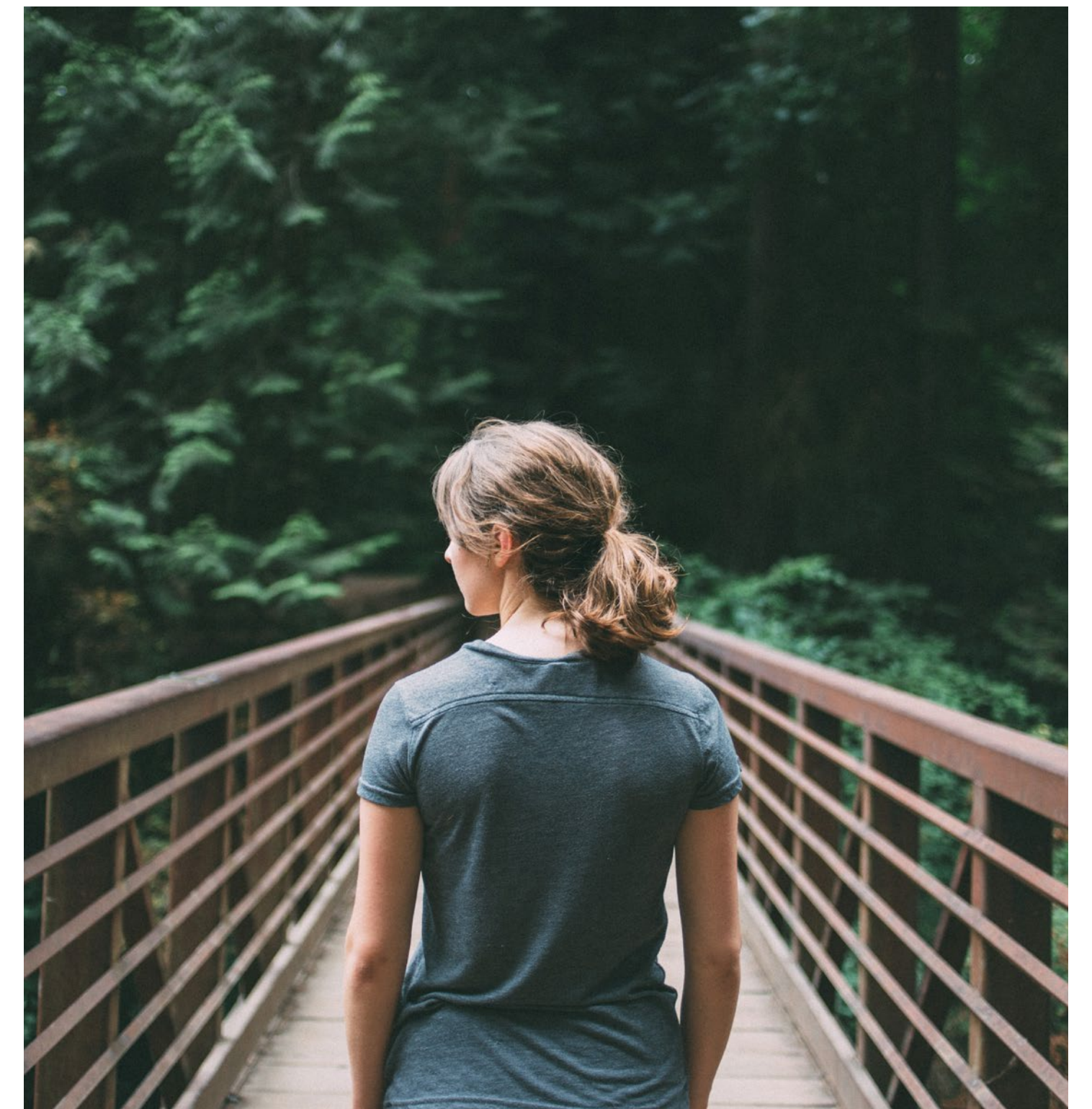
One study found that 85% of investors want the ability to select products that are more closely aligned with their personal sustainability interests—such as helping to tackle climate change, supporting community development or fostering gender diversity.<sup>7</sup>

ESG-related investing could inexorably grow, though several uncertainties need to be dealt with. Institutional and retail investors can become overwhelmed by the array of ESG investment assets available.

This proliferation of choices, combined with a lack of standardization throughout ESG investment and reporting processes, is raising investor and regulatory concerns about the real impact of these products across the ESG spectrum. However, many asset managers have a compelling story to tell, especially where ESG investing outperforms traditional approaches.

# 79%

of asset managers said **purpose investing will grow** over the next five years.





## 04 | Revenue growth engines will increasingly expand into advisory and consultative offerings

The desire for customization goes beyond products. We'll also see rising demand for personalized financial advice. Our research found that three-fourths of firms are considering expanding their products and services outside of investment products. This includes the potential for asset managers to act in an advisory and consultative role not only to investors, but to advisors and distribution partners as well. This can also increase their opportunities for asset managers to build deeper relationships with investors.

A natural alignment exists between advice and expanded consultative service offerings, all of which stem from a brand built on trust, value and connection. Investors and the asset manager's intermediary partners want asset management firms to offer a solutions capability, thought leadership and the ability to deliver positive outcomes.

# 74%

of firms are thinking about **expanding their products and services outside of investment products** alone.





## 05 | Technology will differentiate firms' push to new products and will support new revenue streams

While some asset managers may begin to look more like consultants and advisors, some may emerge looking more like technology vendors. As technology expands to enable new services, the shift towards providing technology as a product is creating new opportunities for the industry. By licensing their proprietary software capabilities such as the white labeling of client platforms, or even their “product in a box” capability, firms could increase topline growth.

Internal technology could also be a key area of product and service expansion in the future. In fact, “internal technology” was the top answer in our survey when firms were asked “what products and services will the successful asset manager in 2025 offer?”—even over ESG, advice and ETFs.

Recent acquisitions by asset managers include platforms that can solve internal challenges, while also being leveraged as a revenue stream for the industry, especially in the fintech space. Examples include:

- RIA platforms: Invesco acquired JemStep (now Intelliflo), one of the first online automated investment platforms in the financial services industry, as a means of offering more robo-technology capabilities to traditional advisers.<sup>8</sup>
- Emerging product capabilities: Schwab acquired Motif, a fintech pioneer that has combined breakthrough technology and data science with a platform that offers the flexibility to personalize investments, and which supports direct indexing.<sup>9</sup>

As technology expands to enable new services, the shift towards providing technology as a product is creating new opportunities for the industry.

