

5 Considerations to Build a Future-Ready Business Model

Ensure successful business growth and development



Faced with increasing customer expectations, regulatory and legal complexity, and expansion into new strategies and new markets, asset management firm operations executives need a razor-sharp focus on the strategic business-building priorities that will lead their firm to a true business transformation. Non-differentiating activities can't bog them down.

Such a change isn't easy under today's operating models, in which an estimated 60% to 70% of a firm's people are engaged in non-alpha- and non-capital-generating activities. So, today's successful asset managers are increasingly considering outsourcing or hosting parts of their operations and technology to achieve their strategic goals. To help ensure success, operations executives should examine these five considerations.

EXECUTIVE BRIEF

1. Identify priorities and desired outcomes.

Significantly revising business processes requires deep change for asset management firms. That's why some firms combine it with a focus on forward-looking plans, such as a move toward blockchain technology or other potentially game-changing innovations. Other firms might focus on significantly improving internal operations that can speed up order management, offering a faster and more agile trading environment, or providing real-time risk calculations on portfolio positions, better pricing support and stronger cybersecurity.

No matter their specific goals, all firms must ensure the new priorities meet both current and future needs, especially if your firm expects to grow significantly through domestic or global expansion and strategic M&A activity. The desired future state should be the driver of the firm's priorities, not a consequence of short-term planning.


2. Future-Proof Your Front and Back Office

The right outsourced or hosted solutions fully support a firm's business growth strategy. To transform your business, you must not only become better or more efficient, you must also focus on your firm's marketplace differentiators and raise them to the next level—creating a new competitive advantage.

Before considering technology options to support your firm's strategy and business growth, first think about how current business operations and processes need to change to support your goals and strategy. Some questions to consider:

- How will the chosen technology impact your firm's upstream and downstream processes?
- What will need to change to revamp business processes effectively?

Your firm can begin to answer these types of questions by identifying areas where technology will allow you to stay on top of—or ahead of—changes in areas such as cybersecurity, continuity planning/disaster recovery, risk management and compliance.



Discuss the potential game-changing innovations your firm desires.

3. Leverage outsourced or hosted technology to help your firm's operations resources focus on more business-critical functions.

Implementing a hosted or outsourced technology solution alone is not enough to update business processes. Firms must be prepared to make internal changes as they move forward.

