

WEBINAR AND Q&A

TECH TRENDS IN PORTFOLIO & RISK MANAGEMENT: SEPARATING HYPE FROM REALITY



THE TECHNOLOGY LANDSCAPE IS CHANGING.

THE ANALYTICS ARMS RACE IS HEATING UP.

BUT WHICH TRENDS ARE WORTH PAYING ATTENTION TO AND WHAT'S NOISE?

SPEAKERS



Fabien Couderc

Chief Technology Officer
Axioma



Paul Sinthunont

Analyst
Aite Group



Gabriel Wang

Analyst
Aite Group

WHAT'S THE CURRENT LANDSCAPE?

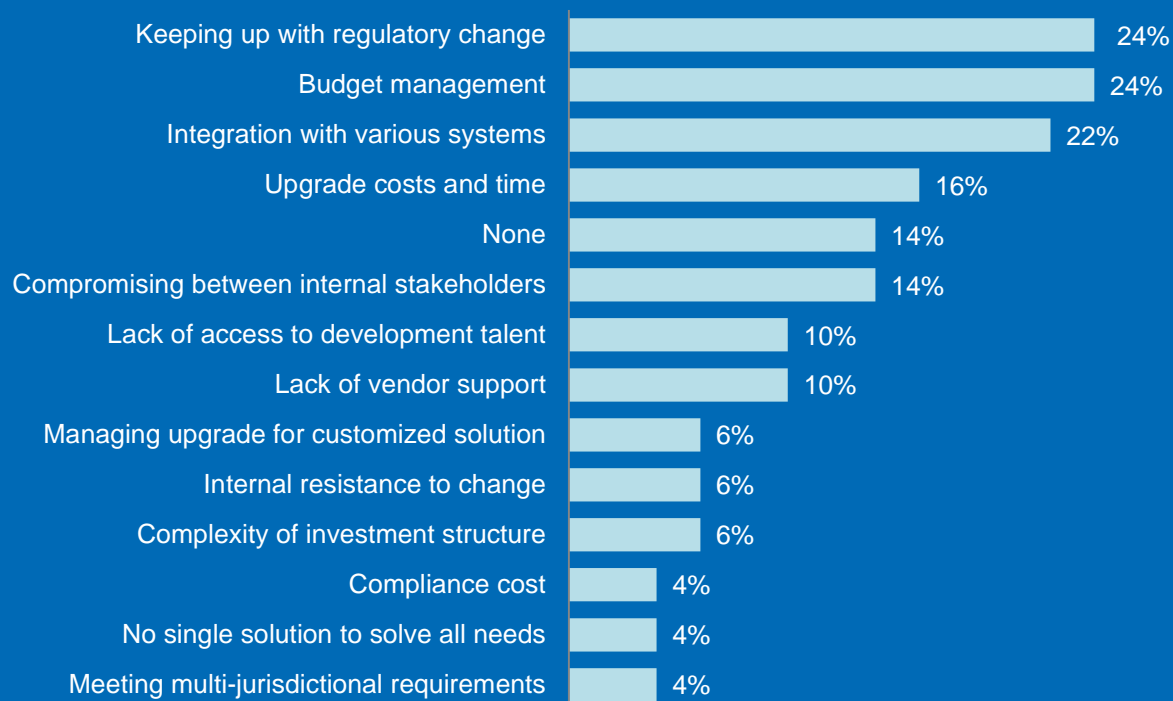
Technology shouldn't overshadow business or end-user objectives – it's important to link any system improvement or technology adoption with internal goals



- Ability to meet demand of end users and their clients
- Accuracy of insights – need for accurate data inputs as well as support for calculation methodologies to help deliver alpha
- Enterprise-wide needs – benefits of new technology should be shared across an enterprise
- Reduce inefficiency in businesses (TCO, reduce need for FTE)

Evaluating the needs of the business will set realistic expectations for IT projects and look past the hype shrouding new technology

Challenges With Portfolio Management Systems (n=51)



