

InvestOps

Perspectives from 200 Global Buy-Side
Operations Leaders



Investment Management 2025
Simplify, Innovate, Transform

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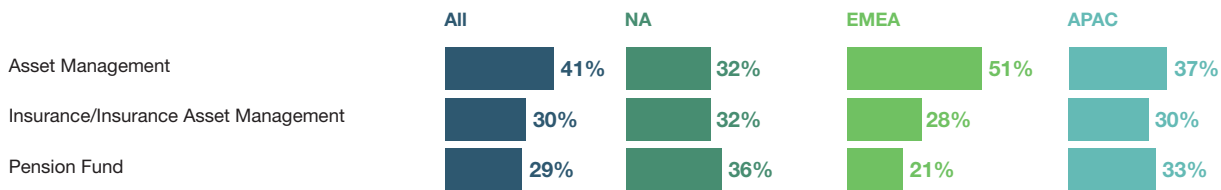
Methodology

In Q4 of 2024, WBR Insights surveyed 200 Directors of Investment Operations and similar across APAC, EMEA, and North America, to find out about the challenges they are facing.

The report itself is split in six, looking at respondents' views on strategic priorities for 2025, the impact of data, the resilience of operating models, the front office, the focus on core business and the potential of AI in investment management.

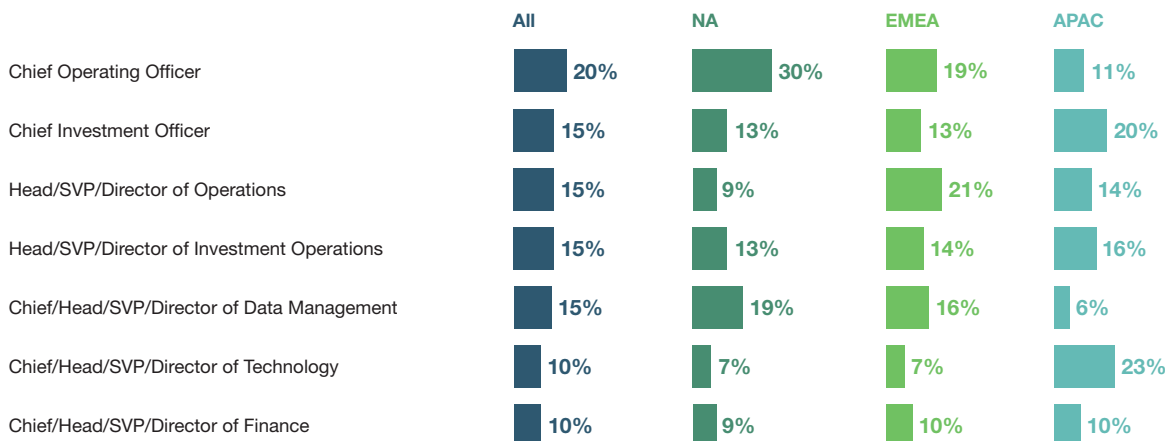
The survey was conducted by appointment over the telephone. The results were compiled and anonymized by WBR Insights and are presented here with analysis and commentary by SimCorp and the InvestOps community. All speakers' comments are their own and not reflective of their respective firms.

What is your organization's primary business?



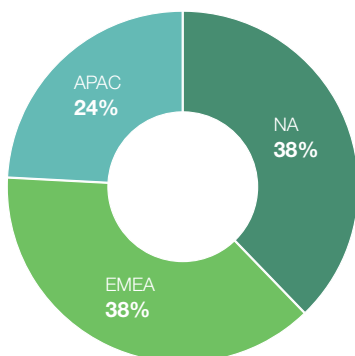
Number of respondents by region: NA 75 | EMEA 76 | APAC 49

Which of the following best describes your current title?



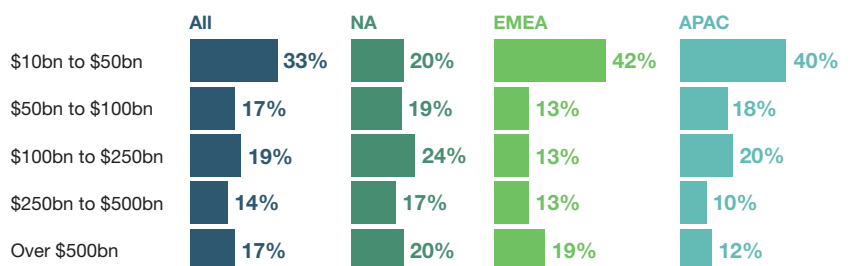
Number of respondents by region: NA 75 | EMEA 76 | APAC 49

Which region are you currently working in?



Number of respondents by region: NA 75 | EMEA 76 | APAC 49

What are your firm's assets under management (AUM) in USD?



