

# 5 Considerations to Build a Future-Ready Business Model

Ensure successful business growth and development



Finance executives of asset management firms face enormous pressure to increase the financial vigor of their firms. In many cases, that means finding ways to improve profit margins by reducing process costs and overhead, while also increasing the value these processes deliver to the firm and its customers. However, a key question remains: How can finance executives help their firms achieve these difficult but essential goals?

Accounting, IT and operations represent a combined 60% to 70% of firm expenses and are ripe for improvement, efficiencies and cost savings. By developing more streamlined processes in these areas, firms can free up internal resources to focus on business-building activities and priorities, especially organic growth and expansion.

To accomplish these goals, asset management firms are increasingly considering an outsourced or hosted IT solution, often coupled with a suite of managed services to guide key areas of operations. Before pursuing this strategy, finance executives should examine these five considerations to ensure success.

## EXECUTIVE BRIEF

### 1. Make business growth the core focus of a shift to outsourced or hosted technology and managed services.

Finance executives need to ensure their firms' continued financial health doesn't happen on a piecemeal basis. Firms cannot focus on becoming a little bit better or a little more efficient in what they do. They need to focus on those activities that differentiate them from their competitors.

Before considering any technology or managed services options, finance executives must identify specifically how a move in that direction will help their firms increase profit margins and meet other financial and growth goals. Some questions to consider:

- What is the desired end state for finance and accounting process flows, and how will that differ from the way the firm manages those processes today?
- How will the chosen technology and managed services impact the upstream and downstream accounting and finance processes necessary to run the business?
- What will need to change to enable this type of business transformation?

Because most asset management firms focus on growth, finance executives must evaluate how a new solution can help support and further the firm's growth and M&A strategy. This includes specific opportunities to leverage new technology and managed services. For example, ask whether this new approach will help integrate acquisitions more quickly, efficiently and effectively, and whether the firm will realize maximum value from those acquisitions.

Finally, finance executives must identify areas where technology and managed services will allow the firm to control costs and keep abreast of (or ahead of) industry changes. For example, ask how such a solution—coupled with managed services—can help the firm better manage regulatory compliance pressures, cybersecurity threats, overall risk management or customer service.



Consider how a solution will impact your firm's upstream and downstream processes.

## 2. Consider how outsourced or hosted technology and managed services can free up finance and accounting resources to work on more critical business functions and save money.

Finance executives understand the need to do more with less. Unless an outsourced or hosted technology solution and managed services can help a firm achieve that goal, any implementation will generate little lasting value.

To realize the necessary improvements, finance executives must identify what form those improvements will take. For example, some asset management firms will leverage their newfound resources to create teams that focus on managing M&A activity, helping with due diligence and ensuring

acquisitions integrate quickly and deliver value. In these cases, teams must be able to leverage the new technology and managed services solutions for crucial decision-support data and information.

Additional opportunities exist, including maximizing the firm's investment capabilities to better meet customer needs and expectations, and ensuring the firm's business-critical personnel have the necessary tools and information to facilitate more confident decision-making.



