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Last year’s Alpha Outlook was written at the height of the Covid-19 pandemic and in the context of a polarized US presidential election, the final Brexit negotiations and major demonstrations globally against racism.

2022 as a Springboard

This year we are writing as we tentatively emerge from the pandemic, and our theme for this year is how our clients can respond to the major headwinds impacting the industry and succeed for the future.

Industry Headwinds

We have categorized these headwinds according to five major themes: macro-economic factors, client demands, workforce changes, technology and data and the competitive landscape.

Each of these major themes requires firms to change and invest, and so, we firmly believe the challenge for firms is to identify the right priorities for them and to execute well on those priorities. It is not possible to do everything.

Our Outlook

Our Outlook this year focuses on the personas that we work with on a day-to-day basis, and we highlight some of the priorities and challenges we expect them to face in 2022.

Thank you for reading, we hope that you enjoy it. As always, we’re delighted to hear any feedback and we look forward to carrying on the conversation with you over the next year and beyond.

Letter from our Global Head of Asset & Wealth Management Consulting, Luc Baque

2022 IS A ‘SPRINGBOARD’ YEAR FOR THE INDUSTRY AS WE EXPECT TO EMERGE FULLY FROM THE PANDEMIC:

OUR CLIENTS MUST BE PREPARED TO ‘LEAP FORWARD’ TO RESPOND TO THE MAJOR HEADWINDS IMPACTING THE INDUSTRY

Macro-economic

Firms need to determine how they deal with low returns, increased volatility, political instability, the impacts of various stimulus packages, globally high inflation and growing climate change risk.

Clients

Firms need to handle rapidly changing client expectations across service, product and technology. We see much greater demand for solutions, OCIO and fiduciary management; ongoing consolidation of assets; and rapid advancements in digital.

Workforce

Firms need to show clear progress on their diversity and wellbeing goals, and also upskilling their staff to respond to the challenges. They have to meet changing expectations around remote working whilst upgrading hybrid home/office technology platforms.

Technology & Data

Firms need to ensure they benefit from the best advances in technology and data, in particular cloud-native development, AI, big data, mobile-first design, real-time data, dev-ops code releases and event-driven architecture.

Competitive Landscape

Firms need to be prepared to respond to the competitive landscape and to plot their own course through topics such as active versus passive, the growth of alternatives, funding them, industry consolidation and the risk of new entrants.
OVERALL 80% OF FIRMS LOOK TO MANUFACTURING 2.0. FIRMS LOOK TO AUTOMATION AND WORKFLOW TO HELP GET FUNDS TO MARKET QUICKER, AS 42% OF FIRMS HAVE ADAPTED QUICKLY TO NEW MODELS, BUT MOST (77%) RECOGNIZE THAT THEIR DIGITAL CAPABILITIES FALL SHORT OF CLIENT EXPECTATIONS.

RENEWAL & GROWTH
OP EFFICIENCY & RESILIENCE
ANALYTICS & DATA EXCELLENCE
TECH EMPOWERED TRANSFORMATION
RISK & COMPLIANCE

In the last 18 months 250+ senior asset and wealth management individuals from over 140 firms participated in our research studies and industry benchmarks.

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Firms are prioritizing and investing in digital. Special is reduced as firms report higher demand and increased levels of automation.

THE RACE IS ON TO REPLACE STRATEGIES - THE RACE IS ON TO REPLACE STRATEGIES. TOP CORPORATE EXECUTIVES ARE FOCUSING ON THE NEED TO SECURE MAJOR GROWTH IN THE NEXT 1-3 YEARS, LARGELY TO COMPLY WITH REGULATION, AND TO CUSTOMIZATION AND PERSONALIZATION TO THE END-CONSUMER. FRIDAYS ARE A STRATEGIC FUNCTION.