Number of respondents by region: NA 75 | EMEA 76 | APAC 49

Executive Summary

As we enter 2025, the investment industry continues to grapple with persistent trends such as fee compression, increased portfolio diversification, the growing prominence of alternative investments, and the accelerated pace of decision-making. Coupled with the ongoing disruption of traditional investment models and rapid advancements in AI, the challenges facing the buy side are manifold.

Against this backdrop, our survey this year highlights the importance of a holistic and simplified approach to effectively scale alpha, accelerate time to market, and truly understand risks. It reveals six recurring themes that provide actionable insights to drive industry transformation:

1. Operational efficiency: still the top strategic focus

For the second year in a row respondents told us that enhancing operational efficiency is their foremost strategic focus. And there is renewed urgency for it too, as the industry reinvents itself and moves away from traditional portfolio models that no longer serve investors. This includes the emergence of more complex portfolios, a need for faster time-to-market, and more advanced risk management practices. Navigating this complexity successfully, however, hinges on effective operational efficiency.

2. The data (r)evolution

AI is revolutionizing data analysis, management and usage, but its success depends on a robust data infrastructure. Without this, the risk of amplifying flawed decisions is very real, undermining AI's potential. The survey reveals that 58% of respondents struggle with maintaining data models and the underlying metadata. This issue is compounded by a surge in data demand, expansion into new asset classes, and the increasing client demand for transparency. So, what's the answer to this age-old conundrum? Two-thirds of respondents identify integrated data management strategy and robust data governance as the solution.

3. Beyond resilience in operating models

Globally, a significant 47% of respondents identified two key challenges in their operating model: (a) timely product launches, and (b) comprehensive views of investments, risk, and performance. These pain points stem from a reliance on disparate systems at many buy-side firms, where each integration point adds complexity. This fragmented operating model hinders product launches from a process point of view—you need to ensure all systems can handle new products. Furthermore, it makes achieving a complete, accurate, and timely portfolio view extremely difficult, which is essential for optimal decision-making and enterprise-scale innovation.

4. A unified approach to portfolio management

A major challenge for 60% of global respondents is enabling the front office to manage multi-asset portfolios through a single, unified view. This challenge aligns with their desire for greater operational consolidation between traditional and alternative asset classes. As alternative investments continue to grow in assets under management and revenue, the need for a comprehensive total portfolio management approach becomes increasingly critical. By adopting this approach, firms can achieve a real-time, holistic view of their portfolios, encompassing both public and private market assets. This unified perspective enables efficient workflows, streamlined operations, and informed decision-making, ultimately driving enhanced performance and risk management.

5. Focus on core business

Focus on core business has emerged as a primary outcome 58% for engaging external service providers across standardized tasks. This is a clear departure from the cost and scale objectives typically associated with traditional outsourcing models. This shift also highlights a strategic operating model decision to address the inefficiencies of traditional BPO models, such as data, system, and process breaks, as well as poor adaptability to changing market conditions. Today, there are smart business services that scale well and leverage best-in-class technology, automation, and standardization.

6. Unlocking AI's potential in investment management

Respondents recognize the transformative potential of AI in investment management, with expectations of significant improvements in operational efficiency, decision-making, and client satisfaction. However, 75% of respondents identified a need for more guidance on integrating AI into investment processes. This indicates that our industry, while eager to embrace AI, faces challenges in identifying high impact use cases and establishing robust governance frameworks. Overcoming these hurdles will unlock the full potential of AI and drive unprecedented capabilities in investment management.



