



**Alignment in the Asset Management Industry**  
In Partnership with BackBay Communications

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# FORWARD

## TSAM SERIES

Alignment in the Asset Management Industry

In Partnership with BackBay Communications

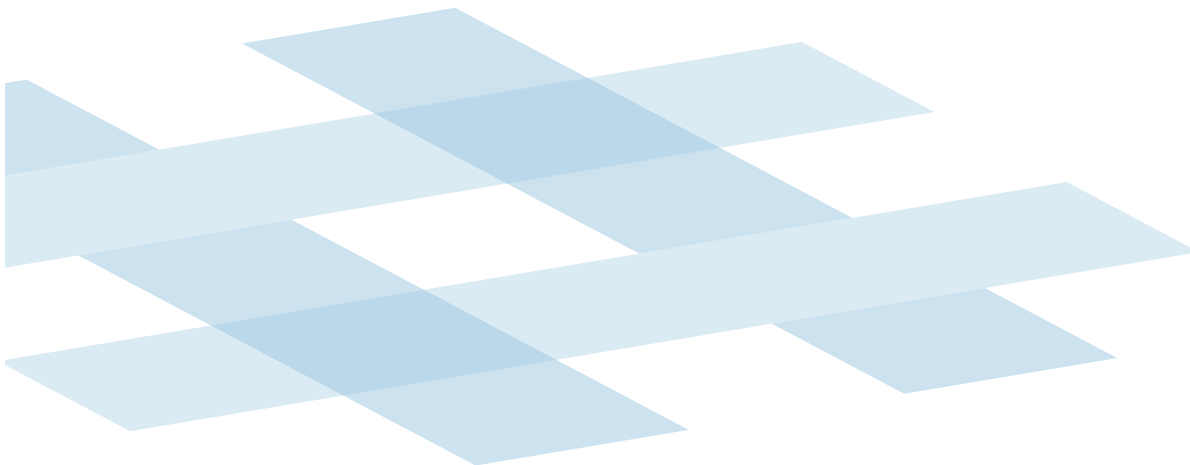
As asset managers look for ways to reduce costs, gain market share and differentiate themselves in an increasingly competitive marketplace, operational alignment is something that comes up time and again. It is one of the dominating themes at the TSAM Europe 2016 Congress and Expo as firms look to achieve greater efficiencies, leverage their resources more effectively and do more with less.

Ahead of TSAM Europe, we surveyed more than 100 senior decision-makers from our network across all areas of operations at some of the world's leading asset management companies to establish some of the key issues they're wrestling with as well as to see how connected they are with the rest of their business, where the roadblocks are and to identify areas of improvement. The responses offer a unique insight into the interplay between the various components at asset management firms.

We hope you find the results of interest and would welcome any questions or observations you have.

**Jonathan Wiser**

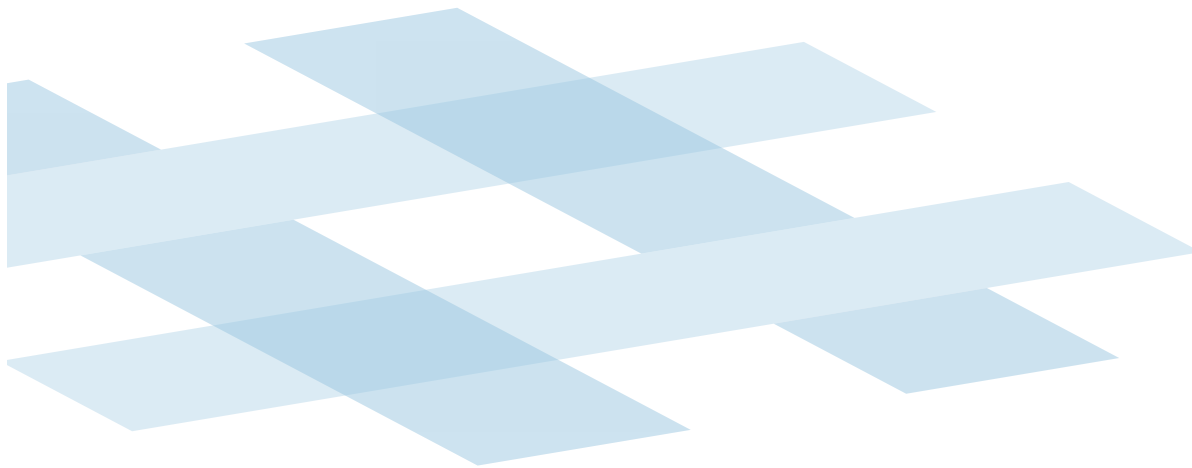
Head of Content, Osney Media





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# METHODOLOGY

113 senior decision-makers at asset management companies from Osney Media's contact database were polled between 16th February and 2nd March 2016 using an online survey. Respondents came from across all areas of operations, including client reporting, technology, marketing, investment, accounting and finance, performance measurement, risk management, senior management and product development (see Fig 1).