For the World Economic Forum’s 2021 Davos Agenda, Alpha commissioned a new survey to explore Corporate Effectiveness. While the survey is focused on a population of the world’s leaders, its broader implications can be applied to other sectors. The survey was conducted with senior executives from over 250 asset managers and wealth management firms across the globe. A large majority of respondents indicated a need to transform in the coming years, while 77% recognized the need for digital transformation. These findings are consistent with previous research conducted by Alpha, which found that 80% of firms plan to deliver improved data and technology as the top priority for the next 1-3 years, focusing on client service, operational efficiency, and compliance.

To understand the challenges and opportunities firms face in a rapidly evolving market, Alpha conducted a series of surveys in 2021. The results of these surveys, along with insights from Alpha’s research, provide a comprehensive picture of the industry’s direction and priorities. The surveys covered various topics, including distribution data strategies, enterprise data, and operational efficiency. The findings highlight the importance of digital transformation and the need for firms to adapt to changing market conditions.

The Asset Management Digital Readiness Survey, conducted in 2021, revealed that firms are prioritizing digital transformation to improve client engagement, reduce costs, and increase efficiency. The survey found that 60% of firms are investing in technology to improve client experiences, and 70% are using data to drive decision-making. These findings align with Alpha’s research on the changing landscape of the asset management industry, emphasizing the need for firms to adapt and embrace digital technologies to stay competitive.

The RFP Operating Models Benchmark, conducted in 2021, revealed that firms are examining their operating models to improve efficiency and reduce costs. The survey found that 80% of firms plan to deliver improved data and technology as the top priority for the next 1-3 years, focusing on client service, operational efficiency, and compliance. These findings highlight the importance of digital transformation and the need for firms to adapt to changing market conditions.

Innovators in distribution are increasing their focus on client-centric experiences and shifting from transactional revenue producers to productivity increasing, AI-led decision-making. While the FCA’s SM&CR was not explicit in its implementation, the data surrogates are now seen as the primary source of data and analytics on client expectations and awareness across the industry. The implementation with key benefits has been realized as embedding ESG properly involves top-down leadership, bottom-up accountability and a culture of continuous improvement.

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The Data and Analytics on Client Engagement Activity is a High Priority for 80% of Firms in 2022. While the FCA’s SM&CR was not explicit in its implementation, the data surrogates are now seen as the primary source of data and analytics on client expectations and awareness across the industry. The implementation with key benefits has been realized as embedding ESG properly involves top-down leadership, bottom-up accountability and a culture of continuous improvement.

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Too often we see annual outlooks parading a list of disparate topics that investment managers should focus on: the shift to passives, operational resilience, fee and cost pressure, and so on. The future is about the ability of an investment organization to understand changing demand, and adapt their client offering to meet this. To take advantage of these opportunities requires clear leadership, and an organizational readiness for cultural change.

At a practical level, the operational, data and technology foundations need to be flexible, not fixed in stone.

IN 2022, SUCCESS WILL COME TO THOSE INVESTMENT BUSINESSES WHO CAN REACT THE QUICKEST, BOTH CULTURALLY AND OPERATIONALLY, TO SHIFTING MARKET DEMAND.

2023 IS NOT ABOUT RESPONDING TO SPECIFIC TOPICS. IT IS ABOUT MAKING SURE YOUR INVESTMENT BUSINESS IS IN THE BEST SHAPE POSSIBLE TO ALIGN YOUR CAPABILITIES AROUND THE GREATEST AREAS OF MARKET OPPORTUNITY.

Top 3 Concerns for CEOs

1. Leadership model that sets clear strategic priorities and explains what this means for each function
2. Organizational culture that empowers teams to execute, at high speed and with high levels of accountability
3. “All things to all people” is not a viable strategy: know the opportunities in the market and align your areas of competitive advantage against these

Expected Areas of Investment

- **ESG and Responsible Investment**
  - Clear articulation of the firm’s place in the future market landscape and transition economy
  - Substantial investment to meet growing client and regulatory expectations

- **Culture and People Management**
  - Proactive management of the changing skillsets required by the business, including a greater technology focus in all roles
  - Management of attrition and employee value proposition in a post-Covid world

- **Consolidation and Integration of Platforms**
  - Developing scalable and adaptable operating platforms rather than just stripping costs
  - The winners will build for tomorrow
In 2022 we expect CFOs to increasingly re-focus their attention away from tactical cost control towards the structural drivers of cost within their business. With the strategic direction of protecting operating margin clearly set; closing unprofitable products, rethinking location footprints, building scale and accelerating the outsourcing of non-core capabilities will all be avenues CFOs look at closely this year.