Marc Schröter
Chief Product Officer
SimCorp



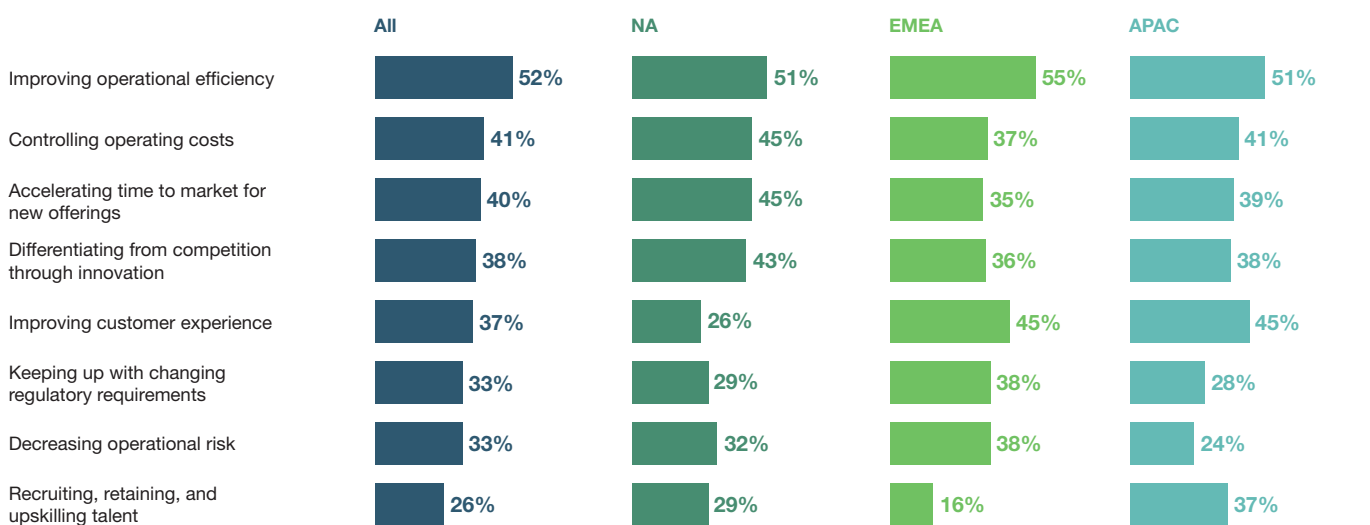
Part One

Operational efficiency:
still the strategic focus

Key Finding

Enhancing operational efficiency continues to be the leading strategic priority for 2025, marking the second consecutive year it has held this position across all three regions. In addition to this, North America is prioritizing speeding up the launch of new products and controlling operating costs, whereas EMEA and APAC are concentrating on improving customer experience.

Q1. What top three strategic priorities are guiding your technology and operations investments for 2025?



Respondents were asked to select three answers that applied. Number of respondents by region: NA 75 | EMEA 76 | APAC 49



"Improving operational efficiency will always be a top priority as the industry evolves, so these results are unsurprising. Organizations are constantly seeking ways to enhance their systems, whether by controlling operating costs or accelerating time to market. A key consideration, both internally and externally, should always be the customer. At the end of the day, everything we do should be focused on delivering value to the customer and improving operational efficiency directly and indirectly impacts that experience.

A total portfolio view gives investment leaders a significant advantage in driving these efficiencies by streamlining decision-making, optimizing resource allocation, and enhancing team coordination."

Jeffrey Coleman, Head of Investment Operations, Mercer



"Many firms are transforming their target operating models, and a core part of that is working out how to overcome the traditional trade-off between business agility and operational efficiency. Central to this transformation is the implementation of a centralized data strategy that supports both agility and a consistent source of truth.

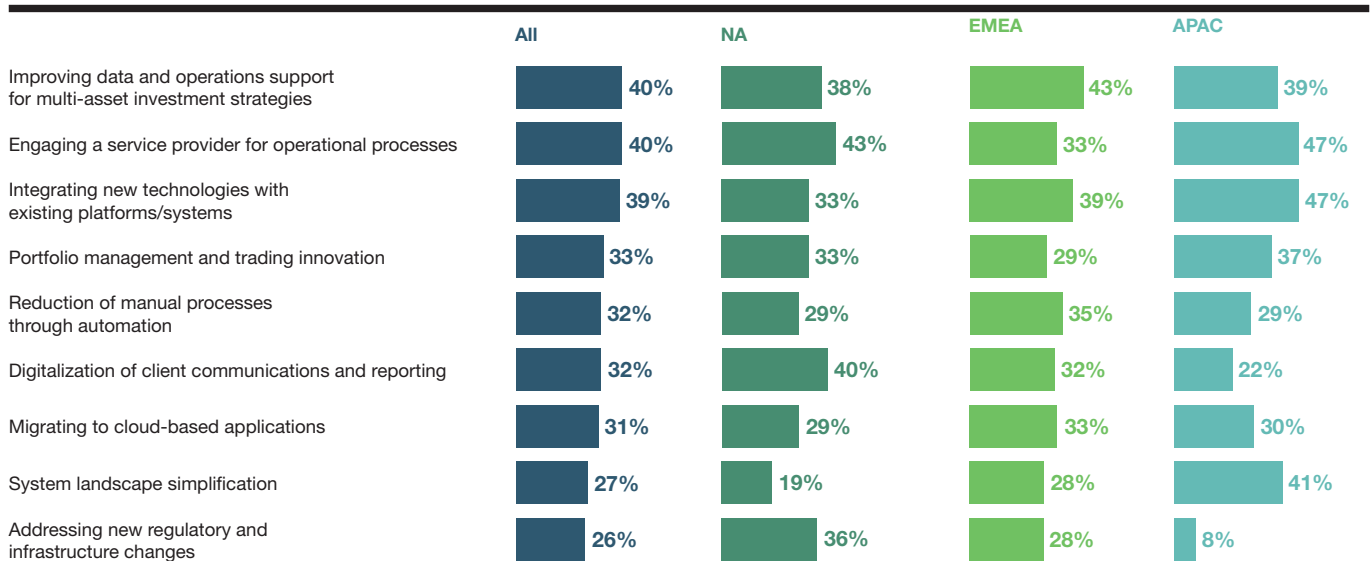
The shift to cloud technology has been pivotal in this process, enabling firms to unlock benefits such as cloud elasticity and automation. The cloud also serves as a catalyst for innovation, allowing businesses to leverage their vast data resources and rapidly experiment with AI, scale new solutions, and adapt to changing market demands, all while maintaining a streamlined and cost-effective operation. As a result, firms are not only optimizing their current processes but also positioning themselves to drive long-term growth and innovation."