Source: Aite Group

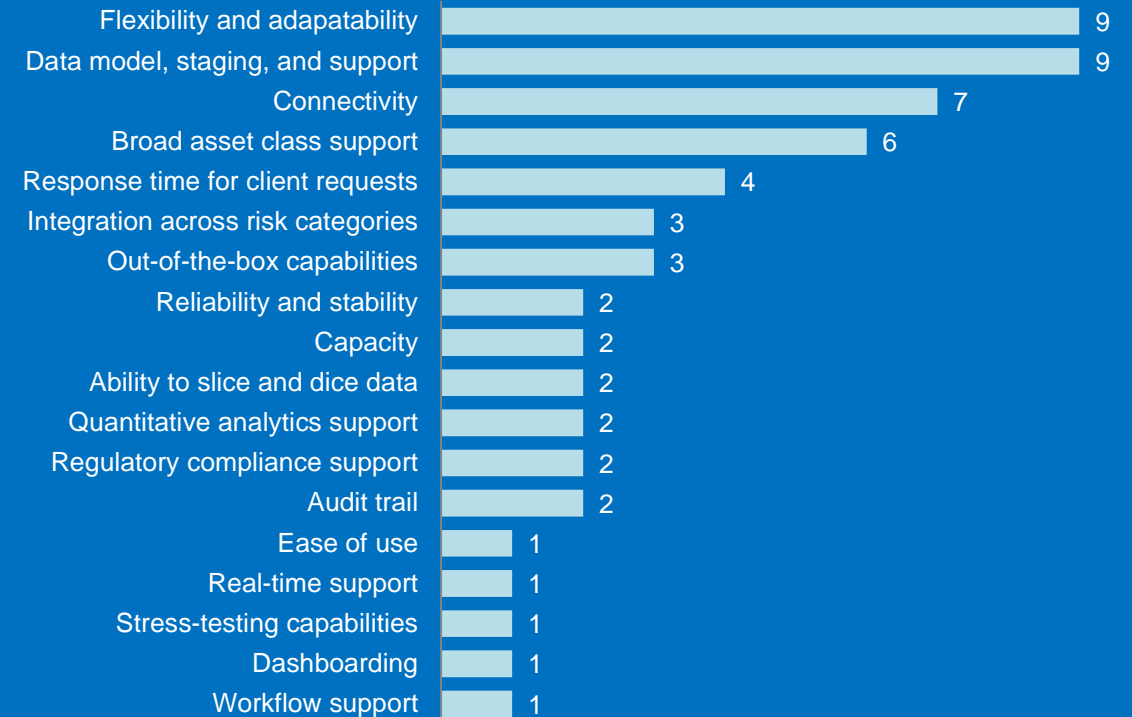
COMMON CHALLENGES THE BUY-SIDE FACES

- Lack of straight through processing (STP) in front-, middle- and back-office systems
- Data coming from disparate systems
- Key-man risk from in-house builds
- Balancing regulatory compliance and the long-term strategy
- Paying for functionality that's not used
- Lack of computing power to support computationally heavy or on-demand calculations
- Reliance on consultants

THE MARKET VIEW: WHAT'S IMPORTANT?

- Most important aspect of risk management technology is the flexibility and adaptability
- For risk professionals, the underlying data model is critical to ensure consistent results
- Connectivity is extremely important - especially for best-of-breed system architecture with data flowing through multiple systems
- Growth of multi-asset class investing for broad and enterprise level support

Most Important Aspects of Risk Management Technology (N=17)



Source: Aite Group

TECHNOLOGY TRENDS IN 2018

FOCUS ON FLEXIBILITY



- Platform rebuilds into modular solutions to ensure a pay-for-play model
- A necessity for approaching modernization step-by-step
- Microservices for true flexibility
- Benefit of enterprise-wide systems
- Democratization of data and capabilities – self-service model