Such structural levers will only be available for CFOs who have fit-for-purpose, reliable and transparent cost allocation data. As 2021 draws to a close, this remains a stubbornly small constituency in an industry where it remains operationally difficult to untangle stranded costs and allocate true profitability to lines of business and how they scale. As regulatory pressures to assess investor value-creation converge with continued margin compression, 2022 will be the year where CFOs demand internal data initiatives to deliver on their promise.

Finally, CFOs will play an active role in ensuring change portfolios for 2022 and beyond are restructured and re-pivoted to reflect new priorities. An admirable patience during the pandemic to allow struggling transformation programs to find their feet will give way to CFOs scrutinizing internal investments that no longer meet their organization’s post-Covid strategy.
Chief Investment Officer

CIOs are always focused on performance, but 2022 will see much greater collaboration between Investments, Product and Distribution to design and deliver the right asset class and solutions mix to attract and retain strategic clients. They will also be pressured to deliver new service models such as OCIO, ALM/LDI portfolios and fiduciary management.

We expect CIOs will be demanding ever greater technology support – both to the traditional investments tool kit (research, modelling and execution) as well as modern experimental technologies such as alternative datasets, NLP, ML and automation.

Top 3 Concerns for CIOs

1. Responding to the global economic landscape (inflation, stimulus packages, end of QE and volatility)
2. Right-sizing the asset class mix (Alternatives, passives, active, ESG/RI) and designing differentiated products
3. Leveraging the most from investment toolkits and new technologies

Expected Areas of Investment

Right-Sizing the Asset Class and Solutions Mix

Right-sizing the asset class mix can deliver the right solutions to attract and retain strategic clients.

Investments Platform

Investing in technology to lower the cost of active management, consolidate data across public and private markets and embed ESG data.

New Technologies

CIOs will continue to experiment with technologies to augment their investment process, particularly in research and execution automation.

AS ALWAYS, IN 2022, CIOs WILL BE FOCUSED ON FIRM WIDE PERFORMANCE

CIOs WILL BE WORKING WITH HEADS OF PRODUCT AND DISTRIBUTION TO DELIVER THE RIGHT ASSET CLASS AND SOLUTIONS MIX TO ATTRACT AND RETAIN STRATEGIC CLIENTS
In 2022, we expect COOs to be focused on enhancing Operations to deliver the CEO’s strategic goals of growth and profitability. COOs will be focusing on end-to-end operating model simplification and digitization to meet immediate needs, as well as laying the foundations for the future, with increasingly diverse asset class and global coverage requirements.

Speed of concept to cash is critical for survival - building flexibility and agility into the operating model and Change function is key. COO’s will also need to manage the challenge of a workforce with different views on post-Covid working styles and the pressure this places on the teams and technology.

Top 3 Concerns for COOs

1. Enabling growth, including supporting new products, asset classes and locations, without scaling costs
2. Controlling and mitigating global operational risk with increasingly complex business needs
3. Enabling the company’s evolving talent management and retention strategy with redesigned offices and proficient hybrid working technology

Expected Areas of Investment

- Automating to Scale: Servicing clients efficiently at increasing velocity requires customization at scale. Adoption of new technology to digitize and automate to deliver growth without the cost.
- Data First, Data Second: Defining and implementing a Data Strategy that will simplify the operating model, control data and generate powerful insights to enhance both decision-making and oversight.
- Partner Consolidation: Consolidating vendor relationships globally to focus on a handful of strategic partners selected on their ability to deliver the operational strategy and enhance the outsourcing landscape at a reduced cost.

