Growing Pains:
The State of Digital Readiness of the Dutch Asset Management Industry

Alpha FMC Industry Survey
Summary of Results & Findings

December 2018
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Introduction to Alpha FMC & our Survey
Introduction to Alpha

Key Highlights

Alpha has 350+ full-time consultants employed

We work with 85 of the top 100 global asset managers

We have worked with over 160 asset managers globally

Offices in 9 major financial centres:

‘Alpha is head and shoulders above the competition when it comes to knowledge of the Asset Management space’
Director, Global AM

‘Alpha's greatest strength is having good people, and with Alpha you can be sure of what you are getting’
Director, Global AM

Named European Consultant of the Year at the Funds Europe Awards 2015, 2016 & 2017
Why are we well placed to help with your digital transformation

We believe we have a strong blend of capabilities and experiences which make Alpha the right partner for you. We know that if you are embarking on your digital journey you need a firm who can blend quickly with your existing team and be able to gain early credibility with a range of internal stakeholders. We believe we have the right mix of skills which allow us to do this, and provide the accelerators needed to hit tight timelines.

### Alpha’s Accelerators

- **Deep Asset & Wealth management experience in UK, Europe, Asia & US**
  - Alpha is the leading global asset management consultancy, having worked with 85 of the top 100 global asset managers and all major service providers. We have supported client experience & op model implementations across Europe, the US and Asia, developing an unrivalled understanding in this space.

- **Ability to draw on digital expertise inside and outside the industry**
  - We know how digital works inside an Asset Manager and draw on the relevant inspiration from outside the sector. In doing this we can deploy the relevant elements within our client’s business which can create a significant shift in the client experience.

- **Draw on digital transformation blueprints for rapid mobilisation**
  - Alpha are able to bring a mix of specific experience with similar clients and with industry best practice in the areas of client experience design and operating models. This prior work will enable us to mobilise quickly and highlight candidate MVPs. In doing this we connect business to technology.

- **Leverage past experience in leading large transformation programs**
  - Alpha has supported leading Asset Managers on many relevant transformation initiatives, such as client persona work, Target Operating Model and Sales Enablement. This allows us to accelerate our mobilisation and understand linkages between your digital priorities and current capabilities.

- **Engagement model which promotes collaboration, cost efficiency and knowledge transfer**
  - Our blended team engagement model is fast to deploy and works well within your team, 3rd parties and governance structures. It allows knowledge transfer and can be more cost effective. Alpha can bring models, frameworks and approaches which can aid this. This will allow our clients to be self-sufficient in the future.

### What do we deliver

- Help in selecting a segment / geography to target
- Taking personas through to the overall client journey
- Bringing this to market using MVP approach
- Creating an operating model to support new client experiences
- Developing plans to scale up & roll out successful initiatives
- Introduce new ways of working
Our Digital Transformation Offering?

We have detailed below the range of activities that we carry out to support firms in their digital transformation. This ranges from defining the vision for digital in a firm, through to executing it in the market. The diagram below outlines the role that Alpha plays in this end-to-end process and also where we draw on services from other 3rd parties. We believe that this model means you get best of breed firms to deliver services rather than relying on a “one stop shop”.

**ALPHA FMC’s DIGITAL TRANSFORMATION APPROACH**

### WHAT WE DO

1. **CREATING STRATEGIES FOR DIGITAL**
   - Define
   - Outcomes
   - A Vision & Strategy for Digital
   - Digital Maturity Assessment
   - New Client Experience Design
   - Roadmap & Business Case Development

2. **DESIGNING THE DIGITAL BUSINESS**
   - Design
   - Outcomes
   - Digital Transformation Programme Design
   - New Operating Model Design
   - Digital Architecture Design
   - Introduce Agile ways of working

3. **BRINGING DIGITAL INITIATIVES TO MARKET**
   - Deliver
   - Outcomes
   - Programme Orchestration/SMEs
   - MVP Delivery
   - Business Readiness
   - Scale up & Roll out support

### WHAT OTHERS DO

- Brand & Creative Approach
- Cyber Security Design
- Detailed UX design
- Customer Segmentation Studies
- Infrastructure/Hosting
- Developer Effort

Areas where we draw on 3rd parties/partners
The Asset Management industry is going through significant change, driven by a mix of regulatory, technological and client related drivers. Digital transformation is a key theme which links across these drivers and will be vital in addressing these changes. This survey is designed to be a barometer of how far the industry is progressing with this digital transformation agenda, and what are the main priorities that firms are pursuing.