Which of the following areas within your organisation are you responsible for? (select all that apply)

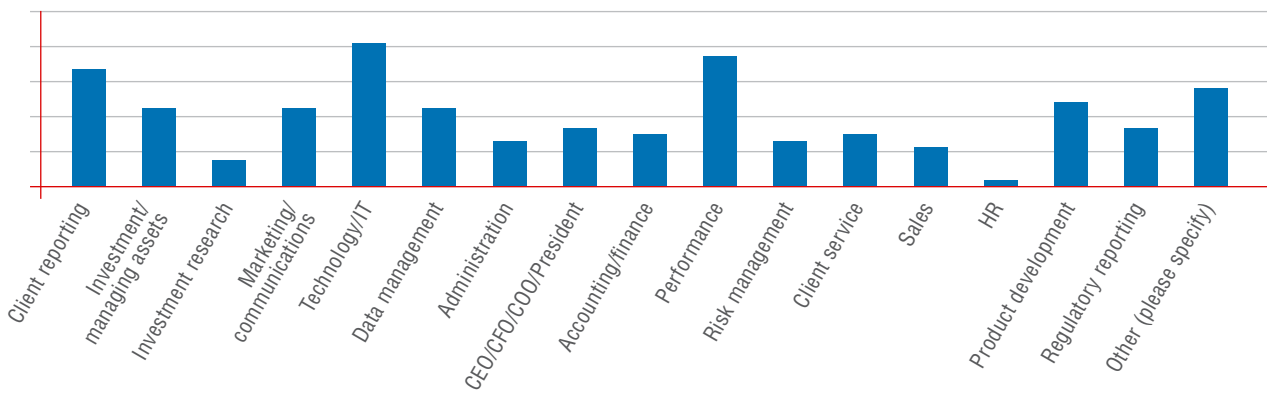
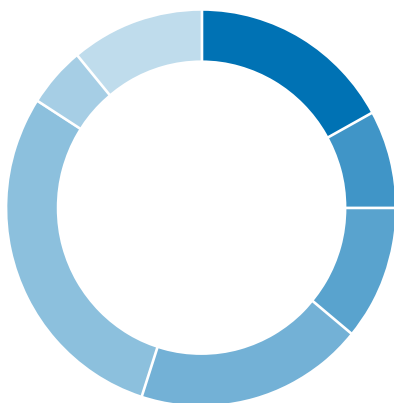


Fig 1

Company size ranges from boutique firms with less than \$1 billion assets under management up to global investment managers with over \$1 trillion of assets under management (see Fig 2).



## What is your company's AuM?

- Under \$1 Billion
- \$1 Billion-\$10 Billion
- \$11 Billion-\$50 Billion
- \$51 Billion-\$100 Billion
- \$101 Billion-\$500 Billion
- \$501 Billion-\$1 Trillion
- More than \$1 Trillion

Fig 2



# EXECUTIVE SUMMARY

The majority of firms believe the different areas of their business are fairly well aligned although the research reveals there is room for improvement with some opportunities being missed that result in lost business.

Much of this stems from the level of communication between different functions. Respondents with a responsibility for marketing, for example, could work more closely with client facing teams when developing their strategy and materials to improve their relevance for the end audience. Across the functions explored in this survey, there is a perception among a significant number of respondents that their colleagues' understanding of their role could be improved.

Some respondents go one further and advocate greater fluidity between functions across their organisation, through shadowing or interdepartmental relocations. Some suggest that even more radical organisational change is needed with one respondent pointing to the Spotify matrix model.

**Below are some of the key areas that companies could address to improve their alignment and integration:**

## IMPROVE CLIENT FOCUS

In a rapidly changing industry, the client often identifies the horizon on which to focus. There is a clear opportunity for some firms to respond to, and more adequately meet, their needs. For example, only 22% of respondents with a responsibility for client reporting say their clients' needs are met very well by the reports they deliver. A number of respondents highlight that all areas of their business - including non-client facing roles - would benefit from a greater focus on their clients' needs, and believe a more client-centric approach is something they should consolidate around: "client service is at the heart of everything".



## DATA

Greater alignment is on its way when it comes to data, with data governance programmes at least on the radar for the majority of firms. Firms are at different stages of their data governance framework but are largely united behind the need to exploit the potential of data. There is a question mark over whether these programmes are being undertaken to deliver new insights or simply for governance's sake. Indeed, only one in 10 respondents feel data is currently being used to its full potential when it comes to strategic decision making. The perceived rewards for those able to take full advantage of the potential of data across the entire organisation are great and seen by some as a competitive differentiator.

## GET SENIOR MANAGEMENT IN LINE

Senior management is identified as gatekeeper - and in some cases bottleneck - to greater alignment by a number of respondents; they need to set the example and put processes in place. For example, 1 in 4 senior managers don't realise the value of data as an asset and are missing a trick when it comes to its role in strategic decision-making. As one respondent rather bluntly puts it: "They are currently too old and do not understand IT [well] enough." It could be seen that there's a glass ceiling when it comes to data usage in some financial services firms; that it is widely used to a point but struggles to make its way to the senior management roles.

There's a growing feeling that this can't continue, with technology seen as a disruptive force. Most see industry disruption as an opportunity, although there's a feeling among some respondents that they're not yet ready to capitalize on that: "It's definitely a strategic opportunity for the visionaries. Are we ready? Absolutely not." Another respondent says: "The new digital era is a fact, and allows us now to raise budget for disruptive improvements. We HAVE TO follow, or we will lose market share."

The message is clear: embrace technology and promote greater alignment or risk becoming consigned to a footnote in financial services history.