OPEN SYSTEMS: THE DRIVER IS BACK IN THE DRIVER'S SEAT



- Death of the black box – closed systems are slowly dying off in favor of openness
- Avoid the costs of managed services thanks to transparency and interoperability
- APIs and integration with third parties (STP)
- Excel integration
- Customizability (e.g. Python created tools) for quants

IMPORTANCE OF DATA MANAGEMENT

- Adoption of EDM tools
- Data as a service
- Data lakes
- Data governance tools

Data Warehouse

- Single source of truth
- Powerful visualization
- Scalable storage



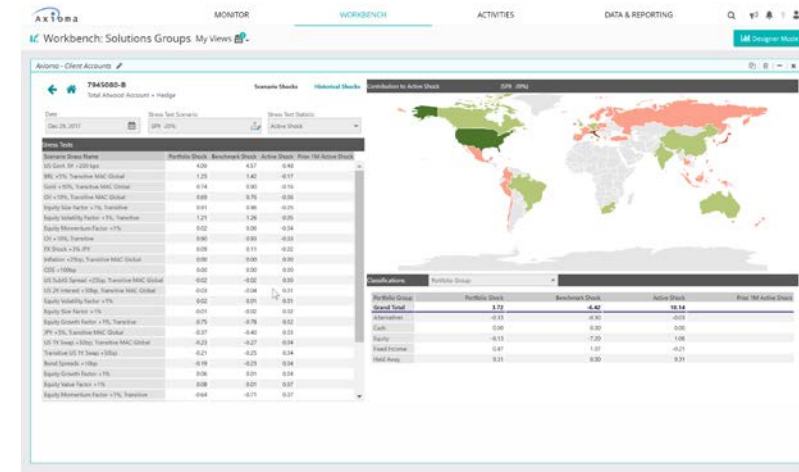
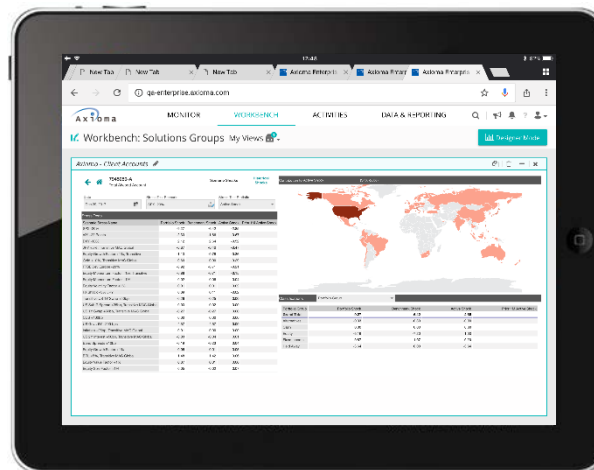
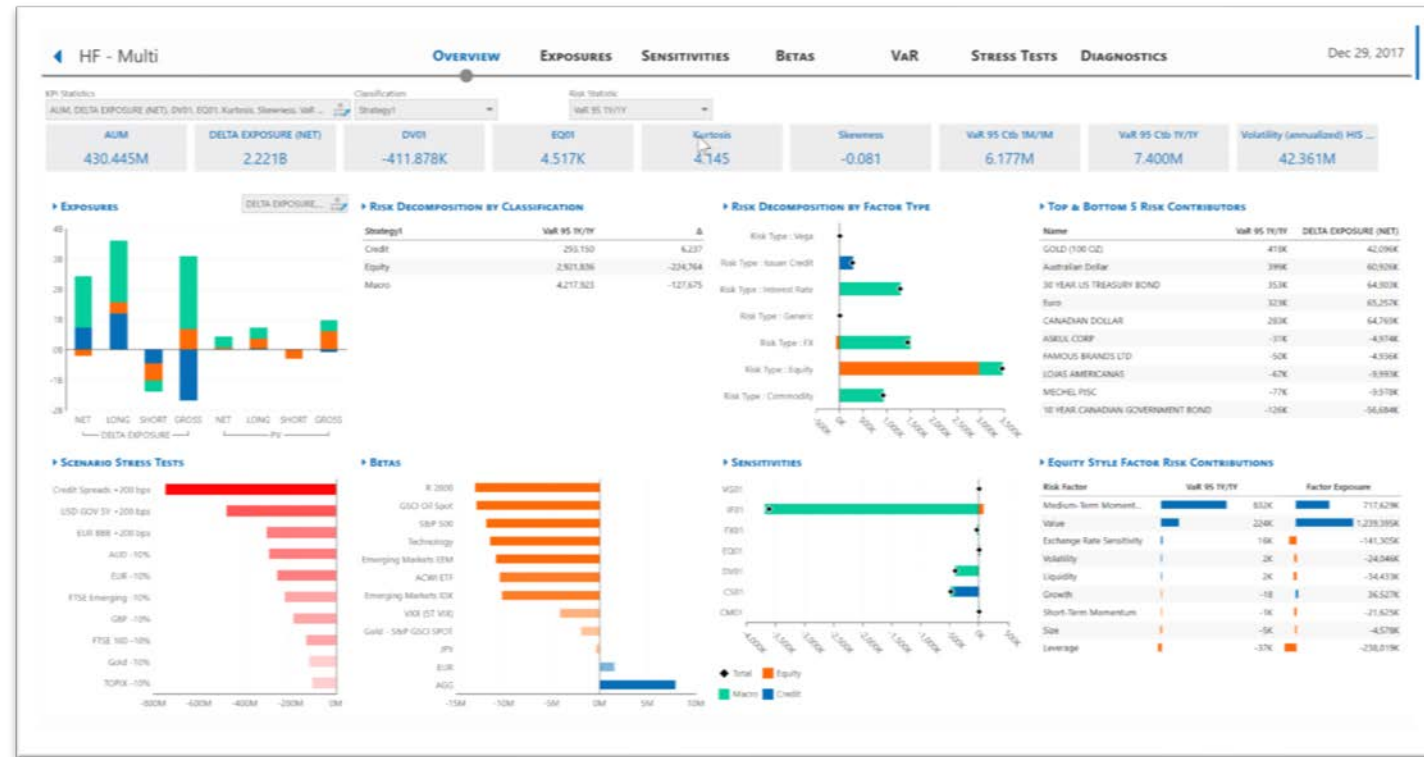
Functions That Place Importance on Data Management (N=24)