We refer to “digital” as a mix of touchpoints (e.g. websites), functionality (e.g. browse, buy, service), propositions (e.g. robo advice) delivery of data & content (e.g. client reporting). All supported by underlying technology (e.g. CMS).

We cover nine main areas from the role and importance of digital and level of digital ambition within organisations, through to the perceived challenges in delivering on these objectives.

The Dutch responses come from six of the top Asset Management firms who collectively manage over EUR 800bn in AUM, and are compared to the responses of 40 of the top European Asset Management firms operating across markets in UK, EMEA, APAC and the US.

Survey respondents have included a mix of CMO’s, Digital Directors, Chief Digital Officers, Information, Marketing and Technology leaders with a responsibility for digital.

1. Introduction to Alpha FMC & our Survey
2. Executive summary: State of Digital Readiness, Market Scenarios & Investment Spend
3. The Survey: presenting the key themes and priorities
4. What to do Next: outlining practical next steps
Executive Summary
Executive Summary: Growing Pains. The State of Digital Readiness of the Asset Management Industry

The Asset Management industry is moving from being product to client centric, and is embracing the benefits that digital approaches and technologies can bring

Our industry is facing a unique set of drivers which are shaping the way that firms interact with clients and the design of the businesses needed to operate in a digital age.

Digitisation is at the heart of many of these changes, both as a driver and also as a response to the challenges which Asset Managers are seeing.

The results of our first survey into the state of digital readiness of the Asset Management industry show a game of two halves.

In the first, we see ambition and optimism, highlighted by responses that show:

- **Firms see many benefits opportunities arising from "digital"**: with most notably in the areas of client engagement, lowering costs, creating new business models, bringing new propositions to market and use data in a competitive way

- **Firms see this as a way to move from being product to client centric**: The proliferation of touchpoints calls for a redesign of the client experience to acquire, serve and retain clients. It is also a fundamental basis on which firms are being built to achieve scale and efficiencies

- **New technologies will open up new offerings**: Areas such as Artificial Intelligence and robo-advice that will create opportunities for new propositions and ways to redesign the business

However, Asset Managers have also highlighted a number of headwinds to making progress in this space:

- **Firms are only just beginning to make progress and don’t see digital as top priority**: 83% of respondents feel that they are at the “getting organised” stage, but had only begun to address areas such as client experience, use of data and new operating models

- **Legacy technology and a lack of investment/priority were key constraints**: To make progress, firms were concerned by the cost of replacing legacy technologies and moving to modern digital technologies

- **Choices about new emerging technologies were mixed**: Views differed on the extent of disruption and where this will come from (e.g. new technologies or shift in distribution), which is challenging firms on where they place their bets

Our survey shows the priorities that firms have. These include prioritising digital strategy, rethinking the client experience and the appropriate operating model to support it, investing in data & digital capabilities, looking at new ways of working and making use of the plethora of technologies and FinTechs available.

These will be key areas as we see the industry reinvent itself over the next 12-18 months. These capabilities will become critical for those firms who want to win in the new age of digital in the Asset Management industry.
Executive Summary: Current and Target Level of Digital Maturity

Over 80% of firms surveyed felt that they were beginning to get their digital capabilities organised. All respondents were targeting a “digital Innovator” stage, estimated time to reach this stage varies greatly between respondents.

1. Happy living with the Basics
   - Low level of capability. Not considered strategic priority.

2. Frustratingly Fragmented
   - Beginning to develop capability, but in pockets and lags behind other organisations.

3. Getting Organised
   - Digital is more focused in the firm and a number of capability areas developed. Active plans to join up and leverage digital technology.

4. Fast Following
   - Strong capability, but still ‘conscious competent’, with scope to progress. Knowingly takes a “fast follower” position.