## 06 | The industry will see a boom in asset tokenization

A broad movement is underway in the capital markets industry toward tokenization of traditional securities and cash, and the delivery versus payment (DVP) of those assets versus cash. The move from paper to electronic happened quickly in the early 2000s, and asset managers now need to understand the journey from electronic to tokenization via blockchain technology—both the challenges and the opportunities. The implications of tokenization for the asset management community are centered on the movement from clearing free of payment to an accelerated settlement that could include integrated cash settlement. Learning how to manage margins will be critical to remaining competitive.

# 79%



of asset managers are exploring **crypto-based and decentralized finance products** as part of their changing product suite.

Tokenization of assets and cash will progress both with a focus on new asset types like physical assets (e.g., real estate, art, luxury goods, etc.) as well as the modernization of traditional securities. These capabilities allow investors to own—fully or fractionally—assets that previously have been unattainable or highly illiquid through traditional investment products.

Seventy-nine percent of asset managers are exploring crypto-based and decentralized finance products as part of their changing product suite. According to the World Economic Forum, 10% of global GDP will assemble into cryptographic assets in the coming decade, encompassing a total value of \$10 trillion. Thus, the tokenization market size will attain \$2.67 billion within just four years.<sup>10</sup>

With tokenization, being a “fast follower” is not likely to be a winning strategy. Firms will need to jump into the ring and take action.

## 07 | Alternative investments will be democratized

Investors and asset managers are seeking new ways to increase returns and diversify assets, even though alternatives are not yet readily available to retail investors. In addition, investors will be increasingly interested in these asset classes as private markets continue to experience double-digit annual growth. According to our research, only 4% of respondents believe that standard investment products alone will help them remain successful with their institutional clients in 2025.

One issue is that full democratization of alternative investments may not be enabled until blockchain and tokenization enter the mainstream of investing. Although liquid alternatives continue to be the main avenue of accessibility into these investments today, tokenization may accelerate the adoption of alternatives.



# What are your next steps?

## 01 | Establish effective governance as you expand your investment products and services

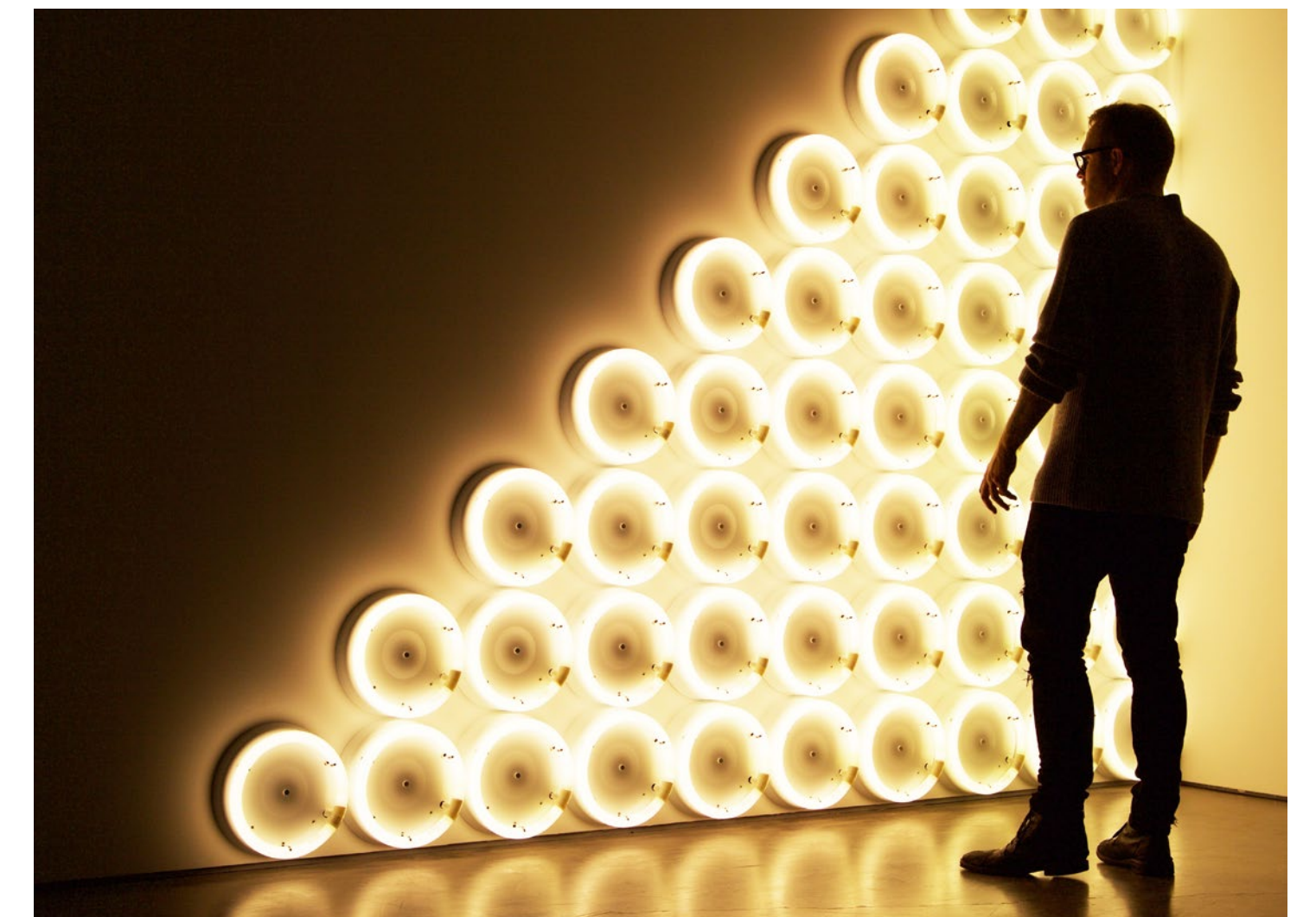
New product launches and extensions to a different wrapper can be focused on catching a trend or starting a new one, but either way, firms should have effective governance practices in place to provide guidance and mitigate risk. We found that 60% of asset managers expect their employees to have a greater focus on risk and internal oversight in operations in the next five years.

Effective governance involves a thoughtful and well-defined process that ensures that a solid business case exists for the product, and that all risks associated with the new product/product extension are identified and mitigated.

New product proposals should be shared with relevant stakeholders—operations, compliance, legal, etc.—who will review the proposal through their unique lens to identify risks and assess how they might be mitigated. This approach could prevent the surprises that could create outsized or unmitigated risks from any of these areas. Finance and tax should also be included because, with global managers, there may be game-changing revenue recognition and or tax implications associated with a proposal.