Source: Aite Group

DEMAND FOR A BETTER USER EXPERIENCE

- Data visualization (heat map)
- Customizable dashboards
- Web portals

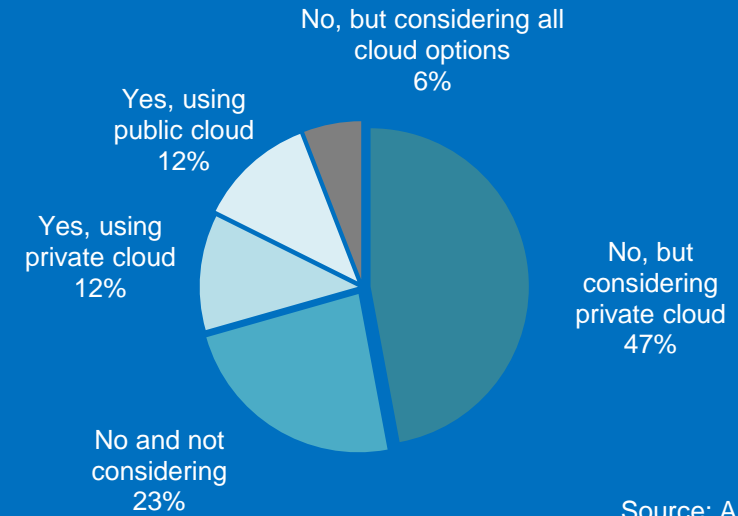


ADOPTION OF THE CLOUD



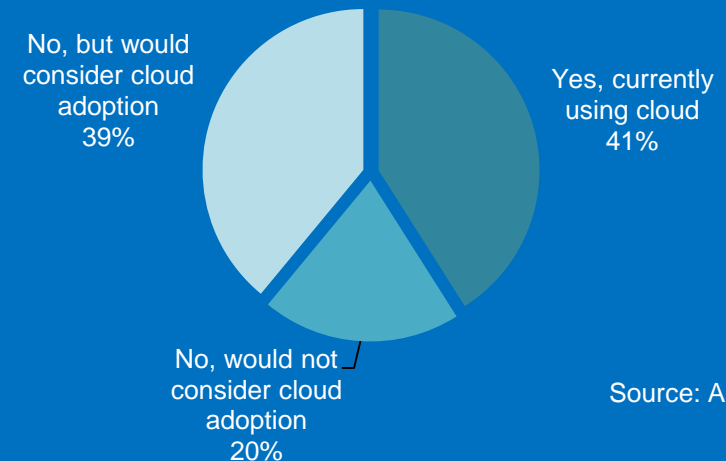
- Capital markets' growing acceptance of cloud
- Computing power to deliver speed
- Economics of elasticity and automation
- Take advantage of big data
- Limitations of SaaS
- Changing paradigms of Software Management for high agility