# OVERALL FINDINGS

The majority of business functions within investment companies are split along either product or geographic lines. Functions where there is a high level of stakeholder engagement, such as sales, customer services and marketing are more often split along geographic lines, while the more product and investment focused functions are split along product lines. Even a high number of back office functions are split along either product or geographic lines. (Fig 3)

For each of the following, please indicate where functions are split along geographic or product lines (Check all that apply):

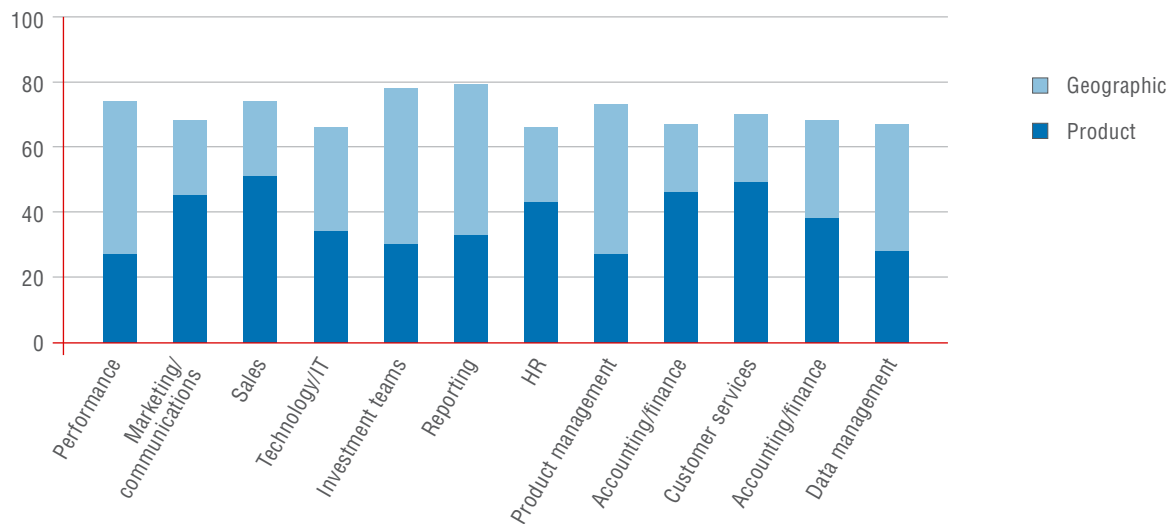


Fig 3

Broadly speaking, respondents feel the different components of their business are fairly well aligned with the overall strategy for the business. Unsurprisingly, the investment team is widely seen as the area of the business most attuned to the company strategy with 55% describing it as 'very well' aligned. Client facing parts of the business are also seen as particularly well aligned with the business strategy.



How well do you believe each of the following areas are aligned with your firm's business strategy?

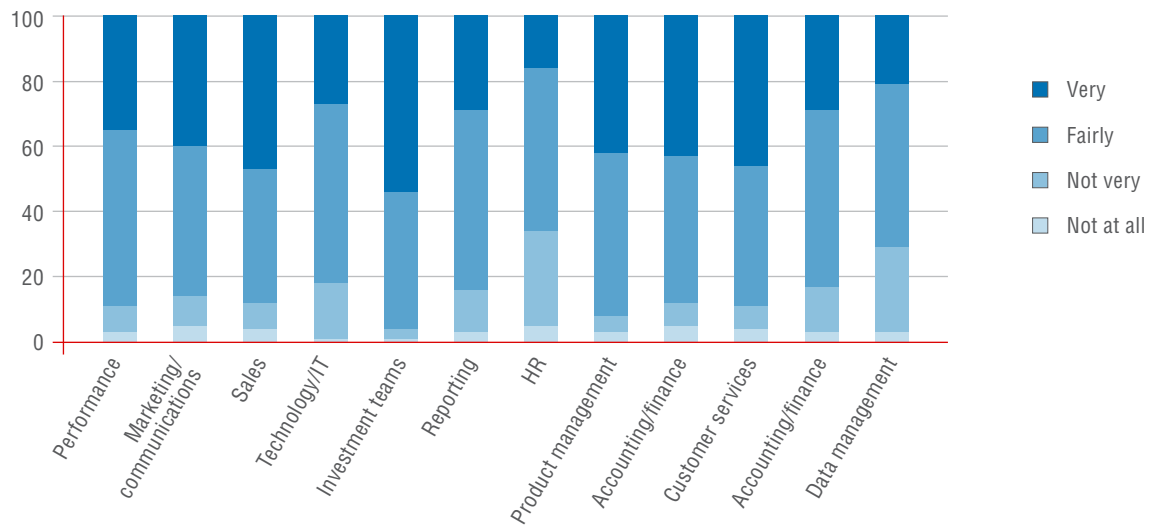


Fig 4

The HR team was identified as the part of the business least well aligned with the company strategy with one in three (34%) describing it as not very or not at all aligned with it. More surprisingly, 29% of respondents feel that their data management teams are not well aligned with the business strategy. (Fig. 4)

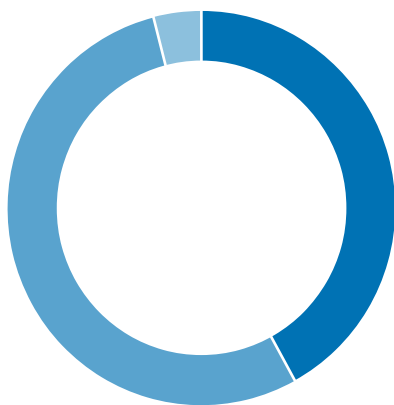


Fig 5

How well do you believe your department interacts/is integrated with your organisation as a whole?