Chief Operating Officer

2022 WILL FOCUS ON ENABLING PROFITABLE GROWTH AND REDUCING RISK, THEREBY ENHANCING THE EMPLOYEE EXPERIENCE

COO’S WILL BE FOCUSED ON GATHERING OPERATIONAL MI TO ENABLE STRATEGIC DECISIONS ON PARTNERS, SERVICE AND SPENDING
In 2022, we expect CTOs to be focused on delivering value through the deployment of new technologies and architectures as well as designing the optimal organization to support these areas.

We’re expecting to see continued and accelerating moves to the Cloud enabling movement to marketplace and ecosystem-based architectures. We also see a continued focus on cybersecurity and supporting new platforms as firms move away from hyper-customization.

Finally, talent management and location strategy will be critical as CTOs grapple with the war for technology talent and attrition related to the ‘Great Resignation’.

Chief Technology Officer

In 2022, we will be about investing in technology as a strategic enabler to help future-proof the organization and deliver scalable growth.

CTO’s will be focused on driving large scale strategic change enabled by the power of the cloud and operating model shifts underpinned by Agile, DevOps, and advanced data science.

Top 3 Concerns for CTOs

1. Migrating to the Cloud and Cloud-native development and leveraging a move to platforms and Architecture-as-a-Service

2. Speeding up tech delivery and reducing change pipelines through the implementation of Agile and DevOps models; getting closer to the business strategy

3. Platform rationalization to reduce costs and improve efficiencies throughout the investment management value-chain

Expected Areas of Investment

Cloud
Delivering on Cloud-first strategies - and leaning to significantly reduce op-premise server costs

Agile and DevOps
Moving the IT change delivery approach from waterfall to agile and zooming to much more frequent deployment cycles. Clear goals to improve delivery throughput and engage technology talent

Platform Simplification
CTOs will be looking to simplify technology stacks. This might include rationalizing platforms and moving away from hyper-customization. Providing low code/no code tools to more efficiently augment investment and distribution capabilities.

Asset Management
In 2022, we expect CDOs to refocus on a generation of ‘data insights’ and innovation. This should be the key goal for CDOs as they come under pressure to demonstrate an ROI on data investment.

This could be materialised by reducing market data costs, supporting simplification of the overall architecture/operating model, embedding ESG/RI data across the enterprise, and driving consistency across public and private markets.

In addition, new opportunities and challenges are emerging with Cloud solutions, data marketplaces and ecosystems, and moving to a model that integrates all internal and external partners.

As an enabler of this transformation, CDOs will require continued focus on foundational data topics around data governance, data mastering and data quality KPIs / SLAs.

### Top 3 Concerns for CDOs

1. **Industrialising the ‘Enterprise Data Model’ and governance approach**
2. **Generating meaningful insights and innovation from data, or justify data investment ROI**
3. **Capitalizing on the move to Cloud, Data Ecosystems and emerging Marketplaces**

### Expected Areas of Investment

<table>
<thead>
<tr>
<th>One Firm View</th>
<th>Insights and Innovation</th>
<th>Data Fabric in the Cloud</th>
</tr>
</thead>
<tbody>
<tr>
<td>Driving that the data model can be scaled and changes industrialised across all asset classes, client segments and business functions.</td>
<td>Condensing data into usable insights that the business can understand to inform key decisions and actions. Making these insights visual and dynamic.</td>
<td>Supporting the organization to benefit from the Data Fabric in the Cloud, creating data ecosystems with all partners.</td>
</tr>
</tbody>
</table>

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**Chief Data Officer**

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### 2022 Will Refocus on Data Foundations to Provide a Platform for Data Innovation and Prepare for the Next Challenges: Cloud, Ecosystems and Marketplaces and ESG and RI

CDOS Must Continue to Prioritise ‘Data Insights’ Whilst Delivering Real Improvement in the Enterprise-Wide Data Operating Model, to Demonstrate an ROI on Data Investment

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**Top 3 Concerns for CDOs**

1. **Industrialising the ‘Enterprise Data Model’ and governance approach**
2. **Generating meaningful insights and innovation from data, or justify data investment ROI**
3. **Capitalizing on the move to Cloud, Data Ecosystems and emerging Marketplaces**
Head of Distribution

In 2022, we expect Heads of Distribution to be particularly focused on introducing new ways of working to better attract and retain clients in the new-normal.