Q. Are you using cloud technology for risk systems? (N=17)



Source: Aite Group

Buy-side attitudes toward cloud across all systems n=41



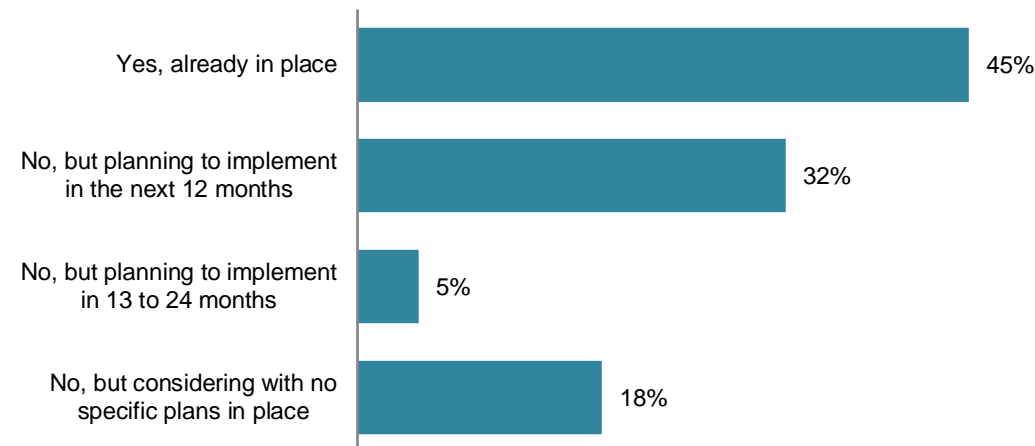
Source: Aite Group

TRENDS WE'RE WATCHING

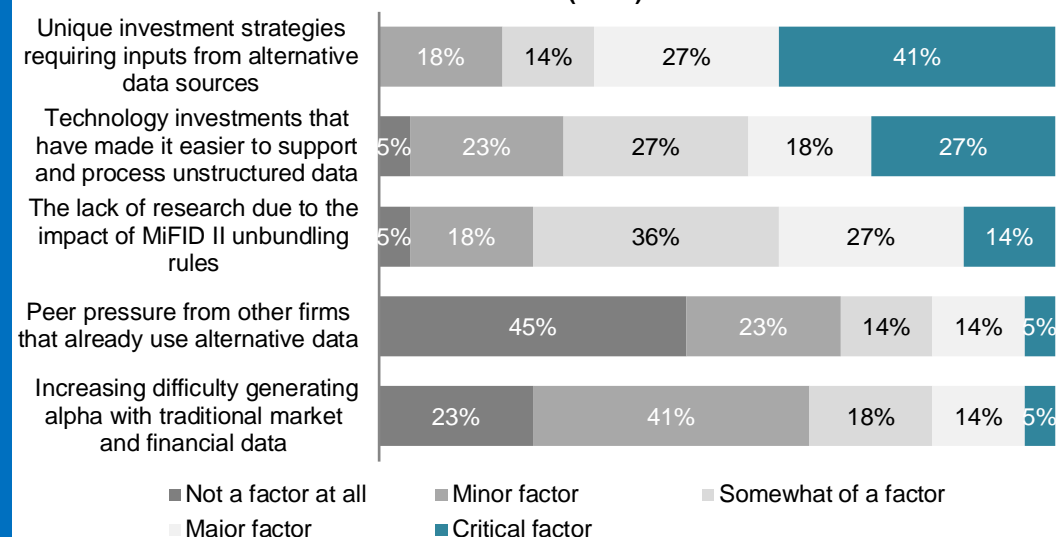
INCREASING DEMAND FOR ALTERNATIVE DATA

- 82% of respondents from the buy-side either already have an alternative data strategy in place, or planning to implement one within the next 24 months
- New investment strategies and increasingly complicated investment research process
- Technology investments and upgrades
- Regulatory impact on availability of traditional investment research

Does your organization currently have an alternative data initiative or strategy in place?
(N=22)