5. Digital Innovator
   - Excellence and best practice is innate – ‘the way we do things around here’. Seen as industry thought leader.

Today

Common Target State

### Executive Summary: Current and Target Level of Digital Maturity

#### Stage
<table>
<thead>
<tr>
<th>Stage</th>
<th>Happy with the Basics</th>
<th>Frustratingly Fragmented</th>
<th>Getting Organised</th>
<th>Fast Following</th>
<th>Digital Innovator</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU</td>
<td>5%</td>
<td>26%</td>
<td>58%</td>
<td>8%</td>
<td>3%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>0%</td>
<td>17%</td>
<td>83%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Target</td>
<td>N/A</td>
<td>Digital Innovator</td>
<td>Digital Innovator</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>
From our discussions and the findings from our survey, we see a number of market scenarios which could play out over the next 3-5 years. These have implications for the nature and speed with which firms adopt digital approaches and solutions.

In our view, the “Asset Management Reinvented” is a likely scenario.

The four scenarios are based on two variables: the degree to which the industry is fragmented by new entrants and alongside, the degree of take up of digital and innovative/disruptive technologies. This creates four outcomes:

- **AM Rationalised**: Higher concentration of incumbents with lower levels of digital adoption and innovation. The drive becomes for efficiencies and managing scale, and less about new propositions and offerings. New entrants are limited, so less pressure on new offerings.
- **AM Reinvented**: Incumbents seek to reinvent and redesign their services to respond to market conditions and drivers (e.g. regulatory, technological) and to respond to changing client demand.
- **AM Refreshed**: Pressure on incumbents from new entrants but with high similarity of services and offerings.
- **AM Redefined**: Significant disruption with large numbers of successful new entrants taking share/AUM and propositions using disruptive technologies become the norm (e.g. blockchain, AI etc).

Different digital strategies will be needed to respond to the most likely market scenarios.
Many respondents are currently focusing on traditional digital themes such as **CMS, D2C and Data Science**, however within 2-3 years most expect attention to shift towards **robotics, automation** and innovative technologies such as **blockchain and artificial intelligence**.

This overview is based on aggregated survey data and Alpha FMC market observations.

### Current Industry Focus

1. **Digital platforms (e.g. CMS, social & content)**  
   Asset Managers are introducing or upgrading their digital technology stack to support improved personalisation, better delivery of content and tapping into value of social media.

2. **Client experience (across client segments)**  
   Firms are investing in developing new client experiences covering the lifecycle from awareness to advocacy. Techniques such as Service Design are now beginning to be considered by Asset Managers.

3. **Data management & science**  
   There is a focus on getting data into a state that means that it can be surfaced (and visualised) through digital channels. This will include a mix of quantitative and qualitative data points.

4. **Cloud**  
   Like others in the FS sector, many firms are increasingly moving their technology stack into the cloud, and are currently finalising the last stages of this transition. Many vendors now adopt a cloud first approach.

5. **Social**  
   Firms are more engaged in social listening, monitoring the ongoing digital conversations to understand what customers are saying about their brand.

### Focus over 2-3 year horizon

1. **Artificial Intelligence & machine learning**  
   Asset Managers see multiple applications for AI from predicting client behaviour to developing new propositions. These leverage the large amounts of data that firms handle on a daily basis and open up many efficiency opportunities.

2. **Robo advice**  
   This topic has been around for time but has come to the fore with recent mainstream initiatives (e.g. Nationwide), acquisitions (e.g. Aviva Wealthify) and the opportunities opened up by PSD2/Open Banking.

3. **Blockchain and the distributed ledger**  
   Whilst crypto currencies have high profile, we have seen a steady rise in the number of enterprise blockchain solutions moving into production. The technology is ready to move out of proof of concepts, labs and experiments and into the mainstream.

4. **Automation and robotics**  
   Use of RPA and improvements in automation and robotics technology means there is the ability to automate manual and semi-manual processes. Areas such as onboarding are examples of where this could be deployed.