- Very
- Fairly
- Not very
- Not at all

When it comes to their own department, respondents are overwhelmingly positive about their level of integration with rest of their organisation with 96% of respondents saying their own team is fairly or very well integrated. (Fig 5)



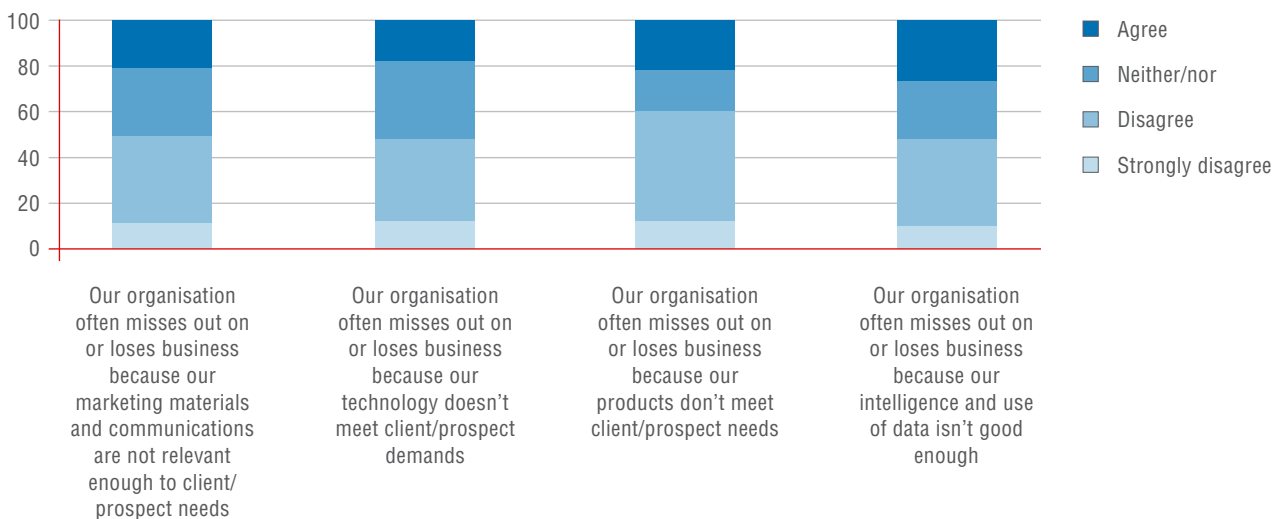


Despite this, respondents provided a wide-range of suggestions and areas in which alignment could be improved. Some of the more frequently mentioned comments talk about the cohesive role client service could have. As one respondent said: “client service is at the heart of everything,” as well as a more general focus on improving internal communications and collaboration. Senior management was also identified as having a role to play, having to “walk the talk” as one respondent put it.

There were also a number of calls for the business to adopt a more ‘fluid’ organizational structure, adopting practices from other industries and Silicon Valley in particular. One respondent cited the Spotify model as something to aspire to, saying that: “the department structure approach kills the ambitions” of new enthusiastic employees.

To what extent do you agree or disagree with the following statements?

Fig 6



There is clearly room for improvement in some areas when it comes to co-ordinating efforts across the business. For example, over a quarter (27%) of companies say they have lost or missed out on business because their intelligence and data isn't good enough, suggesting there is room to improve the use of data across the organisation. One in five respondents also identified issues with the appropriateness of their products in meeting their clients' needs. A similar number believe their marketing and communications are not sufficiently relevant for their clients. (Fig 6)

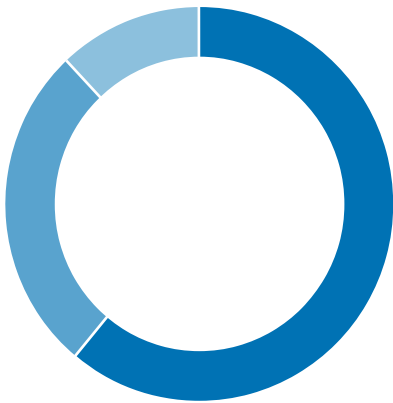
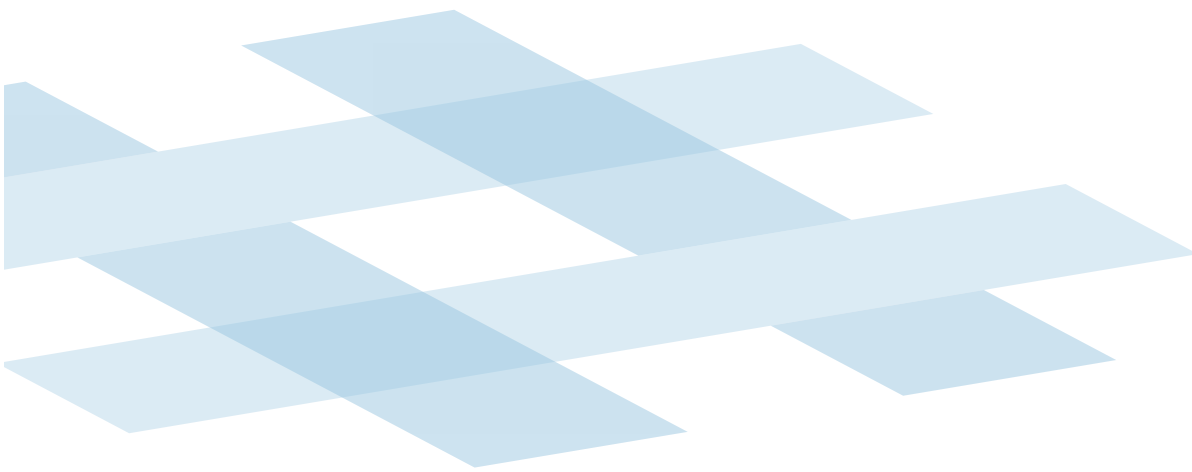