Dean McIntyre, Corporate VP Global Commercial, SimCorp

Key Finding

The majority of respondents globally concur on the three leading technology and operations initiatives for this year: multi-asset support, the need to engage service providers for standardized tasks, and integration of new technologies. Notably, this echoes last year's responses, and the same regional variance remains: In EMEA, the emphasis is on enhancing data and operations support for multi-asset investment strategies. North America is prioritizing engaging service providers for non-core activities while APAC is the most eager to integrate new technologies within existing platforms.

Q2. Which technology and operations initiatives are your firm planning to support its strategic priorities?



Respondents were asked to select three answers that applied. Number of respondents by region: NA 75 | EMEA 76 | APAC 49



"I agree with the respondents, as we too are actively working with service providers to streamline non-core operational processes, which has been part of a broader global initiative. Non-core activities often create fragmented information, and consolidating this data is crucial to gaining a clear, comprehensive view.

These findings resonate with me, especially when it comes to innovation. While AI is the most talked-about technology, there are fewer truly groundbreaking innovations than we might expect. The challenge lies in thoroughly vetting and refining these technologies before they can reach their full potential and be fully relied upon."

Jeffrey Coleman, Head of Investment Operations, Mercer



"The investment management industry is undergoing a transformative period driven by rapid technological advancements, increasing client needs for personalization, growing demand for complex asset classes, and a dynamic regulatory landscape. Legacy systems, data fragmentation, and operational inefficiencies hinder real-time decision-making and the ability to scale effectively.

To remain competitive, these challenges must be addressed head-on. This includes rethinking the architecture of front office systems, prioritizing seamless data integration, and adopting cutting-edge solutions to enhance performance and operational efficiency. The journey is far from straightforward, though, as firms must balance innovation and cost management, while navigating the complexities of new and diverse asset classes."

Laura Kayrouz, Senior Partner – Global Co-Head of Investments, Alpha FMC



"The survey highlights the need for an integrated approach to multi-asset strategies, where we capture private market assets, outsourced data, new technologies, and services, all in a single platform. This demands a real comprehensive data strategy across public and private assets, whether internally or externally managed, which can in turn drive the investment process. Once you have a unified data layer, AI can then start to deliver value, and enhance efficiency, innovation, and speed up decision-making. The focus, therefore, is on core activities that drive value and return to investors, while standardized processes are handled by an AI agent or service provider. This leverages scale to improve efficiencies on both sides of the business for holistically positive outcomes."

Hugues Chabanis, VP Investments, SimCorp

Q3. We asked our respondents which factors significantly influence their investment strategy. Here is what they told us:

Market and economic conditions:

All three regions emphasize the impact of economic indicators, market volatility, and political stability.

Client expectations and risk management:

EMEA and North America both focus on balancing liquidity with growth and meeting client expectations. APAC, on the other hand, emphasizes mitigating risks and assessing financial health.

Regulatory environment:

Adherence to constantly changing regulations continues to be a major influence across the three regions through taxes, compliance requirements and legal procedures.

Environmental, Social, and Governance (ESG) factors:

EMEA and APAC both aim to integrate ESG factors into financial models, while North America focuses on cultural shifts towards responsible investing.

Technological and data-driven approaches:

All three regions emphasize the use of technology and data-driven approaches, with North America highlighting the rise of fintech and blockchain technologies.

Emerging trends and opportunities:

EMEA and APAC both consider emerging asset classes and new avenues for investing, while North America focuses on long-term strategic opportunities in global and emerging markets.



"There are countless components of potential success for investment managers to consider and key to this is a robust, reliable technology infrastructure. A manager must be able to trust the integrity of the data as a first step, before they can make any investment decisions. Knowing the current state of the portfolio is essential to predict its future. This point is underscored by the themes identified above.

Looking at market and economic conditions, in 2025 central banks will continue to play an important role in determining inflation, employment and resulting economic paths, and therefore be a critical driver of investment strategies. In addition, global tensions, political instability and slower growth will spur volatility, which is a major concern for all investors.

The ability to stress test these scenarios – whether determining the impact of significant moves in key economic variables or retracing a historical period assuming current holdings – can help understand and mitigate these risks. Finally, it's interesting to note that ESG continues to be a major consideration in EMEA and APAC, whether for compliance or as a potential source of alpha."