# 60%

of asset managers expect their **employees** to have a **greater focus on risk and internal oversight** in operations in the next five years.





## **02 | Embed ESG considerations into portfolio construction and decision making**

To successfully embrace ESG-driven strategies, asset managers need to revise their investment operating model across all processes, governance and tools. Integrating ESG aspects throughout investment processes ranges from the inclusion of ESG factors in quantitative research reports, to the implementation of ESG-driven investment risk metrics.

Adopting the tools to reflect these changes could provide asset managers with the basis on which their investment professionals can make decisions in line with ESG investment mandates. Finally, aligning reporting lines to the ESG strategy can enable consistent decision making over time.

Asset managers should also introduce sustainability practices into their data strategy to ensure that consistent standards are applied to both non-financial and financial investment decisions. The market for ESG data will grow, bringing a wide range of complexity and granularity issues to which firms should adapt. A robust data governance model will also be required—one built on a strong IT and data foundation to enable scalability.

**Introducing sustainability practices into the data strategy can help ensure that consistent standards are applied to both non-financial and financial investment decisions.**

## **03 | Measure and rationalize your investment offerings based on concrete results and a forward-looking strategy**

Historically, products that have not garnered interest or met investment performance expectations have been targets for rationalization. In addition to this traditional approach, firms might also rationalize traditional, higher-fee funds, fund of funds (FOF) and multi-strategy products to make way for emerging investment products and strategies.

Firms need to ensure that products are a financial success by implementing true product profit and loss statements. These can provide insights such as realizing that, despite positive product measures, the product is only truly profitable at the firm's target levels when sold at certain asset levels and/or only in certain product wrappers.





# 03 Sales and Distribution

**Make the leap to hyper-relevant customer experiences at scale**



# Transform sales and distribution to create hyper-relevant customer experiences

**It's time to get future-ready. Use technology to reimagine client interactions and build trust.**

Asset managers know that increasing their ability to be client-centric and hyper-relevant with their products and interactions is key to profitable growth. But many are weighed down by out-of-date sales and distribution models. Almost all firms are aware of the challenge.

Our survey found that 91% of firms want to change their product distribution value chain within the next five years, and 94% are looking to increase growth through new or enhanced distribution channels (e.g., retail SMA, direct to investor retail, institutional SMA business, etc.). Especially important are growing the direct-to-investor retail channel, the institutional SMA business and the retail SMA/model channel.

Successful firms will transform their entire end-to-end sales and distribution model, up to and including client interactions. But that's a big "ask" and will require a series of interrelated actions across the business—breaking down organizational silos to deliver a seamless and hyper-relevant client experience. This will be supported by data that is aggregated and personalized, intensifying focus on additional value that can be delivered to advisor partners and harnessing advanced technologies such as analytics and AI to personalize investments and the overall client experience.



# Sales and distribution strategy in 2025: What's ahead

## 01 | Competition for distribution partners will intensify, increasing the need for innovation and efficiency

Many advisors are signaling that they may take fewer meetings with a smaller number of wholesalers, so asset managers could find it more difficult to break through and win new business. Firms will need to be thoughtful about building their distribution plans: improving partnering capabilities with brokers/advisors (especially RIAs), while simultaneously providing more support to the direct-to-investor channel.

Although core product information is still important to advisors, they no longer want to receive it in a vacuum. Instead, they want comparative data as well as guidance on

how to make the information actionable for customers. They also want more access to investment and product teams, data and tools for portfolio construction to collectively help them better manage their business.

A hybrid model for interaction with distribution partners—integrating virtual and face-to-face—will become the norm. Firms will rebuild their teams, recruiting more junior wholesalers to support and scale a smaller core of senior wholesalers. Digital tools could enable more frequent virtual meetings, though the face-to-face approach will not disappear entirely.





## 02 | Asset managers will enhance the direct-channel client experience

As broker/dealers scale down the products on their platforms, asset managers have an opportunity to expand their direct-to-investor product channels to ensure that their products are getting into the hands of their investors. Our survey found that 29% of firms are changing their distribution channels through an increased emphasis on growing the direct-to-investor retail channel.

Direct distribution channels are appealing in many ways, including direct access to revenue, cost savings by avoiding platform fees, and interacting directly with investors. One key to success is using a compelling brand storyline to attract investors to your direct channels.

## 03 | A data-driven approach will energize sales and distribution transformation

Underpinning the effectiveness of product distribution will be an asset manager's ability to provide informed, timely insights and content to investors, advisors and internal sales teams. That requires a more data-driven mission, with a heightened focus on personalization and the customer experience across all investors and advisors. Data management is especially important, including client (retail, institutional, advisor, etc.), market, industry, operational (portfolio, performance) as well as sales and marketing data.

Technology platforms will enable sales and marketing to use the amalgamation of data from sales, investors, product performance, and the industry to drive insights. Advanced technologies will become essential to effective personalization. Analytics and AI are especially crucial. To personalize an investment for a client, an asset manager should first understand

the client's reasons for being in the market and then recommend the right investment at the right time. AI can help by driving recommendations tuned to each investor's unique preferences and goals, supplemented by dynamic, real-time updates. It can also be used to inform teams about when and how to re-engage with clients.

Predictive analytics applied to the customer base may drive more detailed and granular measurements of sales success, including activity-level and client-level views. Firms' technology innovations could advance faster through emerging fintech capabilities, especially around content distribution to investors and advisors, as well as onboarding.

# 29%



of firms are **changing their distribution channels** through increased emphasis on growing the **direct-to-investor retail** channel.



# What are your next steps?

## 01 | Design a client service model that elevates advisor partnerships

Deploy technology solutions that act as a conduit to advisors and design a client service model with a more intense focus on advisor partnerships. RIAs are the fastest-growing segment of the industry, so asset managers need their model to accommodate all phases of the RIA relationship: planning, onboarding, risk assessment and portfolio construction.<sup>11</sup>

Ensure that advisors have the right level and richness of information about your products and how they fit into the portfolio so they can provide more relevant advice. Education about the competitive landscape is also important. Why should advisors favor your product over someone else's?

## 02 | Use digital technologies to enhance and continuously improve your direct channel

Accelerate your digital strategies to create an appealing and hyper-relevant direct-to-channel client experience through client portals and online trading capabilities. Competition among direct-to-channel channels will intensify, so firms should always consider how their investments can create competitive differentiation in a saturated market.