Fig 7

### Do you believe technological disruption represents an opportunity or threat to your business?

- Opportunity
- Threat
- Don't know

While over a quarter (27%) of respondents see technological disruption as a threat, 60% identify it as an opportunity. However, there is a feeling among some of those respondents that they have yet to work out how to best take advantage of that opportunity. As one respondent said: "It's definitely a strategic opportunity for the visionaries. Are we ready? Absolutely not." (Fig 7)





# MARKETING

How closely do you work with product management teams when it comes to developing new marketing materials?

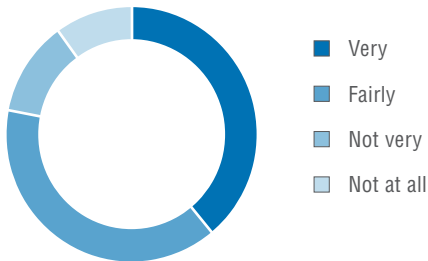


Fig 8

(Fig 8) Respondents with a marketing role generally believe they work well with product management teams in the development of new marketing materials, although one in 10 said they did not work with product teams at all. Despite this, one in five respondents would like greater access to product or subject matter experts (Fig 9).

Do you believe that product/subject matter experts are involved in the marketing content creation process...?

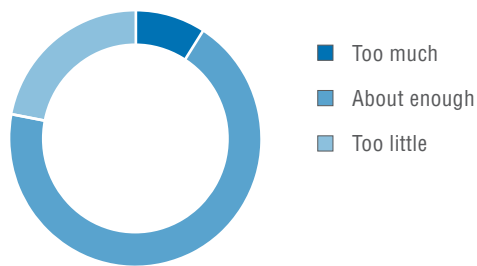


Fig 9

How closely do you work with client/prospect facing teams (e.g. sales, client services) when it comes to developing new marketing materials?

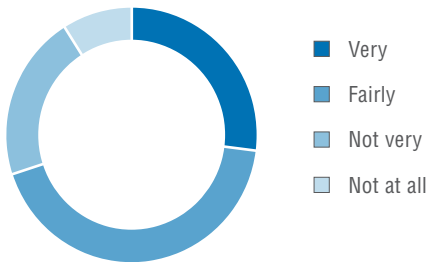


Fig 10

There is less interaction with client facing teams such as sales and client services, with 30% saying that they do not work very closely with them, if at all. With the earlier finding that around one in five respondents did not feel their marketing materials were sufficiently relevant their clients, closer collaboration between marketing and client facing teams could be one area of focus. (Fig 10)

Over one-third of marketers said that they don't feel their non-marketing colleagues understand their role very well. (Fig 11)

How well do you believe your non-marketing colleagues understand your role?

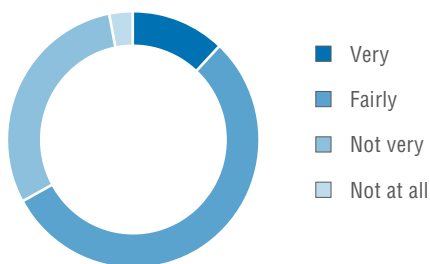


Fig 11



### Who is responsible for the creation of content within your organisation?

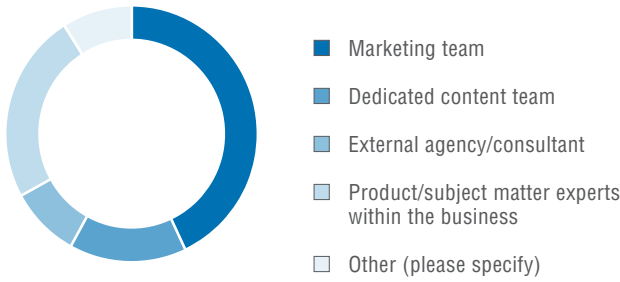


Fig 12

Content creation is typically an in-house activity, with only 9% engaging an external agency. Marketing teams are responsible for developing content at 42% of firms, while a quarter of firms rely on subject matter or product experts. 15% of firms have a dedicated content team. (Fig 12)

### Which social media outlets does your company currently use? Are there any you plan to start using in the next 12 months?