5. **Aggregation and integration**  
   Firms continue to drive for greater integration across CRM, CMS, Social, Content and into their finance & HR systems. This supports areas such as targeting of sales resources and access to data for RFPs.
The Survey: Key Themes and Priorities
### Key Themes from our Study…

A number of other themes emerged from our survey which range from the degree to which digital is seen as a priority to the challenges which were being faced in moving to a “Digital 1st” business.

<table>
<thead>
<tr>
<th>Theme</th>
<th>Details</th>
</tr>
</thead>
</table>
| **Digital not seen as a top priority with most see themselves as “Getting Organised”** | • Over 80% of respondents are only just “getting organised” and still years away from becoming digital innovators  
• 17% of respondents see digital as one of their top priorities and 50% say digital is gaining importance with programmes underway  
• For 67% of the respondents "digital" doesn’t have a clearly defined meaning in their organisation  
• Levels of investment in digital appear low. Also “a lack of investment/priority” is the most prevalent challenge with the firms |
| **Digital focus on back office automation, but customer experience is gaining importance** | • All respondents have a clear investment focus on automating / driving greater levels of STP in the back office, followed by improving the client experience and surfacing data more efficiently through digital channels  
• Top three inflight digital programmes are:  
  ✓ visualisation and BI  
  ✓ cloud services and  
  ✓ digitising the customer experience (including D2C) |
| **Lack of investments, legacy technology and skill set are seen as the main barriers** | • Over 80% of respondents see a lack of investment and/or priority as a main challenge  
• 67% of respondents agree that legacy technology is holding their organisation back  
• Over 80% of the firms see shifting customer and client expectations as a threat to their organisations  
• Furthermore, over 80% of respondents planned to deliver digital change from building within their current teams – however many are concerned that there is a lack of skill set and clarity within the organization |
| **No FinTech engagement and Agile way of working picking up** | • None of the interviewed firms have invested in FinTech  
• 50% of the firms deliver digital fully inhouse, the other 50% partially  
• 60% have adopted Agile way of working to deliver digital change, whilst other still follow waterfall/hybrid approach  
• 67% view digital as technology-led – mainly focused on platforms and technologies  
• Half the firms find that a change in culture is needed |
…showing 5 Key Digital Priorities for Asset Managers

From our findings and discussions with a variety of Asset Managers, we see that five key priorities are emerging as they seek to develop their digital agenda. These sit alongside the broader distribution priorities that firms are pursuing e.g. sales management approaches, improvement to CRM, reassessing client tiering and overall distribution strategies.

These priorities are designed to meet the increasing need to attract, win, service and retain key clients, in a world where “digital by default” is the new norm.

More details on each of these priorities is included in the next slides.

<table>
<thead>
<tr>
<th>Priority</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Prioritise Digital Strategy</td>
</tr>
<tr>
<td>2</td>
<td>Redesign the Client Experience</td>
</tr>
<tr>
<td>3</td>
<td>Manage &amp; Leverage Data effectively and define the right Technology Stack</td>
</tr>
<tr>
<td>4</td>
<td>Adopt new Ways of Working</td>
</tr>
<tr>
<td>5</td>
<td>Develop Partnership Strategy</td>
</tr>
</tbody>
</table>

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### Priority 1: Prioritise Digital Strategy

Almost all firms agreed on that a lack of priority is a main challenge to driving the digital agenda.

#### Main challenges to driving digital agenda

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>A lack of investment and/or priority</td>
<td>83%</td>
</tr>
<tr>
<td>Our legacy technology is holding the organisation back</td>
<td>60%</td>
</tr>
<tr>
<td>A difficulty in gaining clarity of vision and translating into business benefit</td>
<td>40%</td>
</tr>
<tr>
<td>A change in culture is needed (e.g. product centric to client centric)</td>
<td>20%</td>
</tr>
<tr>
<td>A lack of skill set within the organisation</td>
<td>10%</td>
</tr>
<tr>
<td>Our organisational structures are not set up to support a digital agenda</td>
<td>5%</td>
</tr>
<tr>
<td>A lack of senior leadership buy in and/or understanding</td>
<td>3%</td>
</tr>
<tr>
<td>Other</td>
<td>2%</td>
</tr>
</tbody>
</table>

Qu.40: What are the main challenges to driving your digital agenda?