Improve the channel continuously through a broad range of customer input, using a variety of listening posts. Such posts can include solicited feedback from formal surveys, unsolicited feedback and behavior captured through social and other digital channels, and insights from a firm's own employees.

Also listen to customers by tracking their behavior through a variety of digital mechanisms (e.g., click patterns, purchase behavior, drop-off rates). Integrating feedback with digital data sources that capture customer behavior (e.g., devices across the Internet of Things) can make it clearer how to improve the customer experience.<sup>12</sup>

Bolstering data and technology delivery to support the direct-channel experience is important, but it's only half of the battle. The other half is ensuring that your infrastructure can also support receiving client/customer data back into the firm to generate predictive insights—and that it can provide and retain client and portfolio data elements to support the channel.



### 03 | Aggregate, integrate and personalize your client data

**Invest in comprehensive internal and external data—both integrated and personalized—to enhance your sales and distribution capabilities:**

**Client data:** Production ID, transaction history, buy/sell criteria, risk tolerance

**Portfolio data:** Client fund and portfolio data, including performance and holdings

**Sales and marketing data:** Calls/meetings with clients, marketing and conference data, client feedback

**Third-party data:** Intermediary research, macroeconomic outlook, fund approvals, recommended lists, model portfolios

**Industry data:** Product flows, benchmark data, competitor/performance rankings

By harnessing advanced data integration, firms can build a single data model that serves both sales and distribution.



A person stands in the center of a futuristic, brightly lit corridor. The ceiling is composed of a grid of glowing blue light strips, creating a strong perspective effect. The floor is dark and reflective, mirroring the person and the ceiling lights. The walls are also dark, with some metallic accents. The overall atmosphere is high-tech and futuristic.

# 04 Investment Capabilities

**New technology, new alpha**



# Generate alpha through enhanced investment capabilities

## Alternative data and innovation will present the best alpha opportunity.

Equally as important as product expansion will be the ability of asset managers to offer new investment capabilities to investors, especially through custom SMAs and models. Yield-seeking and the widespread use of traditional methods could put a premium on alternatives and other asset classes. Those could include traditional managers utilizing alternative data and AI to uncover alpha, or an increased move toward alternative asset offerings and tokenization as a new means to generate alpha. Innovation, data and technology will be key to ensuring that firms can adapt quickly to evolving products and services, including those that are highly customized. Investment capabilities should also evolve to support strategies and assets in demand across technology platforms and the knowledge base of the organization.

Our survey found that 56% of firms think investment strategies offered will significantly change in the next five years as product strategy and investor preferences change. Over three-fourths of firms (76%) agree that investment capabilities will be more important than the products they offer.

Product and investment management will have to work together more closely to define capabilities and offer personalized products to investors. Personalization strategies, including ones that incorporate thematic investing and ESG, will require AI and analytics at scale to ensure that individual mandates are being met.



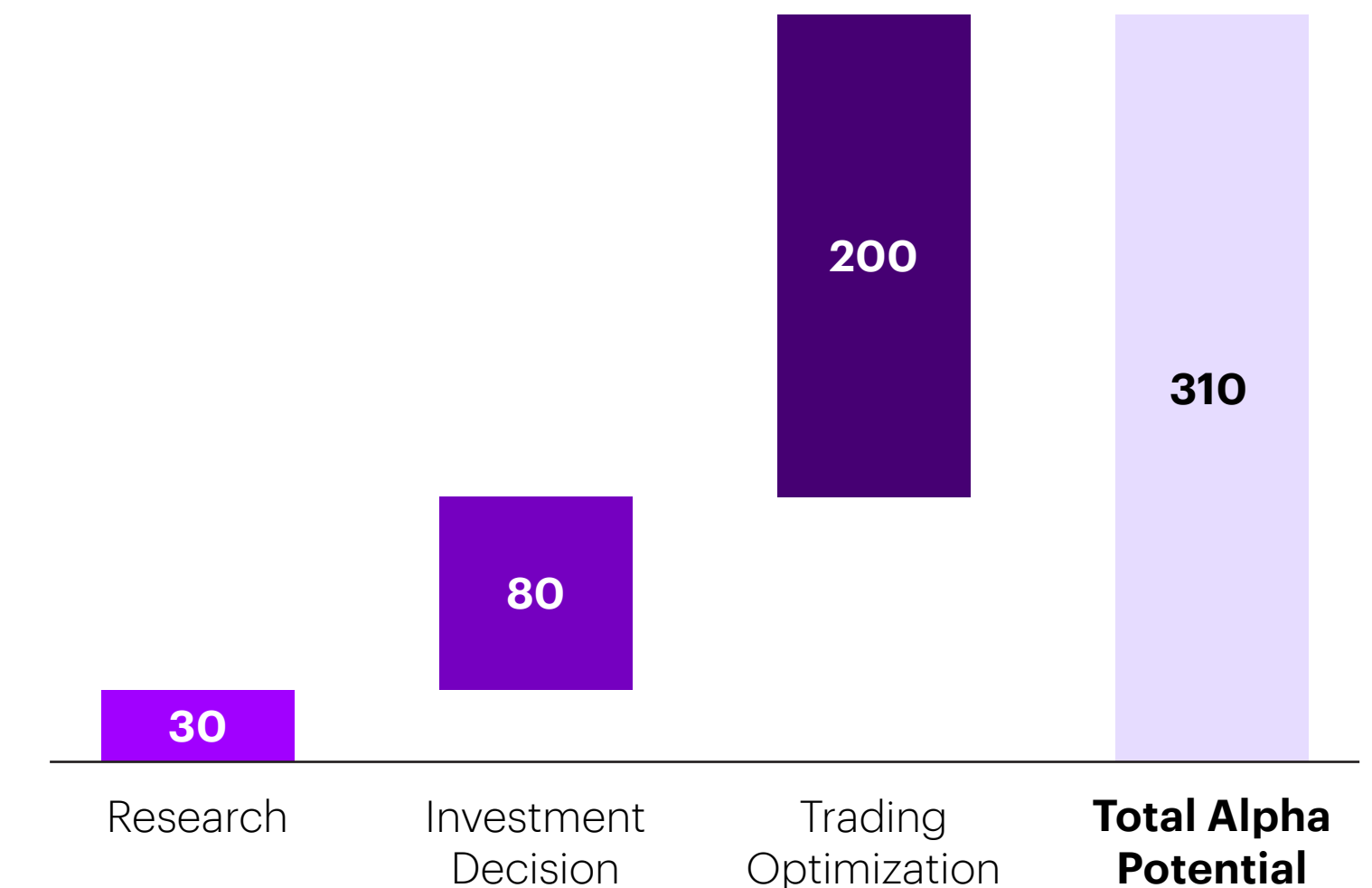
# Essential investment capabilities in 2025: What's ahead

## 01 | AI and other advanced technologies will become increasingly essential in the investment decision-making process

The industry's primary focus when it comes to investment capabilities will be on data and advanced technologies, as well as the innovation those capabilities can spur. An asset manager's technology and digital capabilities will be differentiators in 2025. Analytics and AI apps will become as prevalent, intelligent and user-friendly as spreadsheet and search software. Adoption of AI will increase in capital markets as it relates to more qualitative investment decision-making.