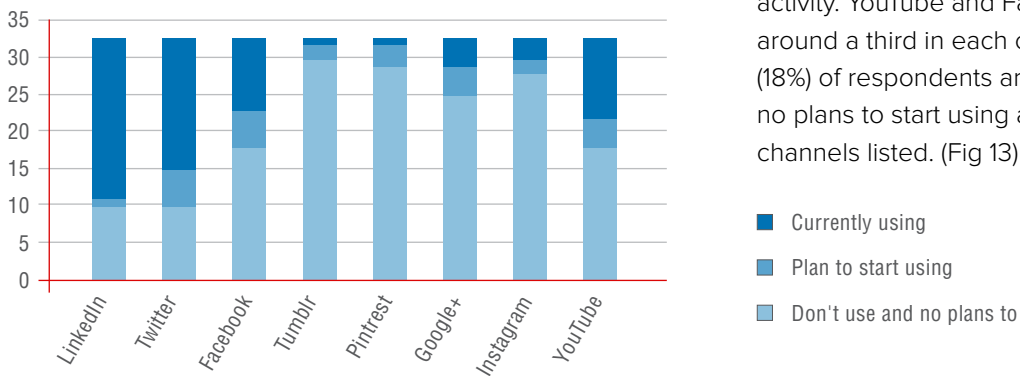


Fig 13

Social media activity is fairly widespread, with over half of companies currently using Twitter and/or LinkedIn as part of their marketing activity. YouTube and Facebook are used by around a third in each case. Nearly one in five (18%) of respondents are not using and have no plans to start using any of the social media channels listed. (Fig 13)

### Do you have a formal social media policy in place?

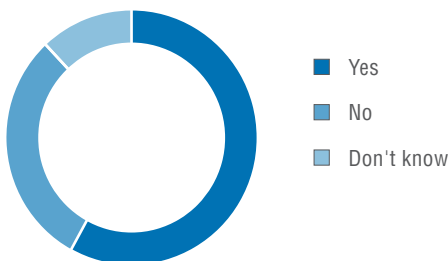


Fig 14

Despite a high level of engagement with social media, 30% of respondents said their company does not have a social media policy in place. (Fig 14)



# DATA MANAGEMENT

## Does your firm have a data governance framework in place across the organisation?

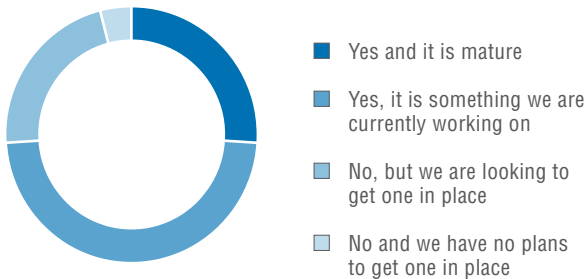


Fig 15

Respondents with a responsibility for data management reveal that data governance is a key area of focus for asset managers, and only 4% say there are currently no plans in motion to develop a framework at their firm. Among the remainder, progress is at different stages. A quarter of respondents claim to have a mature data governance policy in place while 22% are about to embark on developing a framework. (Fig 15)

## Do you believe that your senior management team sufficiently recognises the importance of data as an asset?

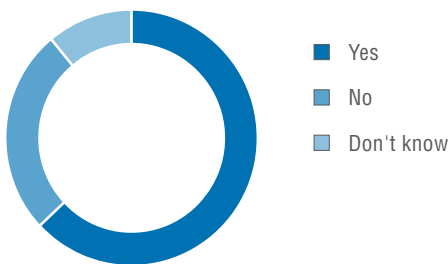


Fig 16

While there is strong interest in data governance, a quarter of respondents (26%) feel that senior management have yet to fully recognise the importance of data as an asset, indicating that perhaps some data governance projects are being undertaken for data governance's sake. As one respondent put it: "[senior management shows] more interest for data governance than for the data itself." (Fig 16)

## How would you best describe the accessibility and availability of data around your organisation in general?

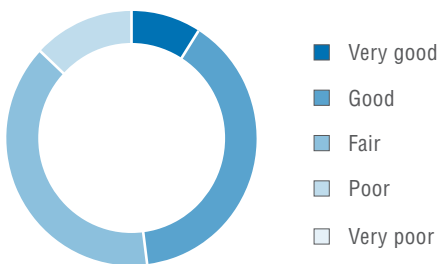


Fig 17

The accessibility and availability of data across organisations is generally of a high standard, although only around one in 10 (9%) respondents describe it as 'very good'. There is room for improvement and one respondent notes the potential competitive advantage it can provide: "We need to be GREAT to beat all competitors. Good is not good enough." (Fig 17)



### How well do you believe your non-data management colleagues understand your role?

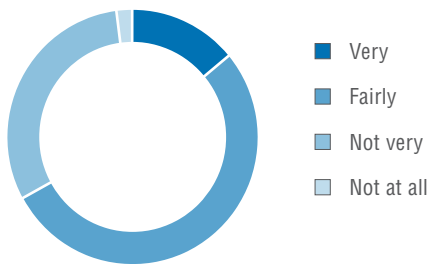


Fig 18

Respondents also identify room for improvement when it comes to the understanding of their role, with one third saying their role is not very well understood among their non-data management focused colleagues. One respondent suggests it's an issue that specifically resides with senior management: "[My colleagues] get it, senior management should get it." (Fig 18)

This perception may help to explain why only 11% of respondents believe data is being used 'very well' when it comes to strategic decision-making. Satisfaction with the use of data for performance, investment decision-making and regulatory reporting is particularly high across the respondent sample. (Fig 19)