Melissa Brown, CFA, Head of Investment Decision Research, SimCorp



Part Two

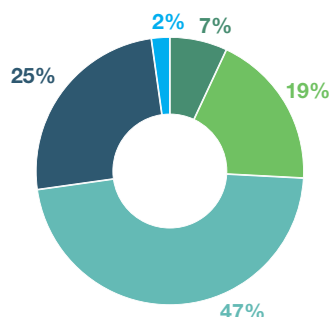
The data (r)evolution

Key Finding

Nearly half of the respondents reported that their current data infrastructure is a mix of in-house and third-party solutions, with a quarter relying solely on third-party service providers, especially in North America.

Considering this predominantly mixed approach to data infrastructure, the primary challenge faced is maintaining data models and underlying metadata. Importantly, respondents also find it challenging to ensure data quality and manage unstructured data.

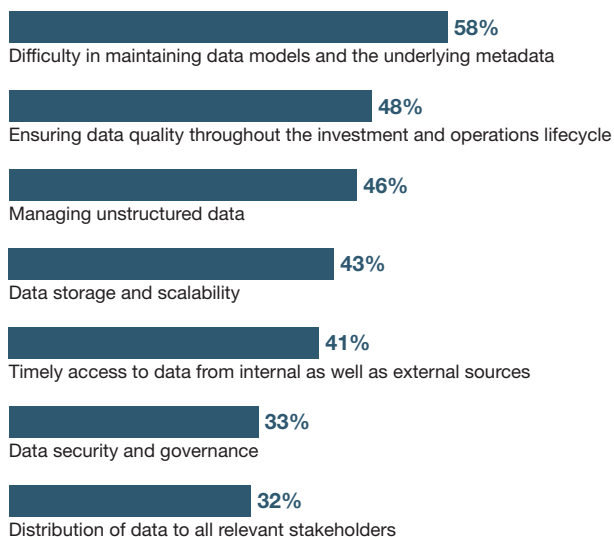
Q4. Which of the following best describes your current data infrastructure?



Number of respondents by region:
NA 75 | EMEA 76 | APAC 49

- We manage all our data in-house
- We use cloud-based solutions to handle data storage, processing and analytics
- We combine in-house and third-party solutions
- We use a third-party service provider
- We use multiple solutions for specific business problems

Q5. What are the top three challenges you face with your data infrastructure?



Respondents were asked to select three answers that applied.
Number of respondents by region: NA 75 | EMEA 76 | APAC 49



"Data requirements are constantly evolving, and with it we see a fragmented data architecture split across in-house and third-party solutions. This fragmentation complicates end-to-end modelling, data traceability, quality and lineage.

A holistic data management approach, together with strong data governance, is the key to success. This ensures you have all investment information in one place, moving away from data siloes, and towards a unified data layer. While governance sets the standards for data quality and compliance, it is also important to include built-in accessibility across teams.

Firms are increasingly focused on quantifying returns from data investments and demonstrating clear value from data transformation projects. This shift highlights a strong business case for data initiatives, ensuring data strategies support financial goals and decision-making. Consequently, many firms are investing in holistic data platforms to better serve business users and improve client outcomes."

Jaki Walsh, VP Operations & Accounting, SimCorp



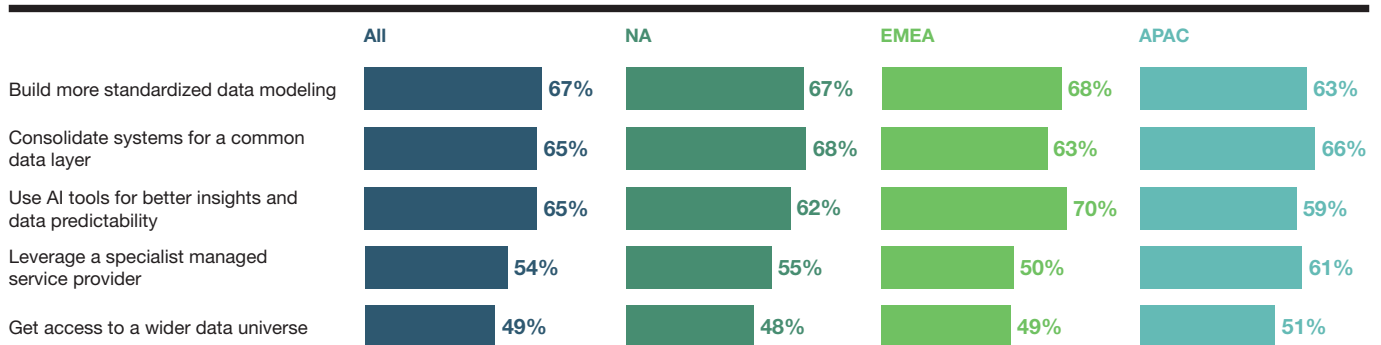
"This is a particularly interesting result, especially given the challenges of data scrubbing. The ability to eliminate unusable data while finding the right balance between in-house and third-party solutions is key to ensuring seamless integration. The biggest challenge remains getting these diverse systems to communicate effectively. We're currently exploring how to consolidate data from multiple sources into a more cohesive and visually meaningful format."