#### Alpha’s point of view

- In general we see spend on digital initiatives and organisation increasing across our client base and in particular within the Asset Management industry.
- We recognise that respondents are at different stages in their development and as such they will be releasing funds at different levels and stages to fund their digital journey.
- Given the responses to the level of digital readiness within the Asset Management sector, we see the spend levels as being low.
- In our experience, we see firms investing in digital technologies which are mainstream e.g. web content, financial planning tooling, analytics etc. A gap exists though between this and the firms spending on areas of early stage new technologies. Examples include blockchain, AI etc. For some, they are doing small scale experiments but a chasm still exists before these become widely adopted and larger numbers of firms also start to invest.
- We advocate that firms develop an innovation pipeline to gain exposure to these new technologies, This can be through internal "lab" style initiatives or by partnering with FinTech providers and accelerators.

#### Make digital a top priority

- **Embed digital in the organisational culture**
  - 83% of the respondents see a lack of investment/priority as a main challenge and most firms do not see digital as a top priority.
  - However almost all firms see digital as having great benefits for the firm in terms of improved client engagement, lower costs and future proofing the business.
  - In addition almost all firms saw digital as holding powerful opportunities to create new business models, redesign the business, to bring new propositions to market and the ability to surface data in a way that creates competitive advantage.
Priority 2: Redesigning the Client Experience

There was a strong consensus that improving client engagement was a key priority.

Qu 38: What are the top three benefits you look for from any digital transformation effort?

Focus on the client

Moving from product to client centric will drive commercial benefits

- All respondents said that improved client engagement was a key benefit from digital transformation.
- This was correlated with future proofing the business and growing market share. An improved client experience is seen to be key in winning new mandates, upselling new business and to retaining valuable clients.
- This is supported by evidence that B2B clients are now expecting the same level of digital interaction with an AM firm that they see in the B2C world.
- It is recognised that firms interact with client across multiple channels (f2f, events, web etc) but that digital routes will become increasingly prevalent.

Alpha’s point of view

Client experience should not be a superficial exercise about a new website or advertising. It should cover all interactions that the client has with you and change by nature of the client segment (and the tier you place them in).

A service design approach should be taken to map any CX to the operating model, so that brand promises can be supported by a mix of people, process and technology. This includes:

- Defining client personas with a clear view of the client lifecycle
- Designing journeys which include opportunities to “delight”
- Assess the “actors”, processes and technologies which support each stage of the journey
- Build quickly and iterate based on user feedback
**Priority 3: Manage Data effectively and define the right Technology Stack**

Data has become a highly valuable asset. Surfacing data through digital channels is seen as a major win for AM firms.

### Expected benefits from digital transformation

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>We don’t see any opportunities from shifting to digital</td>
<td></td>
</tr>
<tr>
<td>We will be able to compete against new entrants</td>
<td>C</td>
</tr>
<tr>
<td>The ability to be regulatory compliant in an inexpensive and effective way</td>
<td>B</td>
</tr>
<tr>
<td>We will be able to reach new audiences</td>
<td>B</td>
</tr>
<tr>
<td>An opportunity to bring new propositions to market in an engaging way</td>
<td>C</td>
</tr>
<tr>
<td>The ability to surface data in a way that creates competitive advantage</td>
<td>B</td>
</tr>
<tr>
<td>An opportunity to create new business models and redesign the business</td>
<td></td>
</tr>
</tbody>
</table>

Qu. 39: What would you consider to be the top three opportunities resulting from a shift towards digital?

### Surface data for competitive advantage

**Investing in data skills and integrating data**

- 83% of respondents view the ability to surface data as one of the key benefits for digital transformation
- To do this means that data needs to be accessible and accurate
- Historically the data needed for client reporting, RFP production etc will come from a multitude of sources
- Being able to access this data through data lakes, and use of APIs is a key industry wide challenge. This is particularly important with GDPR regulation

### Alpha’s point of view

Data is one of the most valuable assets that a firm has and one that should be leveraged as much as possible. Doing this requires a way to join up the data collected across a mix of CRM activity and marketing engagement (online & offline) and cross referencing this to the financial position of the client.