### How well do you believe data is currently being utilised within your organisation for each of the following:

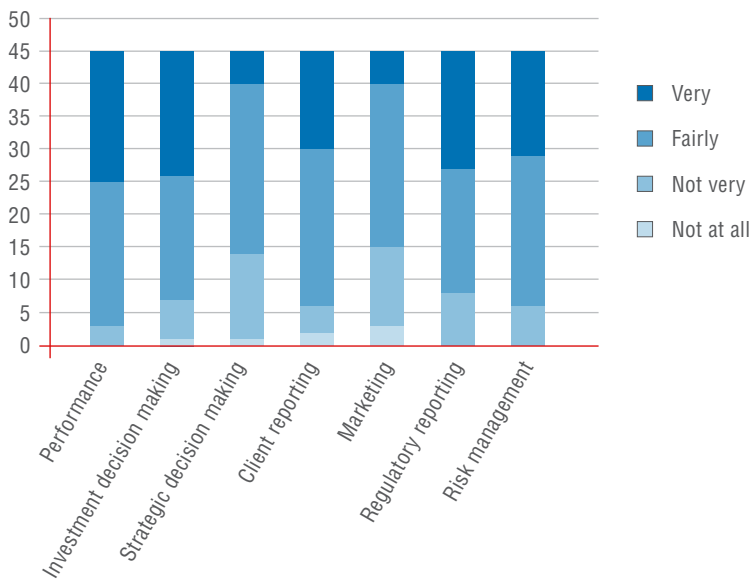


Fig 19



# REGULATORY REPORTING

Which of the following best describes how your company approaches regulatory compliance and reporting?

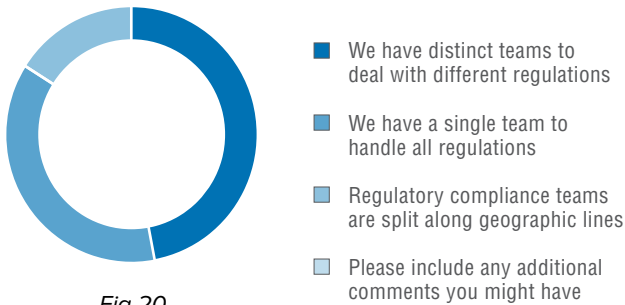


Fig 20

How would you rate the quality and timeliness of data you receive for regulatory reporting purposes?

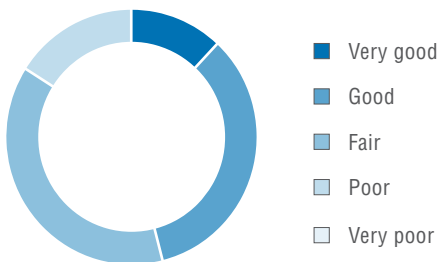


Fig 21

Firms approach regulatory reporting in a number of different ways with nearly half of all respondents (47%) saying that they have distinct teams to deal with different regulatory requirements. This compares to 38% that have a single team to handle all regulations. (Fig 20)

Respondents responsible for regulatory reporting are largely satisfied when it comes to the quality and timeliness of data they receive with only 16% describing it as poor. Only 13% identify it as 'very good' however, indicating improvements are possible when it comes to data availability at many firms. (Fig 21)



**What are the biggest challenges you have faced in the last 12 months when it comes to regulatory reporting? (Please select up to five choices)**

Indeed, access to data is identified as one of the biggest challenges when it comes to regulatory reporting, along with understanding new regulations. (Fig 22)