Jeffrey Coleman
Head of Investment Operations, Mercer

Key Finding

The respondents concur that the top three priorities for addressing data challenges in near term are building more standardized data models, consolidating systems for a common data layer and the use of AI tools for better insights and data predictability. Notably, the use of AI tools seems to be higher on the agenda in EMEA compared to the other two regions.

Q6. How do you plan to address these challenges in the next 12-24 months?



Respondents were asked to select three answers that applied. Number of respondents by region: NA 75 | EMEA 76 | APAC 49



"Data is the key to the front office, yet many firms struggle with fragmented and inconsistent data sources. The first step to overcoming this challenge is a thorough data audit to identify gaps and redundancies. Once completed, firms should implement a robust data governance framework to ensure data accuracy, consistency, and compliance. This framework will form the foundation for a centralized data management solution, capable of breaking down silos and enabling unified data access across teams."

Laura Kayrouz, Senior Partner – Global Co-Head of Investments, Alpha FMC



"Data Management has become the dominant topic, which is not surprising given the profound impact that data and technology have on financial services. In today's rapidly changing environment, a robust data and technology strategy is not just beneficial – it is crucial for staying competitive. Data drives growth, opportunity, and innovation, and automating data processes boosts accuracy and unlocks real-time investment decisions. Firms who can deliver on this will be the market leaders."

This is why we work with our clients to address the following three core pillars: data ingestion, data governance, and data distribution. Data ingestion involves integrating a wider marketplace into your data ecosystem. Data governance requires a central, extensible data model governed by a formal framework, incorporating AI/ML/LLM-powered tools for quality, compliance, and easy management of both structured and unstructured data. Finally, data distribution leverages a data mesh concept to provide on-demand, self-service and secure access to data for all business stakeholders."

Jaki Walsh, VP Operations & Accounting, SimCorp



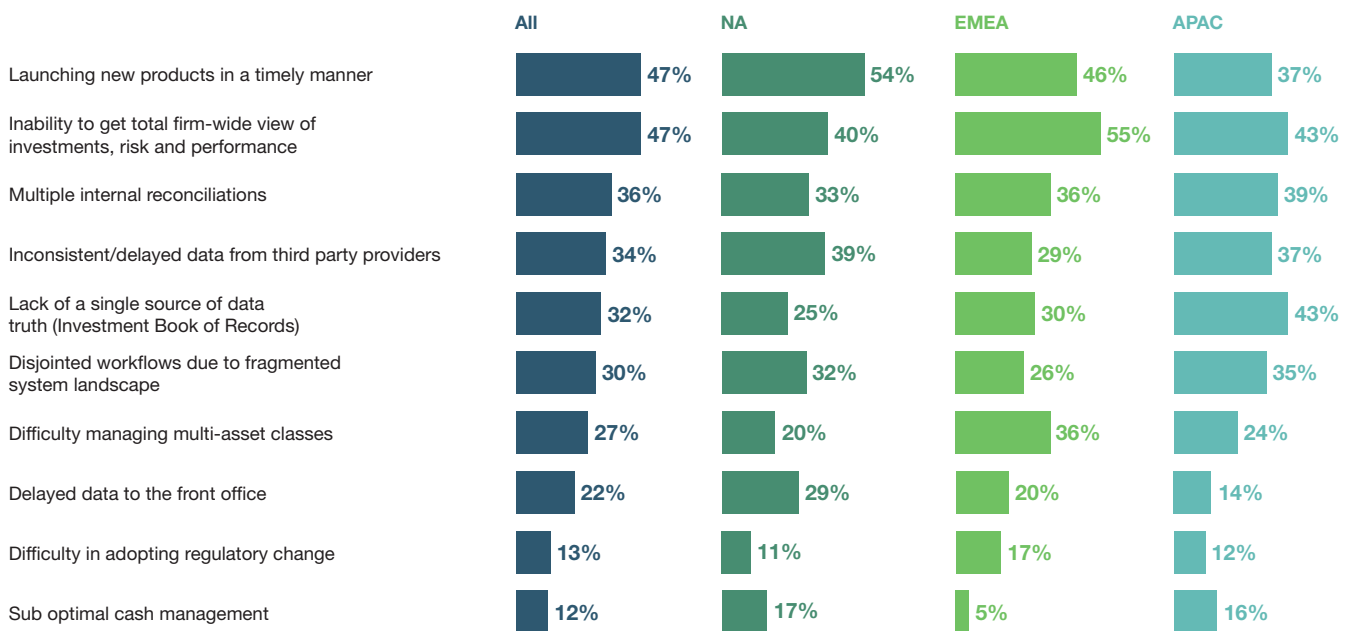
Part Three

Beyond resilience in
operating models

Key Finding

Across the three regions, almost half of respondents identify two main challenges in their current operating model: difficulty in launching new products in a timely manner and the inability to get a total firm-wide view of investment, risk and performance. Notably, North America stresses on the former while EMEA and APAC put a lot more weight on the latter. At a distant third, multiple internal reconciliations continue to be a concern globally.