There will be a large focus on organizing and structuring available data to make better decisions regarding client engagement and to drive sales team behaviours.

Heads of Distribution will need greater transparency into sales performance and effectiveness to manage remote teams and virtual ways of working.

Top 3 Concerns for Heads of Distribution

1. Restructuring and prioritizing coverage to target, engaging and retaining clients in the new-normal
2. Monitoring sales effectiveness and performance against business plans and data driven insights
3. Differentiating their brand and proposition from competitors across sales, marketing and service

Expected Areas of Investment

Distribution Intelligence
Manage, master and synthesize data to provide meaningful insights and calls to action for sales teams.

Virtual Engagement
Provide self-service tools for sales to personalize virtual engagement.

Sales Effectiveness
Improve internal reporting to increase visibility of sales performance against targets.

2022 WILL BE ALL ABOUT THE CLIENT EXPERIENCE, VIRTUAL WAYS OF WORKING AND DATA DRIVEN BEHAVIOURS FOR HEADS OF DISTRIBUTION

HEADS OF DISTRIBUTION NEED TO ADJUST TO HYBRID WAYS OF WORKING BOTH INTERNALLY TO MANAGE TEAMS AND EXTERNALLY TO ENGAGE PROSPECTS AND CLIENTS.

Top 3 Concerns for Heads of Distribution

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Expected Areas of Investment

Distribution Intelligence
Manage, master and synthesize data to provide meaningful insights and calls to action for sales teams.

Virtual Engagement
Provide self-service tools for sales to personalize virtual engagement.

Sales Effectiveness
Improve internal reporting to increase visibility of sales performance against targets.
2022 WILL SEE HEADS OF PRODUCT PRIORITIZING THE DEVELOPMENT OF TECHNOLOGY ROADMAPS, FOCUSING ON OUTCOMES OF ENHANCED INNOVATION AND PRIORITIZATION

HEADS OF PRODUCT NEED TO EVALUATE THEIR CURRENT OPERATING MODEL AND THE BROADER FIRM’S EXISTING TECHNOLOGY TO IDENTIFY COST-EFFECTIVE OPPORTUNITIES FOR ENHANCEMENT

Investment in Product functions has historically been limited but is set to change in 2022 as many managers are planning on developing a dedicated technology roadmap for Product.

They want to super-charge product strategy and development to deliver the right product, to the right place, at the right price... all at the right time. Automation and workflow are their key priorities, with benefits across strategy, development, and governance including more efficient regulatory reporting such as Assessment of Value.

Firms will increase investment in their product master data, typically as part of an enterprise project on AUM and flow analytics. Product functions will also look at bringing in external datasets to help generate more insights and surface these to Sales teams. Finally ESG fund launches will be a focus for Product 2022, with reporting, transparency and communication being a key part of the value proposition.

Top 3 Concerns for Heads of Product

1. Developing regional blockbuster products
2. Getting better and faster at understanding clients’ shifting needs
3. Meeting ESG reporting requirements and the increasing expectations of transparency

Expected Areas of Investment

Operating Model Redesign
Implementing changes to people, process, technology, and data to increase performance, efficiency and speed to market

Data-Driven Insights
Implementing a more robust product decision and bringing in new datasets to support strategy and prioritization

ESG Reporting
Running a market study on leading ESG reporting, and assessing against the firm’s reporting to private and public asset classes

2022 2021
Asset Management Asset Management Asset Management Asset Management Asset Management
In 2022, Heads of Compliance will increasingly need to demonstrate to regulators how the function is set up to succeed as expectations of Asset and Wealth Managers continue to increase.