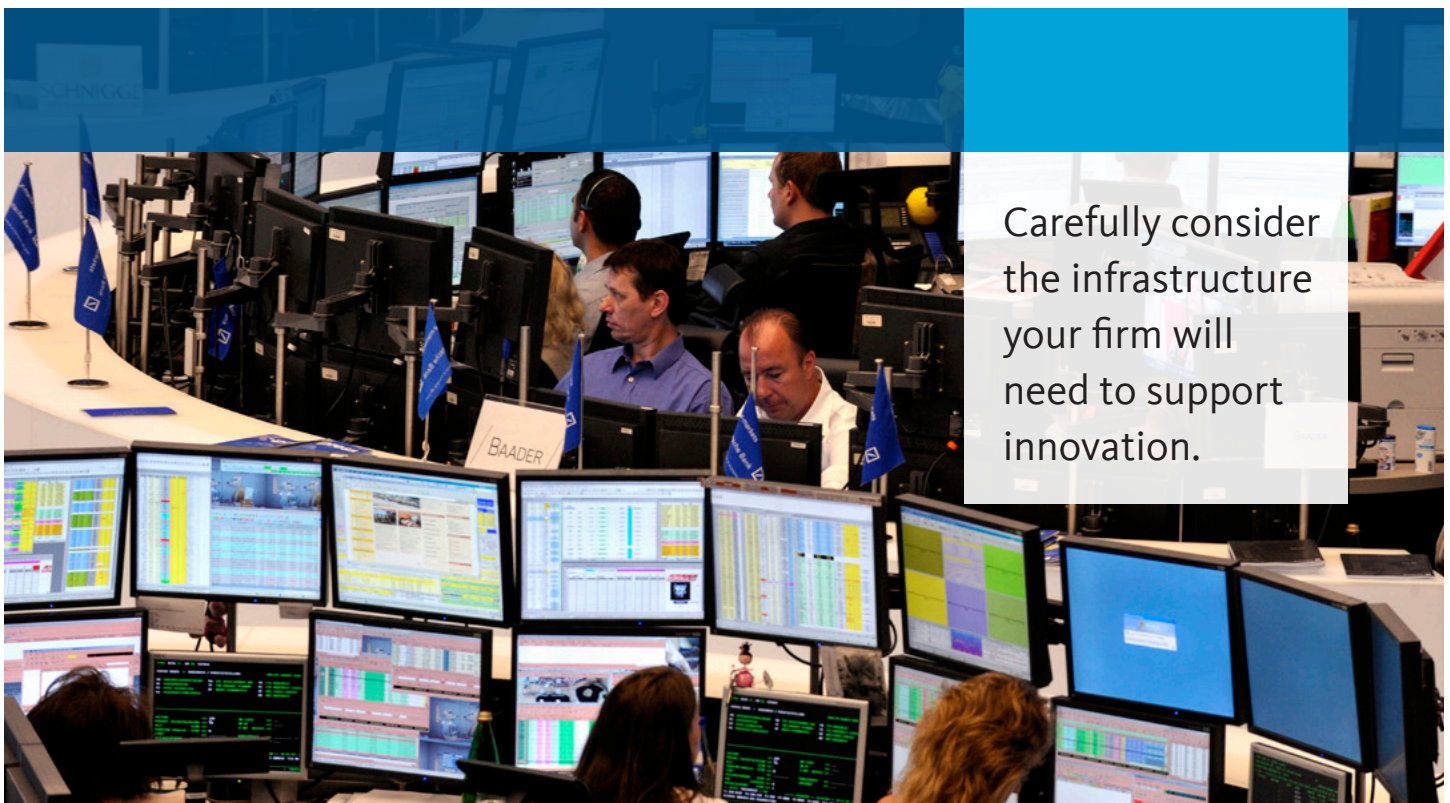
Start by identifying ways to maximize your firm's investment capabilities and meet customer needs and expectations. This may include introducing products in new asset classes, entering new markets, or expanding investment product offerings in general. Only after these goals are set should you focus on developing the infrastructure necessary to support these innovations.

For example, if the business will be able to add more investment strategies, operations needs to leverage new technology to identify, deliver and maximize the information

necessary for decision support. This may sound daunting, but with a single trusted partner handling more of your firm's back-office processes and other areas of operations, internal staff can spend more time developing these types of initiatives.

A natural next step is to assess your firm's current talent and capabilities. You should take into consideration the following:

- Whether your firm has the personnel and talent necessary to affect transformational, not just incremental, change.
- Whether your firm's employees have the skills necessary to thrive in a transformed environment.
- How current staff can be redeployed more effectively following the move to new technology.
- Whether your firm will need to recruit new talent to address any weak areas.