Q7. What are the top 3 challenges in your current operating model?



Respondents were asked to select three answers that applied. Number of respondents by region: NA 75 | EMEA 76 | APAC 49



"I agree with the respondents that there is a clear correlation between timely product launches and the challenge of achieving a comprehensive portfolio view across investments, risk, and performance. The core issue lies in data integration, as specific data elements are required across multiple platforms, consistency and accuracy are crucial. The key question is: do you know which data is essential and how it will be used? Understanding what's relevant and what's not is critical to addressing this challenge effectively and transforming data into information."

Jeffrey Coleman, Head of Investment Operations, Mercer



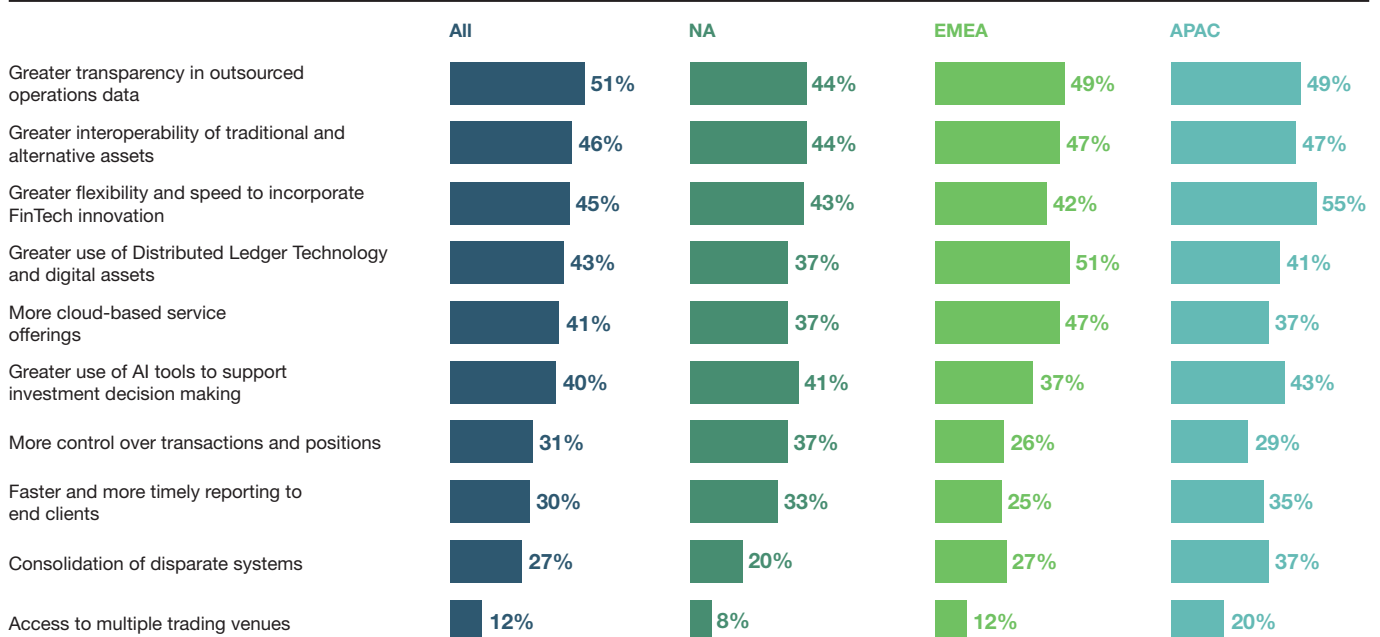
"The fact that nearly half of respondents are struggling to obtain a firm-wide view of investments, risk and performance is concerning given today's demands for integrated oversight. Given the trend towards a tighter integration across the investment value chain for greater transparency and speed, achieving a near-real-time, firm-wide view is essential for effective strategy execution and risk management. This also facilitates the launch of new products, making it much easier and faster to add to your portfolios, funds and regions, ultimately impacting your bottom line."

Grant Lowden, Global Head of Commercial Development, SimCorp

Key Finding

A clear majority across the three regions identify increasing transparency in outsourced operations data as their primary objective for enhancing their operating model over the next 24 months. This is closely followed by the need for greater interoperability of traditional and alternative assets as well as flexibility and speed to new fintech innovation.

Q8. How would you like to enhance your operating model in the next 24 months?



Respondents were asked to select all answers that applied. Number of respondents by region: NA 75 | EMEA 76 | APAC 49



"The rapid pace of technological innovation has made it challenging for investment managers to keep up with cutting-edge tools and platforms. In order to tap into advanced tech while addressing challenges related to outsourced operations data, firms are turning to a managed service approach. This strategy allows them to maintain control over their data, while benefiting from the significant investments in research and development made by service providers.