How much of a factor are the following in driving your organization's demand for alternative data?
(N=22)



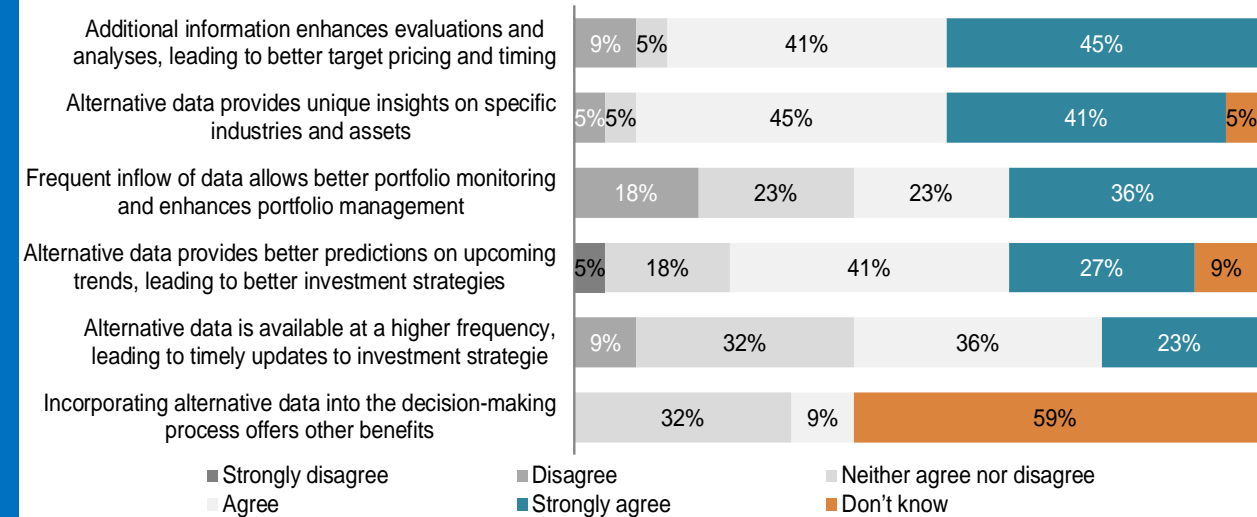
Source: Aite Group

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BENEFITS OF INCORPORATING ALTERNATIVE DATA INTO THE INVESTMENT PROCESS

- Better target pricing and timing
- Unique insights on specific industries and assets
- Better portfolio monitoring and portfolio management
- Better predictions
- Timely update to investment strategies

How much do you agree with the following statements about incorporating alternative data into the investment decision-making process?
(N=22)



Source: Aite Group

Q&A

PLEASE SUBMIT THROUGH THE 'QUESTIONS' TAB ON YOUR SCREEN

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