We can already see these future developments at work. Other Accenture research has found that mature firms who industrialized and scaled AI across the investment process cited up to 300 bps of alpha collectively—that is, summing alpha from the total collection of use cases from research, analysis, portfolio management and trading optimization.<sup>13</sup>

### Alpha potential (bps) for mature firms scaling AI



Source: Accenture Global Data Analytics/  
Artificial Intelligence Study 2020



## 02 | AI will be successfully applied across asset classes

Leading investment managers are experimenting with AI to transform the investment process to generate alpha. The recent Accenture Global Data & Analytics/Artificial Intelligence Study 2020 analyzed the kinds of success AI can deliver across multiple asset classes:

**Equities:** Using AI, firms can anticipate equity performance (through sentiment analysis and predictive calculations) before quarterly reports or earnings announcements. This can generate 10-50 bps alpha. Predictions can also increase conviction levels in investment decision-making, creating additional alpha.

**Real estate:** Predicting potential asset yields and lease retention rates with AI can generate 30-70 bps of alpha. For example, asset managers can apply alternative data (e.g., consumer and demographic data, retail and employment spend) to predict how various factors will impact valuations and leases globally.

**Fixed income:** The ability to quickly calculate leading market indicators using import/export data, global custodian flow data, and other macroeconomic indicators (before the public information is available) and thus predict foreign exchange (FX) rates can generate 20-40 bps four to six weeks faster.

**Private equity (PE):** AI provides the ability to build a “living” data mine to create a comprehensive view of targets and target industries to support the PE lifecycle and allow for faster and more efficient deal sourcing and pricing. Armed with these “intelligent signals,” firms can collectively improve their valuations and subsequent term sheets/deal arrangements to price their deals more competitively, with a potential alpha generation of 50+ bps.

# 76%



of asset managers agree that investment capabilities will be more important than the products they offer.



### 03 | Alternative data will grow in importance

Investment managers will increasingly look to alternative data to provide them with insights that can lead to better alpha generation. Our study found that 92% of respondents believe that alternative data enhances due diligence on public and private investments. Other Accenture research found that 40% of investment managers intend to increase their processing of new forms of data to generate insights.<sup>14</sup>

Much of this data will yield more value for the manager as input to investment models that distill information into insights and/or enable predictive analytics. However, some of this data can be used more directly, and some asset managers are already well on their way.

For example, one firm uses alternative data to measure the financial health of clients to whom they've extended credit. Another is using it to analyze job postings, as well as employment and unemployment data, to create their own datasets on company performance. With these signals, they can validate internal assumptions about the company's performance, leading to deeper insights into fundamental questions across the research and due diligence process.

Given the volume of data collected by large and emerging technology companies, data enabling true alpha will be customized, proprietary and/or derived. Access to this data could be at a premium and can create competitive advantage when effectively harnessed.

# 92%

of respondents state that **alternative data enhances due diligence** on public and private investments.





# What are your next steps?

## 01 | Assess your current investment capabilities

Investment management leadership should have a seat at the table with product, strategy and brand leaders when deciding on the future of the business. This is due to the end-to-end degree of change required in the future of investment strategies and their underlying assets (e.g., the need to proactively discuss what current capabilities can be supported at scale).

To expand investment capabilities, asset managers have two main avenues to consider: (1) Scaling iteratively and organically (build/buy technology, outsource trading);

and (2) Growing investment capabilities through mergers or acquisitions. Some asset managers may opt for a mix of the two.

Additionally, it is critical to perform rigorous due diligence to ensure that you create a full solution that scales the current book of business alongside the expanded product suite. Multiple instances of technology to support order management and trading may be needed. However, too many instances test the law of diminishing returns, where value starts to drain as costs keep rising.





## O2 | Create an advanced data model and establish good data governance

To fully realize the benefits of technology-based innovation, asset managers must have a mature data model in place.

The connections between data, AI and digital transformation need to be clear because, when it comes to innovation; it's not enough to just have the right tools and technologies. Spend the time upfront consolidating data ingestion and cleansing to maximize technology value.

It is important to have foundational best practices in place to harness advanced technologies. Sound data governance is one such practice. Technology and data are only as good as the processes and governance structures that sit behind them. Take the time to ensure that a proper end-to-end data model is in place—from acquisition of data through delivery.

### Effective data governance also requires coordination across organization, process, technology and leadership:

**Organization:** A data council—a formal governing body with a cross-domain perspective—helps guide your data strategy.

**Process:** Data governance policies and procedures help establish a management framework, but it's solid processes that deliver the goods.

**Technology:** Enterprise data governance platforms provide capabilities such as policy management tools, data glossaries, data lineage capabilities, and dashboards/reporting, which provide vertical and horizontal views of data.

**Leadership:** Firms in our survey noted that, when there was a clear top-down mandate to develop data and analytics capabilities, investment teams were more likely to embrace new technology. Without such a mandate, there may be lingering concerns that management may not support the new technology as competing needs arise.

# 95%



of survey respondents believe that an **asset manager's technology, data and digital capabilities will be differentiators** in 2025.