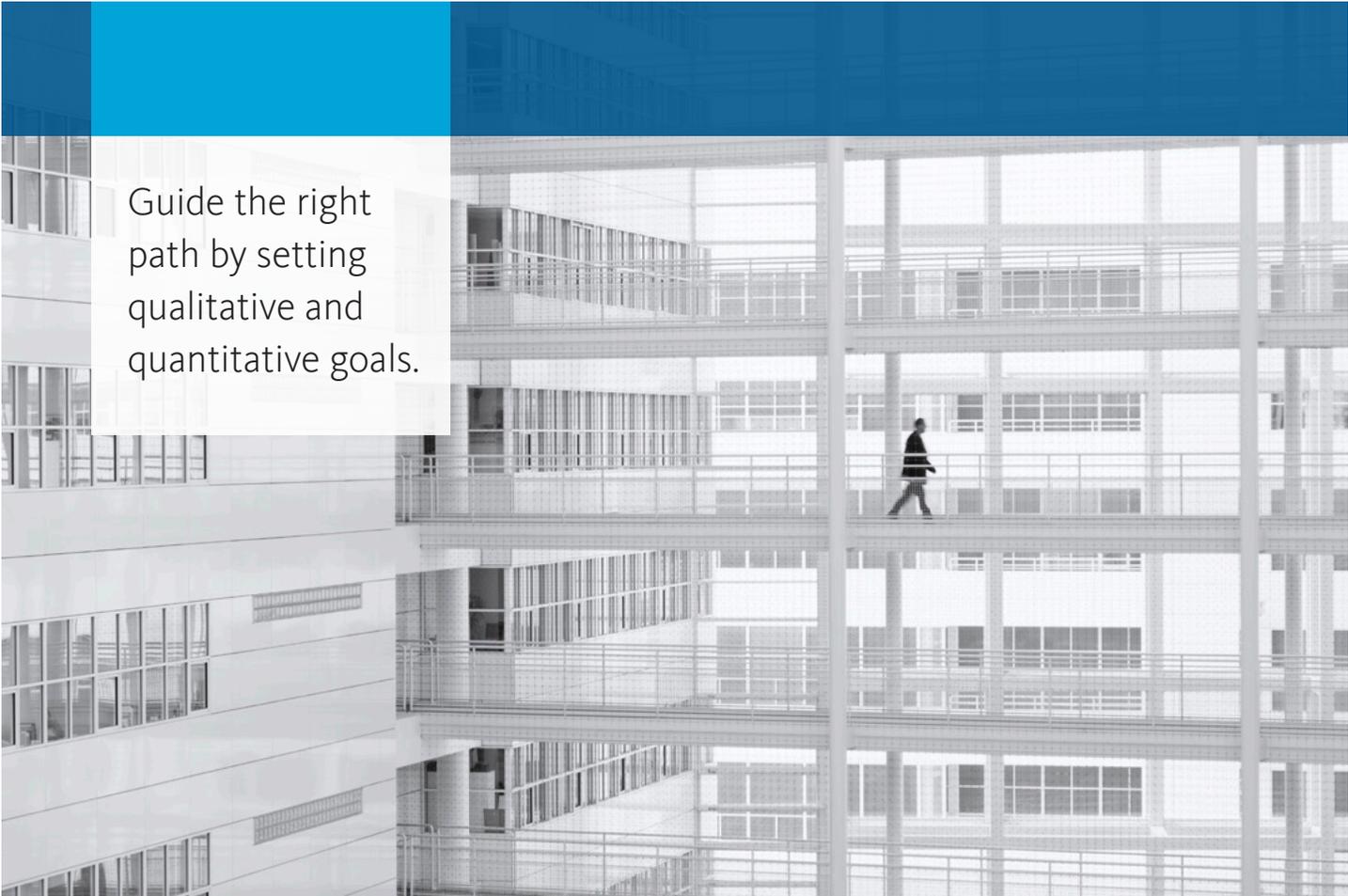
### 3. Identify priorities.

While doing everything at once may sound compelling on paper, it's not always possible in real life. To establish clear priorities for change, finance executives can set specific quantitative and qualitative goals and milestones for key areas of finance and accounting, and mission-critical areas of operations. They then can use that material to identify the necessary internal improvements that both fit with the firm's business and growth strategy, and help reach these goals.

For example, dedicated teams can develop real-time risk calculations that help portfolio managers evaluate the risks

associated with specific portfolio orders as they are making them. Firms also can leverage better pricing support, stronger cybersecurity, faster order management and a far more agile trading environment to support broader business transformation.

Longer-term initiatives—such as business expansion, introducing new funds or moving toward blockchain technology—also help the firm meet its goals and vice versa. Finance executives must identify ways that business transformation can support the firm's plans for domestic or global expansion, and to pursue strategic M&A opportunities.



Guide the right path by setting qualitative and quantitative goals.