Compliance teams will need to be equipped to deal with business growth and digital transformation across new jurisdictions and an expanding product range, including private assets, ESG and crypto.

Heads of Compliance need to look to ensure their people have the skills, processes and technology to provide quality advice to the business and deliver effective monitoring programs.

Top 3 Concerns for Heads of Compliance

1. Managing compliance risk across an expanding international footprint
2. Keeping pace with change from ‘crypto to carbon’
3. Embedding compliance culture and accountability

Expected Areas of Investment

**Technology**
Investing in integrated solutions and data analytics to identify, escalate and rectify issues quickly

**Monitoring**
Expanding monitoring and surveillance programs to detect new risks from hybrid working, new products and jurisdictions

**Talent**
Hiring and developing compliance talent with knowledge of the business, global regulations and digital transformation.
In 2022 we anticipate Heads of Risk to be focused on the implementation of the EU and UK’s new prudential rulebook, along with meeting increased expectations around Operational Resilience from regulators.

Globally, Heads of Risk will need to consider how their risk framework needs reinforcing to adequately address third party oversight, in particular for technology providers.

The increased focus globally on ESG will expand the Risk Management Framework to new asset types and sustainability risk, ensuring that commitments are implemented in the business.

2022 will present several competing priorities to Heads of Risk driven by regulatory change and shifts in front office investment focus.

**Top 3 Concerns for Heads of Risk**

1. Risk Management Framework changes needed to accommodate regulatory and business change
2. Driving business compliance with new Operational Resilience requirements
3. Ensuring adequate resources to address increased Head of Risk scope and making the associated business case

**Expected Areas of Investment**

<table>
<thead>
<tr>
<th>SME Resource</th>
<th>Board Awareness</th>
<th>Operational Resilience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ensuring their team has the right skills and capacity</td>
<td>Updilig the board to ensure they understand their new roles and changes in the Risk Management approach</td>
<td>Designing and carrying out tests on Operational Resilience adequacy as well as improvements</td>
</tr>
</tbody>
</table>

**Head of Risk**

Heads of risk need to ensure that their teams are equipped with the skill sets needed to address these challenges while maintaining second line independence.
2022 IS ALL ABOUT LEVERAGING THE DIGITAL CAPABILITIES DEVELOPED DURING THE PANDEMIC, AND THINKING MORE BROADLY ABOUT THE TRANSFORMATION THAT DIGITAL CAN DELIVER

In 2022, Heads of Digital will need to refresh their strategies for digital and address the people, technology and cultural demands this brings, as the world adapts to the long-term changes in working practices.

1. Top 3 Concerns for Heads of Digital
   - Looking at the organizational set up and culture, and rethinking these to be successful in a highly digitized world. Ensuring the organization is agile and nimble enough.
   - Demand from clients for digital self-service is only likely to increase – ensure content, data and services are ready to be digitized and exposed to clients.
   - Thinking too narrowly about digital transformation, and really only tinkering at the edges. There is a need to be bolder.

2. Expected Areas of Investment
   - Developing the Digital Client Experience and Leveraging Digital Insight: Driving more engagement and activity through digital channels and investing in analytics capability, to mine data from these channels to support a range of commercial objectives.
   - Transitioning to an Agile Organization: Changing the culture and shape of the firm to drive a greater level of agility and collaboration between business and technology teams.
   - Driving Intelligent Use of Automation: Building a clear strategy around how to automate and digitize the firm and leverage the potential of AI. Creating the right platforms and op models around this.
Alternatives
The temporary organizational and technology solutions found during Covid-19 worked reasonably well in the short term. In 2022, leaders are looking for leaner and more flexible solutions to deal with increasing diversification: new alternative asset classes, increasingly flexible deals and more diverse geographies. The increasing size of investment portfolios and the widening complexity of assets being managed are calling for a focus on core value-add skills: transaction, development, asset and portfolio management. Many other activities need to be outsourced to lower cost specialists.