This will required data models to ensure quality and flow of information and common languages (taxonomies) to connect data across different systems and processes. Connecting these three areas will lead to uptick in performance and also a stronger view of the value of marketing activity.

**Alpha’s high level data model**
Priority 3: Manage Data effectively and define the right Technology Stack

Firms are looking to implement the right technologies for current needs, but with an eye on future developments.

Creating the right technology stack

Investing in CMS, social and data visualisation

• Firms see the need to upgrade or implement a modern digital technology stack which supports improved client experiences, content management, data science and ability for marketing automation
• Many firms have projects underway to introduce a range of digital platforms
• Firms are also thinking about developments that are on the horizon
• Blockchain, machine learning/AI and automation & robotics were seen the top three areas which could disrupt the industry in the future

Alpha’s point of view

The Asset Manager of the future will make use of a range of FinTech, RegTech and MarTech solutions to create a responsive lower cost firm and also to deliver on the need to manage data and surface this through digital channels. A number of themes:

• Heightened use APIs to surface content and functionality
• Use of Artificial Intelligence & improved data visualisation
• Robotics and automation for workflows and activity
• RegTech solutions and range of self service digital platforms
• Introduction of blockchain technology

Qu. 33 & 34: Which of these will disrupt the Asset Management industry now and in 3 years' time?

<table>
<thead>
<tr>
<th>Technology</th>
<th>Currently Disrupting</th>
<th>Will disrupt in 3 years time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data Science</td>
<td>33%</td>
<td>83%</td>
</tr>
<tr>
<td>including Machine Learning/Artificial language processing</td>
<td>33%</td>
<td>67%</td>
</tr>
<tr>
<td>Automation and Robotics</td>
<td>33%</td>
<td>0%</td>
</tr>
<tr>
<td>Digitising the customer experience (including D2C)</td>
<td>33%</td>
<td>0%</td>
</tr>
<tr>
<td>Digital platforms e.g. new CMS</td>
<td>17%</td>
<td>17%</td>
</tr>
<tr>
<td>Visualisation and BI</td>
<td>17%</td>
<td>0%</td>
</tr>
<tr>
<td>Augmented Reality/Virtual Reality</td>
<td>17%</td>
<td>0%</td>
</tr>
<tr>
<td>Internet of Things</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Cloud services</td>
<td>0%</td>
<td>50%</td>
</tr>
<tr>
<td>Blockchain and the Distributed Ledger</td>
<td>0%</td>
<td>33%</td>
</tr>
<tr>
<td>Robo advice</td>
<td>0%</td>
<td>17%</td>
</tr>
<tr>
<td>Aggregation and Integration</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Social – content/forums/collaboration tooling</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>None</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Other</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Alpha’s Asset Manager of the Future Architecture
Priority 4: Adopting new Ways of Working

The cultural change and introduction of new ways of working was seen as a vital part of any digital transformation.

Methods used to deliver digital change

| Agile 60% | Non-Agile 40% |

Q. 18: What methods do you use to deliver digital change?

Introducing new ways of working

Establishing cross functional teams with agile ways of working

- Of those surveyed, 50% identified culture as being a leading challenge to advancing the digital agenda
- “Pockets” of agile ways of working were evident in a number of firms and only a few had pushed through a broader Agile transformation agenda
- For many this was still new and only adopted in certain functions (e.g., technology)

Alpha’s point of view

Cultural change brought in by new ways of working is a vital part of any transformation. This manifests itself in agile ways of working. These approaches are now common place in other FS organisations and we believe will become mainstream in the AM industry. They will be characterised by:

- Blended Agile product teams aligned around value with product owners
- Designing Minimum Viable Product (MVP) approaches (see below)
- Taking an iterative approach to prototyping to share with clients
- Creating a regular cadence of delivery through sprints with regular feedback and iteration from key stakeholders.
- Being able to scale up successful pilots and proof of concepts

Alpha’s MVP approach

- Customer Insight
- Industry Trends
- Discovery
- MVP Defined
- Test MVP model components
- Determine Design
- MVP Blueprint Documented
- Implementation
- Scale up and scale out
Priority 5: Develop Partnership Strategy

No firms have invested in FinTech or are have innovation led organisations. However, perceived digital opportunities lie in the innovative sphere.