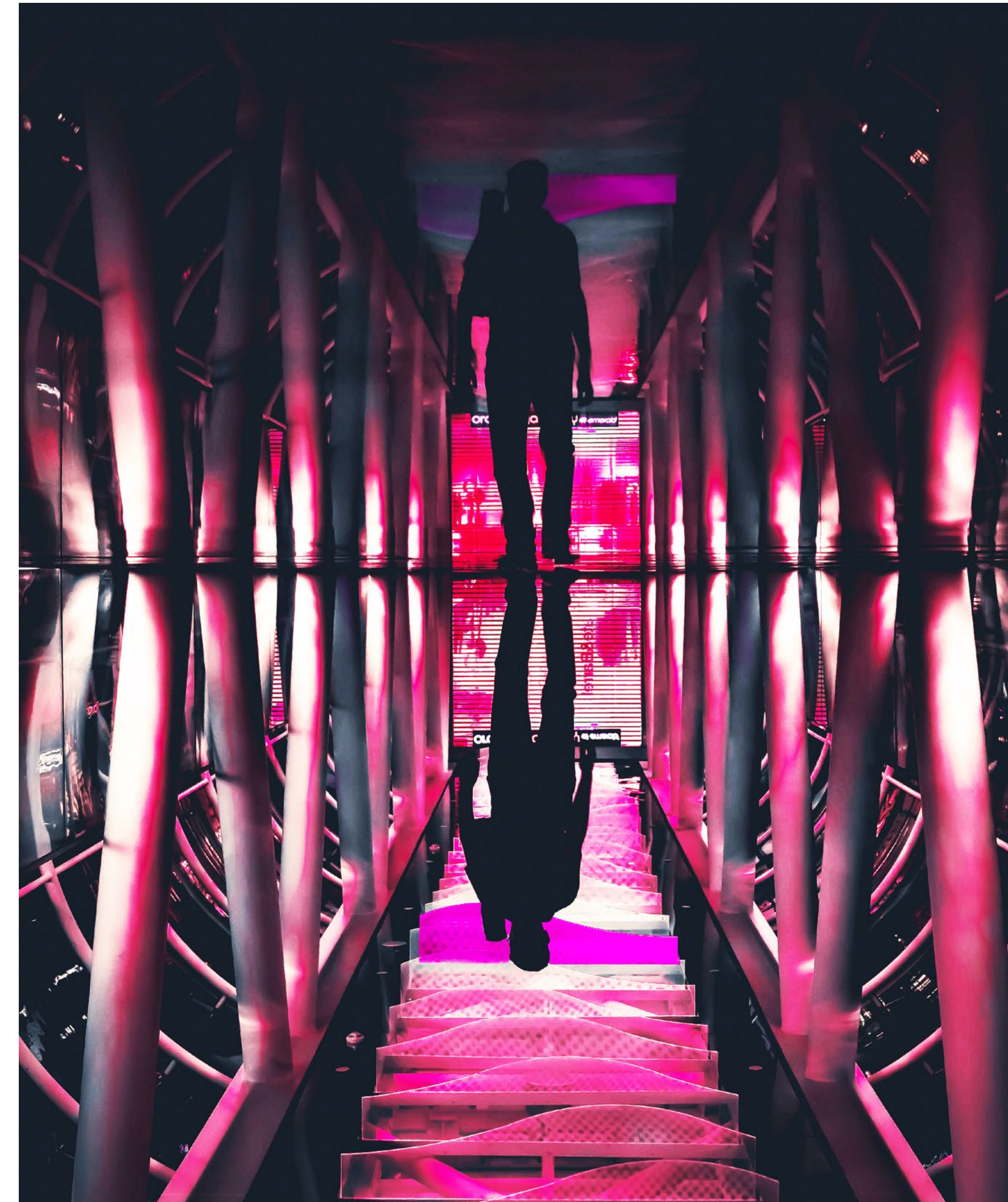
### 03 | Increase capabilities and experience in alternative data

The goal of alternative data usage is to deliver a competitive edge, but how long it lasts is market driven. Your options could be either to develop a unique approach to using the data or a flexible framework to identify future alternative data sets. As any data becomes more readily available in the market, its value could decrease proportionally.

Evaluate how to link alternative data with fundamental data analyses, using analytics and machine learning to realize tangible benefits. It is also important to focus on the extent to which your research process needs to be retooled to take advantage of alternative data.

There must be active engagement—including incentives and mandates—between the creator of the insights and the teams who will evaluate those insights as part of their research. In some cases, firms may pursue a dedicated team within the research function to focus on insights from alternative data.<sup>15</sup>

Determine your need to improve your data architecture to manage different requirements for different data. Such an architecture, capable of handling multiple data feeds via APIs, might be needed to effectively manage alternative data sets.







# 05 Investment Operations

**Build an intelligence engine for your business**



# Reinvent investment operations for a customer-centric world

*Operations success in 2025 will require a focus on client centricity, data and scale.*

What value is your operations team delivering other than a constant search for cost and risk reduction? It's an important question. Those are critical goals, to be sure, and sustainable cost reduction will always be essential. But asset managers' investment operations are under increasing pressure to also support a rapidly evolving set of product offerings, acquisitions and data requirements. Achieving more optimal operations capabilities over the next few years will require investment operations to shift towards value-generating, client-centric processes and institutional knowledge. This trend will likely require significant investment increases in data and technology.

A top priority for firms is finding the quickest path to scalability and value generation. This will be enabled by the next wave of technology transformation in operations. Our survey found that 85% of asset managers believe they must restructure and redefine investment operations to focus more on competitive differentiators. Firms will also continue to drive innovation and incorporate emerging fintech capabilities into their operating models.



# Operations strategy in 2025: What's ahead

## 01 | Investment operations will become increasingly client-centric, focusing on both internal and external customers

Future success for asset managers will depend on a more client-facing, client-focused mindset. That includes a shift in focus for investment operations toward serving both internal and external clients. This shift will be supported by data, analytics and digital technologies, which enable operations users to have timely access to more in-depth portfolio and market information.

Operations leaders will realize the necessity of putting themselves in a new institutional client's shoes and stepping through the client onboarding process to understand the opportunities for improvement and

differentiation. This process begins with the initial engagement with prospects, continues with routine operational support, and culminates in a trusted relationship with the client.

Though delivering market and portfolio intelligence to the front office will remain investment operations' primary focus, it will also deliver investment lifecycle expertise to other internal customers across the organization. That can enable asset managers to deliver insights at speed, thus promoting efficiency, flexibility and responsiveness.

Regarding external customers, interactions could become more frequent as institutional clients increasingly demand insights into operational resilience. To create meaningful interactions with investors, investment operations teams are increasingly meeting directly with clients to understand each other's vision and capabilities.



## 02 | An investment services model will be a key enabler of client centricity

The need to deliver investment lifecycle insights across the organization could be enabled in part through an investment services model, which allows asset managers to operate with agility and deliver insights with speed.

An investment services model promotes efficiency, flexibility and responsiveness. It can transform today's focus on tactical processing into a new purpose for consumer-centric intelligence delivery.

Effective investment services models are:

- Cross-functional, breaking down operational silos that exist today.
- Organized around delivering value to internal/external customers and building relationships with firm and market partners.
- Enabled by automation, data, digital technologies and analytics.