ESG has shot up in the priority list. Clients are putting ever increasing pressure to distinguish true impact from greenwashing. Laggards may struggle with basic data and will soon miss out on capital raising or face issues with existing assets and disposals: obsolescence risk increases.

The increasing size of investment portfolios and the widening complexity of assets being managed are calling for a focus on core value-add skills: transaction, development, asset and portfolio management. Many other activities need to be outsourced to lower cost specialists. ESG has shot up in the priority list. Clients are putting ever increasing pressure to distinguish true impact from greenwashing. Laggards may struggle with basic data and will soon miss out on capital raising or face issues with existing assets and disposals: obsolescence risk increases.

Top 3 Concerns for Real Estate Leaders

1. Scaling up the business without adding proportionately higher operating costs
2. Focusing stretched resources on value-adding activities
3. Implementing and demonstrating real ESG impact

Data and Technology
Aggregation of data with more automated controls. Quality improvements for investment processes, client requests and ESG decisions and reporting.

Workflow and Automation
Focusing the business on value adding tasks supported by automated processes and outsourcing of purely administrative/repetitive low-value tasks.

Operating Model Design and Implementation
Streamline operating model to enable flexibility on new asset classes and geographies and to identify new opportunities.

ESG/RI Implementation
First getting the ESG data right, and upgrading ESG capabilities in all Real Estate processes, including client interactions.
As the market matures, in 2022 Private Equity firms face increased competition across both fundraising and investments. Consolidation is starting to occur as fund managers expand by acquisition of complementary strategies on a journey to become listed, multi-strategy asset managers.

Private Equity firms are turning the value-creation lens on themselves in order to facilitate scale, drive insights from their portfolio data, support the cross-selling of clients across strategies, open up wider distribution channels, and increase their operational efficiency. The intense pace of change in the industry results in an asset class that could look vastly different in the years to come.

**Private Equity**

**Top 3 Concerns for Private Equity Leaders**

1. **Building firm and fund operating models for scale**
2. **Deciding an approach towards ESG and Responsible Investment**
3. **Improving Data management and analytics**

**Technology will enable Private Equity leaders to keep up with the changing face of the industry in 2022.**

**Leadership teams need to embrace change and invest to stay relevant.**

**Expected Areas of Investment**

**Data Management**
- More sources of data for General Partners (GPs) to contend with requires a data management approach and strategy to ensure proper use and support data-driven decision-making.

**ESG / RI Implementation**
- Ensuring continued alignment and tracking of investments to meet the market’s ESG/RI expectations which continue to deepen.

**Analytics and Forecasting**
- Driving insights from portfolio data and modelling fund and firm performance.

**Operational Scale**
- Improving operating models to position for scale across AUM and investment strategies.
As client demand for Alternative Credit is expected to grow in 2022, so too will the competition for investor capital. The past year has seen multiple new firms join the race, including large traditional managers investing to enter the market. However, an increasing proportion of inflows are concentrated with a small number of very large managers who can operate at scale.

Alternative Credit managers have often in the past responded to client demands by increasing team sizes, whilst retaining the same legacy technology. This approach lacks scalability and is unlikely to meet the risk and control expectations of larger institutional investors. Technology limitations and the need to solve for them with manual processes have a knock on impact on staff retention, a key consideration as the war for talent heats up.

GPs need to adapt if they want to differentiate themselves to clients and staff members, and continue to consolidate technology and operations in the middle and back office as they move away from legacy siloed operating models. However, delivering this change alongside BAU activity remains a challenge, especially for multi-strategy managers.

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As client demand for Alternative Credit is expected to grow in 2022, so too will the competition for investor capital. The past year has seen multiple new firms join the race, including large traditional managers investing to enter the market. However, an increasing proportion of inflows are concentrated with a small number of very large managers who can operate at scale.

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2022 IS ALL ABOUT TRYING TO KEEP THE GROWTH MOMENTUM OF 2020-21 AND CONTINUING TO EVOLVE THE WEALTH MANAGER BUSINESS MODEL.