**Digital opportunities and governance**

- An opportunity to create new business models and redesign the business
- The ability to surface data in a way that creates competitive advantage
- An opportunity to bring new propositions to market in an engaging way
- We will be able to reach new audiences
- The ability to be regulatory compliant in an inexpensive and effective way
- We will be able to compete against new entrants
- We don’t see any opportunities from shifting to digital

**Alpha’s point of view**

**Partnership Strategy**

Creating a framework for working together with partners (FinTech / RegTech) will ensure more cooperation and thus increase digital delivery speed and quality. The strategy should cover all relevant aspects, including: standards, integration, operational horizons, enabling FinTechs / start-ups, networking, compliance and security, culture and governance.

Success of the partnership strategy hinges on both the digital culture and digital governance especially.

**Digital Culture:**

- Success of a FinTech / partnership strategy is highly dependent on organisational culture on all levels and support on executive level
- Ensure that digital culture is embedded in DNA of (senior) management

**Digital Governance:**

Focus on moving towards a model where digital projects are run by multidisciplinary teams across front, mid, and back office and functions, with central coordination ensure central mapping of dependencies

**Level of quality and speed of digital delivery capabilities are often low during Agile Transformations**

Many companies are making the switch to Agile, this is however not done overnight. The transfer period brings a set of difficulties. In this hybrid phase the level of quality and speed of deliverables is often low.

We think that developing a partnership strategy will improve digital delivery capabilities and speed up the Agile transformation.

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**Working together with FinTechs**

Increasing digital delivery capabilities

- None of the firms have invested in external FinTech and only 17% is focused on investing in identifying FinTechs / RegTechs
- Digital development is done inhouse for the large part and the firms are mostly technology focused
- However, the main opportunities that are expected by respondents are in the innovation sphere: generating new business models and new propositions and use data to your competitive advantage
- Cooperation with FinTechs could help firms move towards a more innovation led environment, increase delivery capabilities and fuel the Agile transformation

**Qu.39: What would you consider to be the top three opportunities resulting from a shift towards digital?**

- The ability to create new business models and redesign the business
- The ability to surface data in a way that creates competitive advantage
- An opportunity to bring new propositions to market in an engaging way

**Qu.8: Where is the emphasis on digital in your organisation?**

- Technology led - 67%
- Organisation led - 33%
- Innovation led - 0%
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What to do next
Next Steps

We recognise that there are a large number of areas which Asset Managers need to address to progress their digital capabilities and maturity. We have outlined the practical steps needed to make progress with five priority areas.

- **Prioritise Digital Strategy**
  Address questions about vision and ambition by increasing understating and defining a clear approach to bringing digital into the firm. Carry out a short and sharp exercise to gain consensus on the role of digital within the firm and develop a roadmap to reach higher levels of maturity – this will help convince management and staff to prioritise digital.

- **Redesigning the Client Experience**
  Start to understand your clients more deeply. Look at persona development or setting up a Client Lab to gain greater insight into how they wish to interact and what areas you have to exceed their expectation.

- **Leverage Data & Develop the right Technology Stack**
  Look at the variety of data points captured across your sales, marketing and financial activity. Define a data model which allows them to be connected and carry out test & learn activity to see if this yields better results (e.g. improved Sales Team performance or the ability to manage a larger base of clients).

- **Adopt new Ways of Working**
  Assess if you have a case for change to drive a shift in culture and embrace agile ways of working. Draw on the experiences that other firms and industries have had, and the benefits they have achieved.

- **Embrace the FinTech Opportunity**
  Embrace the opportunities that come from accessing the solutions and entrepreneurial spirit of the FinTech world. Find out about interesting FinTechs through forums run via Venture Capital firms and look for solutions that can fill immediate gaps.
Should you have any further questions on the information contained within this pack, please contact:

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