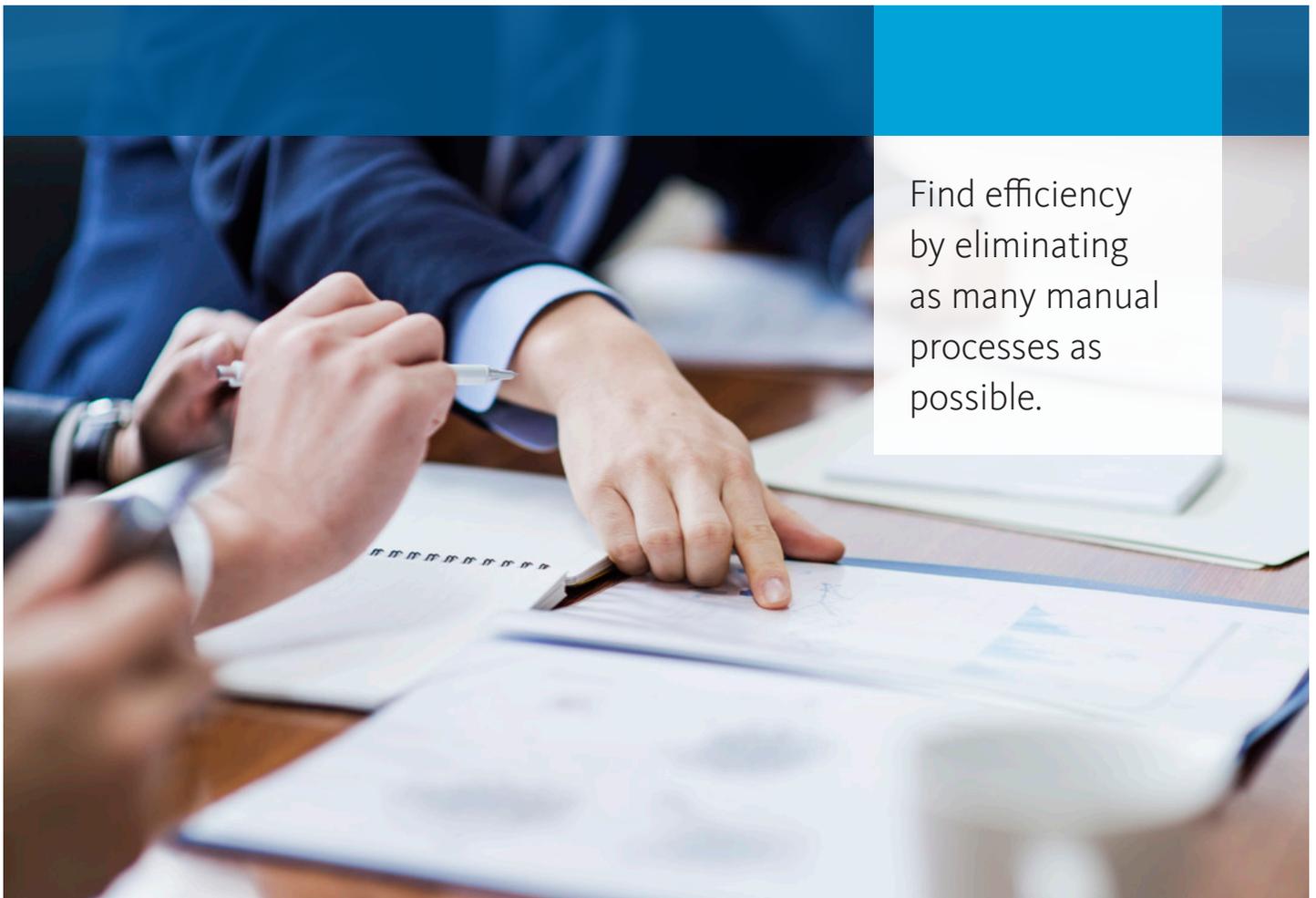
## 4. Consider foundational improvements to support the firm and its goals.

Changing processes, technology and talent are core aspects of business transformation. However, some less obvious improvements also can have a material impact on a firm's success. For example, given the key role data plays in firm operations, that data must be as clean and accurate as possible. If it's not, that poor data could eventually undermine efforts.

Similarly, if a firm chooses to move some processes to managed services, those activities must be structured to support the firm's goal-achievement efforts. Strong and detailed service

level agreements specifying the who, what, when and how can have a considerable effect on leveraging managed services to support transformation efforts.

As an overall objective, firms should focus on eliminating as many manual processes as possible. In addition to being time- and resource-intensive, manual processes often result in errors. Through process automation, asset management firms will better trust their data, creating less need for intensive data audits and greater trust in the firm's overall processes.



Find efficiency by eliminating as many manual processes as possible.

## 5. Stay involved in transformation from beginning to end.

Finance executives have a crucial role to play throughout this business transformation. In addition to preparing for the accounting and finance changes the transformation will create, finance executives also must have a voice in transformation discussions and activities to ensure the firm's financial priorities and growth strategy remain at the forefront. Without executive leadership, this financial focus could get lost.

Of course, finance executives also have a process-level role to play in identifying potential solutions and managing the overall transformation, especially in accounting and finance. Finance executives also must stay current on innovations among the firm's key competitors and throughout the asset management industry. By benchmarking firm performance against competitors in all areas—especially in financial performance and metrics—finance executives can use the resulting intelligence to gain a competitive advantage.



Use your voice  
to effectively  
lead and manage  
change.



## Conclusion

A finance executive's role in business transformation is crucial. By choosing a hosted or outsourced technology solution and leveraging managed services intelligently, finance executives can help their firms chart a clear course for the future.

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