CEOs need a more systematic knowledge of their client base and sales force as to be able to make grounded strategic and tactical decisions.

They will look to enhance and differentiate their value proposition given the high level of convergence those show. In this, focus will be in areas such as investment solutions (e.g., coherent mandate offerings), investments (e.g., ESG, private markets) and channels (e.g., multichannel).

Simultaneously, CEOs will also continue to address talent management, namely by reflecting on the shifting role of the relationship manager and on the use of data and AI to increase front office effectiveness.

In 2022, we expect CEOs will be concerned with strengthening the competitive positioning of their organizations in a context of an evolving client base with changing needs (e.g., next generation) while keeping the costs in check through higher levels of operational leverage.

Top 3 Concerns for CEOs

1. Growing the existing client base (organically and inorganically), retention, and development of next-generation clients
2. Improving and extending the existing value proposition, and inverting negative margin trends
3. Increasing operational leverage, enabling profitable growth, and the resilience of the operating model to threats/failures

Expected Areas of Investment

- **Relational Model**
  - Continuing to enhance digital capabilities while arming digital channels of sales development capabilities

- **ESG and Private Markets**
  - Embedding ESG in the client offering, adopting ESG principles on operations and assuming a role in direct investments in real assets

- **Operational Leverage and Resilience**
  - Increasing automation and optimizing cost of operations to ensure long-term performance while safeguarding against cyber threats and failures
2022 will be about convergence. While Regulation and Tax differ across jurisdictions, COOs have a mission to create global platforms through unified operating models. This requires strong vision and governance to align booking centres on “how we work” with the ambition to drive synergies and reduce operational risk. This requires massive enterprise-wide initiatives covering most Middle, Back-Office and Support Functions.

To enable this, COOs will need to critically evaluate the heart of their technology to implement a consistent stack (with ‘adoption’ a key word) with a unique set of applications (e.g. single instance to serve multiple entities). As a result, IT-debt catch-up comes as a collateral benefit, and data begins to progress from theoretical to practical key business insights.

**Top 3 Concerns for COOs**

1. Creating a unique global operating model that still caters for local specificities
2. Selecting and implementing a single technology stack balancing simplicity and customization
3. Creating pragmatic data platforms to support simple business needs but also enables more sophisticated insights

**Expected Areas of Investment**

- **Global Platform Transformation**
  - Selecting and implementing unique sets of applications including CRM, PMS and Core Banking.

- **Operational Efficiency**
  - Improving efficiency and standardisation of business processes with the highest level of automation

- **Data**
  - Enabling a data driven organisation with cleaned, referenced, connected and augmented data sets
AFTER A DECADE OF INCREASING COMPLEXITY, 2022 IS ABOUT STREAMLINING CLIENT RISK FRAMEWORKS WITHOUT COMPROMISING THE LEVEL OF COMPLIANCE.

CONVERGENCE OF PROCEDURES ACROSS GROUP ENTITIES INTEND TO ACHIEVE A COMPREHENSIVE AND UNIFIED OVERVIEW ON KYC/KYT.

HEAD OF COMPLIANCE WILL NEED TO CONSOLIDATE THEIR CONTROL AND PROCESS FRAMEWORKS BY CREATING SYNERGIES BETWEEN BOOKING CENTRES AND DEPLOYING REGTECH AND AUTOMATION. THEIR OBJECTIVE SHOULD BE TO MAINTAIN A SIMILAR LEVEL OF SCRUTINY BUT REDUCE COSTS OF OPERATIONS.

The new motto is “less should still be more” as Compliance has to continue performing at the highest level of operational and risk management, yet simplify how it gets there.
The Alpha Group provides a comprehensive range of services across the asset and wealth management industry. Our team of 600+ consultants work around the globe to help our clients solve their business, operational and technology challenges. This report is based on Alpha knowledge and industry experience. We would like to thank all our colleagues for their expert contributions.

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