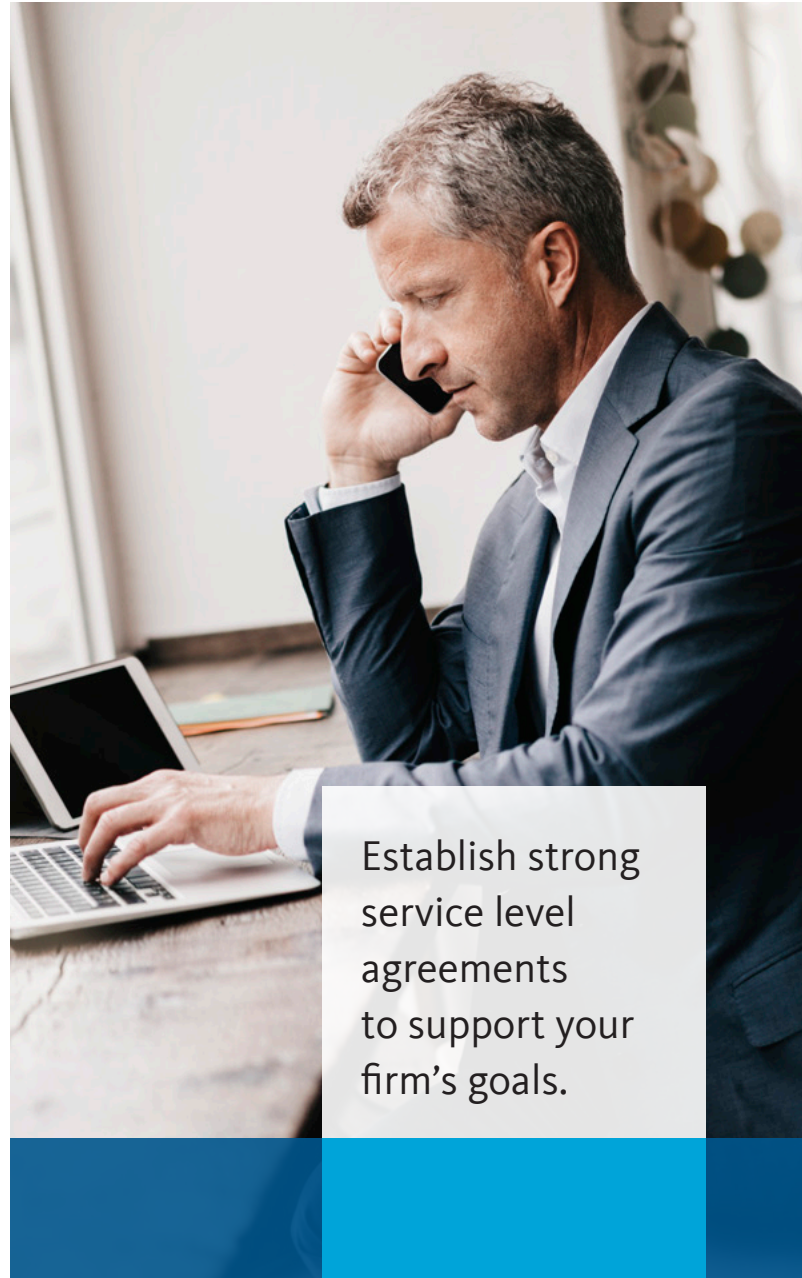
4. Consider foundational improvements to operations.

Business change most often succeeds when built on a strong foundation. Operations executives must strengthen that foundation. For example, because information drives so many aspects of operations, a firm must prioritize centralized data storage that offers access to cleaner and more accurate data. By eliminating manual processes (and the seemingly inevitable resulting errors), firms can create a virtuous cycle of less labor-intensive auditing and gain greater trust in data and processes.

The hosted or outsourced solution itself is part of this foundation and requires careful management. This is especially true when firms also choose to move non-strategic back-office processes to a managed services environment to help them achieve their goals and support the desired business results. No matter what combination of services and technology your firm chooses, these relationships will require strong service level agreements that support your firm's goals and emphasize its priorities.

5. Stay involved from beginning to end.

To fulfill their role in revamping business processes, operations executives must have a seat at the table during planning and execution. This is the best way to ensure operations can maximize its contributions. By outsourcing non-differentiating activities, operations executives can devote time and resources to leading innovative, transformational change—not just reacting to the latest technology, risk or regulatory challenge. At every step, operations executives must be prepared to identify potential solutions, manage business process changes, and stay current on competitive and industry innovations. Above all, operations executives must find a way to tie the entire business effort to their firm's future direction and success.



Establish strong service level agreements to support your firm's goals.



Conclusion

Operations executives have a clear and crucial role to play in transforming business processes. By choosing a hosted or outsourced technology solution and leveraging managed services intelligently, operations executives can help their firms chart a clear course to the future.

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