## 03 | Scalability and sustainable cost reduction will remain paramount

Though investment operations are facing a new era which will be powered by digital solutions and innovation, the ability to scale and control costs remains at the forefront. Asset managers could lag in realizing the full breadth of opportunity unless they address transformational initiatives to get their costs under control. Fortunately, the future is full of opportunity and new avenues to achieve sustainable cost reduction.

Historically, firms have looked at cost reduction as a “one and done” program—as in, “Let’s go find 20% cost savings.” But now, the situation is far more serious and could have broader implications. Accenture analysis has found that year-over-year costs continue to eclipse revenue growth. That means firms should set up a framework and culture that ensures they continuously tune process, technology and culture to optimize their cost model and return on investment.

# 85%

of asset managers believe they must **restructure and redefine investment operations** to focus more on competitive differentiators.



# What are your next steps?

## 01 | Define a new vision and strategy for your operating model

The revitalization of investment operations towards a new purpose and objective requires firms to reset their view on their strategic operational vision and what truly differentiates them. This means breaking the traditional mindset of operational, processing-focused core competencies that exists today. Instead, the future should be focused on designing an operating model that generates value, embraces client service and unlocks top-line growth.

The future asset management operating model will be enabled through thoughtful operational design and the underlying foundational transformation needed to enable vision.

## Redesign your future model with the following characteristics in mind:

**Globally integrated:** A service model globally integrated across common platforms and processes and which promotes local market knowledge.

**Intelligence focused:** Strategic focus on value-driven processes and delivering market and portfolio intelligence, leveraging deployment of innovation and a strong data foundation.

**Client centric:** Service mindset, focused on institutional and capital markets market. Operations will refocus on delivery of investment services to internal consumers, and increasingly interacting with sales teams and directly with investors.

**Fit-for-purpose:** Operating models that pivot quickly to support and scale new and evolving assets, investment products and new business demands.

**Proactive:** Data-driven risk management and oversight model, regularly refreshed, that promotes proactive mitigation of potential operational errors that may impact the firm's reputation.



## 02 | Advance your technology architecture to enable operational agility

Use technology and data infrastructure to achieve scale, automation and cost reduction. Cloud is now a critical component of scalability. Firms have started to realize the opportunities that come with cloud—redesigning operating models and implementing cost-saving measures to increase efficiency. Sixty-three percent of our survey respondents agree that a key benefit of cloud technology is improving operating efficiencies for change and run activities.

And 57% note the benefit that cloud can support better business agility and help firms respond to changing events. However, only 8% of asset managers have completed their cloud journey.

Other drivers for cloud adoption include competition from “born-in-the-cloud” competitors and the growing customer demand for hyper-personalized digital experiences. Use cloud’s massive computing power to become data-led in your search for the next alpha. Consider the switch to SaaS- and PaaS-based services for non-differentiated operational capabilities.

# 8%

of asset managers have  
**completed their cloud journey.**





### 03 | Explore new and traditional partnerships to extend efficiencies and scale

Firms should continue to focus on building scale with an eye on outsourcing and implementing new technology. Cost reduction initiatives should include a clear reinvestment strategy, leading firms to increase their investments in automation and intelligent operations.

Asset managers should expand their work with technology vendors to help them achieve scale, flexibility and agility through end-to-end platforms. These platforms can enable firms to deploy “plug and play” solutions across their operating models. Thanks to interoperability, firms can build a resilient technology foundation, and then adapt it using fintech and vendor solutions.

About two-thirds of our survey respondents (64%) said they are actively expanding their partnerships with fintechs. And 62% expressed a desire to leverage technology partnerships to explore emerging technologies such as AI.

However, another Accenture survey found that 78% of fintechs indicated that their clients are not taking full advantage of the potential value of their AI offerings.<sup>16</sup> Asset managers should jump at the chance to partner with these specialized providers. If firms decide to go it alone, they may find it increasingly hard to keep pace with industry standards—let alone become market leaders—because their technology capabilities might lag others in the industry.

Pursuing platform capabilities is also crucial. One of the biggest opportunities offered by platforms is automating complex processes across middle-office operations, which often become a bottleneck for growth.

# 64%



of executives are **actively expanding their partnerships with fintechs.**



## 04 | Transform data into a key asset for the long term

Develop a strong operational data management program. That's key to transforming data, especially data created within operations, into an asset that can successfully deliver your goals and complex projects. Such work can't be done well with a 20-year-old data warehouse that only has some of the data, for some of the positions, for some of the users. To refine your data strategy, focus on:

- Establishing a strong data foundation with a data supply chain for continuous delivery of business data requirements.
- Harnessing advanced technologies to gather and analyze data.

- Ensuring that governance and data quality are linked via technology to key data assets that make up the data capital of the firm.
- Fostering a culture that rewards data experimentation to drive new products and profitability models.

By developing and using advanced data strategies, you can enjoy several advantages, including the ability to fuel innovation and new business models in a hyper-digitalized world. For example, successful firms would be ready when the topic turns to using data to validate their ESG investment process. When the topic turns to the use of artificial intelligence to improve a business process, they will be ready to infuse high-quality, trusted data into the analysis.

# 46%

of executives stated **data models would significantly change** for asset management firms over the next five years.





# 06 Talent and Culture

**The people to differentiate, the culture to thrive**



# Boost innovation and business agility with your talent and culture strategy

**New products, new brand strategies and enhanced operations strategies will require new skillsets and a more adaptive culture.**

Workforce talent and culture underpin all the trends and imperatives discussed in this paper. The asset managers we surveyed are aware of the extent to which their talent model needs to evolve in the coming years. The ability to continuously innovate and to respond with agility to technology and market change will be essential to future success. If you want world-class performance, you need a world-class workforce.

Ensuring the right kinds of skills are in place in the right numbers will be one of many challenges. More than half of our survey respondents (56%) believe they will need to focus more strongly on data science.

The same percentage sees the growing need for functionalization and specialization in areas like operations.

The workforce of the future should support a more dynamic, digital operating model. This means firms will need their people to be flexible, deeply knowledgeable and service-oriented. The rise of AI means that they will also need to design and manage their “human + machine” environment, knowing that this isn’t an either/or situation but matching the right capabilities to the right needs.



# Talent and culture strategy in 2025: What's ahead

## 01 | Asset managers will require a workforce with a blend of functional and technology skills

Operational transformation directly affects demand for roles and skillsets, so firms should continuously reassess their talent strategies. This need is occurring along with increased talent pressures, particularly related to upskilling and retention.