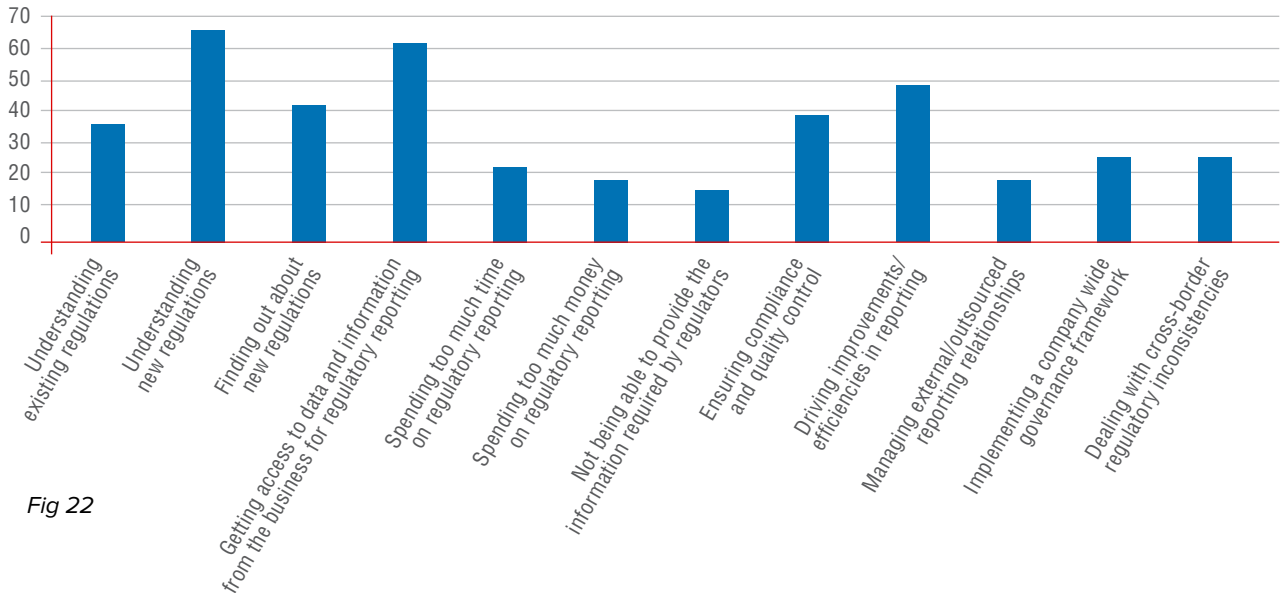


Fig 22

**How well do you believe your non-compliance colleagues understand your role?**

The majority also believe their role is generally well understood among their non-compliance colleagues with 66% saying it's at least 'fairly well' understood. There is clearly room for improvement, particularly among the third of companies where respondents identified that their role is 'not very well' understood. (Fig 23)

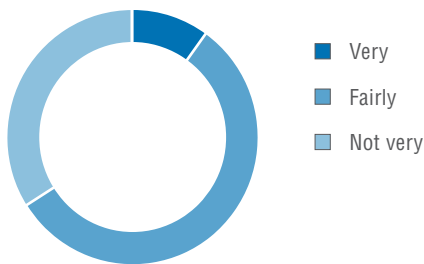


Fig 23





# CLIENT REPORTING

How would you rate the quality and timeliness of data you receive for client reporting purposes?

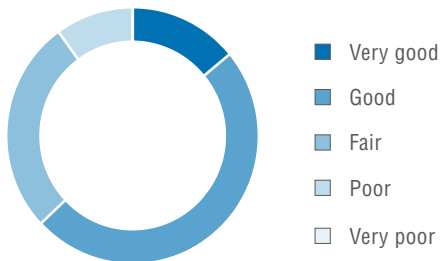


Fig 24

When it comes to performance measurement and client reporting, respondents are generally content with the quality and timeliness of the data they receive, with only 10% describing it as poor. (Fig 24)

Despite this, only one in five (22%) say that they believe their client reports meet the needs of their clients very well. 15% of respondents responsible for client reporting said that their client reports were not very well tailored to their client needs. (Fig 25)

How well do you believe your client reports meet the needs of your clients?

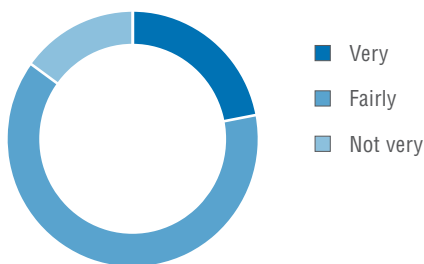


Fig 25



# PERFORMANCE

How well do you believe your colleagues in the investment team understand your role?

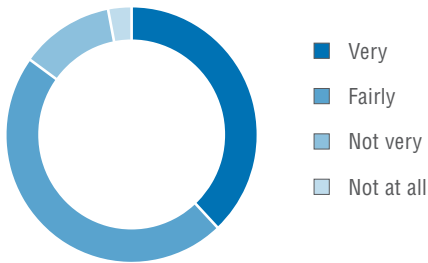


Fig 26

While respondents with a responsibility for performance measurement generally believe their colleagues in the investment team have a good understanding of their role, some 15% say they don't understand their role very well, if at all. (Fig 26)

How closely do you work with your investment team?

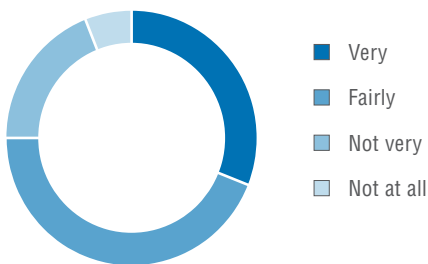


Fig 27

When it comes to working with their investment colleagues, respondents are split. 31% say they work 'very closely' with their investment colleagues while one in four (25%) do not. (Fig 27)

How well do you believe performance and risk analysis is integrated into the investment process?

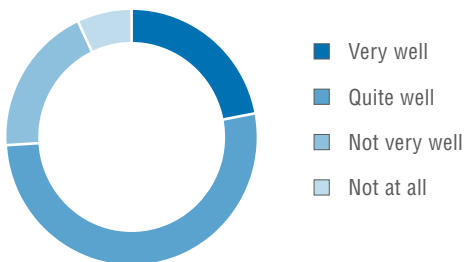


Fig 28

A similar proportion (26%) say performance and risk analysis is not well integrated into the investment process. One respondent acknowledged that this 'deliberately so', highlighting the different strategies and approaches to the incorporation of performance and risk analysis into the investment process. (Fig 28)



# ABOUT

## BACKBAY COMMUNICATIONS

BackBay Communications is a strategic branding, marketing and public relations firm focused on the financial services sector including financial technology companies, banks, hedge funds, investment advisors, mutual funds and private equity firms. BackBay takes a brand-centric approach to developing messaging and building integrated communications programs.

BackBay offers a unique combination of content and creativity. BackBay's services include public relations, branding, website development, marketing materials, videos, advertising and social media. BackBay is highly regarded for its thought leadership initiatives and relationships with the major business media. With offices in Boston, London and New York, and international agency partnerships, BackBay serves financial and professional services companies around the world.

For more information, please visit  
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