The industry's current focus on functional expertise is set to shift toward more technical skills, as seen in a recent Accenture survey. Nearly 25% of investment managers expect to see a change in their front office teams, whereby firms will increasingly seek candidates trained and skilled in technology areas such as cloud, innovation, analytics, and data.<sup>17</sup> At the same time, the demand for talent with investment and market knowledge will increase, with firms

potentially looking to source talent from sell-side and/or infrastructure companies because they tend to have the broader capital markets knowledge (e.g., what corporate actions should be taken, how to trade in markets).

One influence on the blend of skills is the closer relationship between IT and the business within asset management firms. More than half (52%) of our survey respondents see IT and the business moving closer together, with skillsets overlapping. More firms are housing business and IT within the same organization, with a single leader and much more frequent touchpoints.

# 52%



of respondents see **IT and the business moving closer together**, with skillsets overlapping.



## **02 | A hybrid physical-virtual workforce will be the new reality**

The pandemic has led to a dramatic increase in virtual work—the biggest workforce and workplace shift in living memory. This has positioned firms to explore the benefits of a virtualized workforce and expand the boundaries of the enterprise and types of clients served. Some asset management leaders anticipate a return to “normal”—as in back to the days when most people worked and collaborated from a common physical location. But that is unlikely, because potential cost savings from a hybrid physical-virtual workplace are substantial.

In this hybrid environment, physical offices and cubicles will make way for more collaborative workspaces, focused on the times that teams are prioritizing their co-located work. New technology will be introduced to seamlessly blend in office meetings and huddle sessions with virtual participants.

An advantage to a hybrid way of working is that attraction and retention of top talent would depend, for many roles, on offering employees the flexibility to work from home for a certain percentage of the time. And, in fact, virtual collaboration in some cases can dramatically improve productivity.

## **03 | Leaders will combine business savvy with the ability to communicate purpose and forge trust**

Senior leadership among asset managers is under pressure from at least three dimensions. First, they must deliver daily organizational performance—as a matter of table stakes. Second, amid high-velocity change, they face growing pressure to embrace continuous innovation that unlocks new value for the long term. Third, leaders must earn and build stakeholder trust through sustainable and responsible approaches, meeting

increasingly vocal expectations for social and environmental progress. They must plan, lead and execute with the company’s larger purpose always articulated and communicated.

Effective asset management leadership should now be much more inclusive, rather than “command and control.” This is especially important given the changing expectations of a younger workforce, who expect to feel like part of the solution and to be brought into the conversation. The traditional motivator of compensation is now being augmented by how well the company is embracing inclusivity and diversity, and how committed they are to sustainability and social progress.



## 04 | Successful asset managers will excel at creating a human + machine workforce

As technology has advanced, asset managers' IT organizations have recruited, trained and acquired the necessary new technology skills. Now, as AI is woven into the mix and IT roles and responsibilities evolve, uniquely human skills are also needed. This will compel IT organizations to rethink skills and move beyond traditional IT workforce models.

Advanced automation technologies such as AI could bring profound change to how firms manage their workforces and interact with consumers over the next decade.

Although AI was largely used at first to improve efficiency through smart automation, its next iteration will be more about adding new value and augmenting human ingenuity.

If firms can design systems that effectively blend people's skills with AI, we'll be able to devise disruptive business strategies, empower people to cope with increasing complexity in the workplace and enhance the human experience.

Accenture believes that AI's true power is "human + machine."





# What are your next steps?

## 01 | Create an organizational structure that supports new ways of working

People who have been in place for many years have had a support system that helps them, but that support may also be responsible for forcing people toward old ways of working and technology mindsets. Instead of just thinking about top-down direction—"This is the technology, or this is the new process we're implementing"—make sure that the organizational structure in place encourages and enforces the adoption of new ways, rather than just being a mandate. That approach can result in people trying to figure out a way around the mandate so they can just keep doing what they've been comfortable doing for years.

## 02 | Take advantage of learning innovations to “new-skill” your workforce

Your firm's response to talent shortages is likely to be some combination of “build, buy, borrow or bot”—that is: build internal skills, recruit them, use gig workers or automate.

Earlier, we discussed the imperative for asset managers to hyper-personalize or customize offerings for customers. The same mindset can drive innovative internal enterprise learning. Generic training cannot hope to meet the needs of the varied tasks and responsibilities of asset management professionals. One important part of a successful future learning

organization is to increase informal learning opportunities—through mobile devices or through collaboration and knowledge sharing. In part, this is pushing more responsibility to the learners themselves, and that is a good thing.

Another part, however, is to use advanced technologies to provide individualized learning at scale. Artificial intelligence technologies can offer guidance to asset managers by enabling them to use employee data to “know” the current responsibilities of individual workers, understand their educational background and competency levels, factor in the company's strategic goals and proactively suggest learning opportunities that help people prepare for roles—both today and tomorrow.<sup>18</sup>



### **03 | Set up and execute a transformational culture change program**

Asset management executives are under pressure to accelerate the pace of change within their business while also infusing a change mindset into all aspects of their culture, including both technology and the business. Emerging technology is giving the asset management industry an extraordinary opportunity to transform how it delivers value to its customers. To make the most of that opportunity, set up and execute a transformational culture change program. Your firm is most likely experiencing dramatic changes to the operating model, organizational model and technology architecture that support the business. Given the pace of innovation, make sure you have experts attending to change management.

Effective collaboration is a distinctive element of a successful asset manager's culture. Cultures that focus on collaboration typically require a more interactive approach. Collaborative cultures influence the level of engagement across all stakeholders, which means engaging parties across the front, middle and back offices.

### **04 | Create a more strategic HR function**

How much of a strategic partner is your HR function? On a scale of one to ten—with one being “basic employee lifecycle duties” and ten being “strategic partner to the business”—how would you rank HR at your firm? Currently, much hiring and education occurs at the business unit or functional level. But this de-centralized approach could create a great deal of redundancy and overspending. (For example, if different parts of your organization are using the same learning provider without a cohesive plan, you're probably not managing costs with the provider very well.)

Your HR executives should be working closely with the enterprise learning function they direct, as well as C-level leaders, to put together a package of learning, career-pathing and other services that motivate and engage current professionals and attract new ones.

**Emerging technology is giving the asset management industry an extraordinary opportunity to transform how it delivers value to its customers.**



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## About the research

Accenture conducted field research across the United States and Canada in late 2020 to better understand asset managers' priorities for today, tomorrow and into 2025. We surveyed 250 senior executives at asset management firms—including institutional, retail, alternative and hedge funds. The survey included 17 of the top 25 asset managers globally. The executives were evenly aligned to one of seven business functions: investment management, operations, marketing and brand, technology, product, distribution and strategy.

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