By relying on external providers, firms can quickly onboard new services or expand into new asset classes without the time and expense of internal development. Managed services also provide flexibility, allowing firms to adjust service levels in response to market conditions or strategic changes. This agility is particularly valuable for firms managing alternative investments or launching ESG-focused strategies, where operational requirements can vary significantly."

Laura Kayrouz, Senior Partner – Global Co-Head of Investments, Alpha FMC



"Investment firms are increasingly reviewing their operating model to align with scalability goals and strengthen their business strategy. In today's competitive environment, agility is the key advantage - the ability to adapt investment strategies in response to market and business volatility. This requires access to robust, validated, and interconnected data on demand.

Traditional outsourcing often falls short in supporting real-time interoperability, resulting in data latency that increases operational risk. As a result, we are seeing firms increasingly moving toward the consolidation of technology and business services onto unified platform solutions. This approach not only streamlines operations but also enables the transparency, centralized data model governance and speed needed to mitigate risks more effectively."

Dean McIntyre, Corporate VP Global Commercial, SimCorp



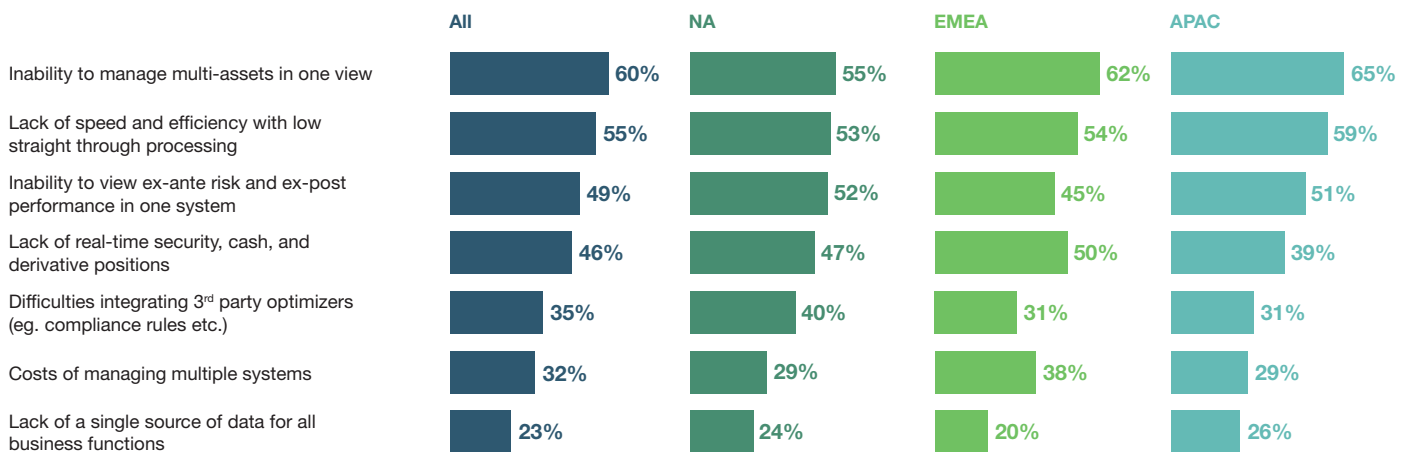
Part Four

A unified approach to
portfolio management

Key Finding

The primary challenge in supporting the front office across the three regions is the inability to manage multi-assets in a single view. This is followed by a lack of speed and efficiency due to low straight-through processing, and the inability to view ex-ante risk and ex-post performance in one system, which is especially prominent in North America and APAC.

Q9. What are the main challenges you face with your current infrastructure in supporting the front office?



Respondents were asked to select three answers that applied. Number of respondents by region: NA 75 | EMEA 76 | APAC 49



"One of the biggest challenges we face is ensuring that our infrastructure can keep up with the needs of our Investment teams, who we of course want to see innovate. We must prioritize data quality and continue to strengthen data infrastructures. Private markets are also being impacted by these challenges, and leaders will need to find ways to address them to support growth in this segment."

Martin Kwiatkowski, Investments COO, abrdn



"The evolution of investment management requires a proactive and strategic approach to modernizing front office infrastructure. Firms that continue to rely on fragmented systems and legacy technology risk falling behind as market demands grow more sophisticated. The challenges are significant: data silos, scalability limitations, compliance pressures, and rising client expectations; however, these challenges also present an opportunity for transformation."

Laura Kayrouz, Senior Partner – Global Co-Head of Investments, Alpha FMC



"As this survey highlights, when firms diversify their asset types, they generally add to their system landscape. This leads to disparate silos of investment positions, cash and analytical data across the business, slowing the velocity of information and impacting the ability to efficiently scale without increased cost. Additionally, every respondent reported challenges in supporting the front office with their existing infrastructure, underscoring the limitations of a fragmented system landscape."

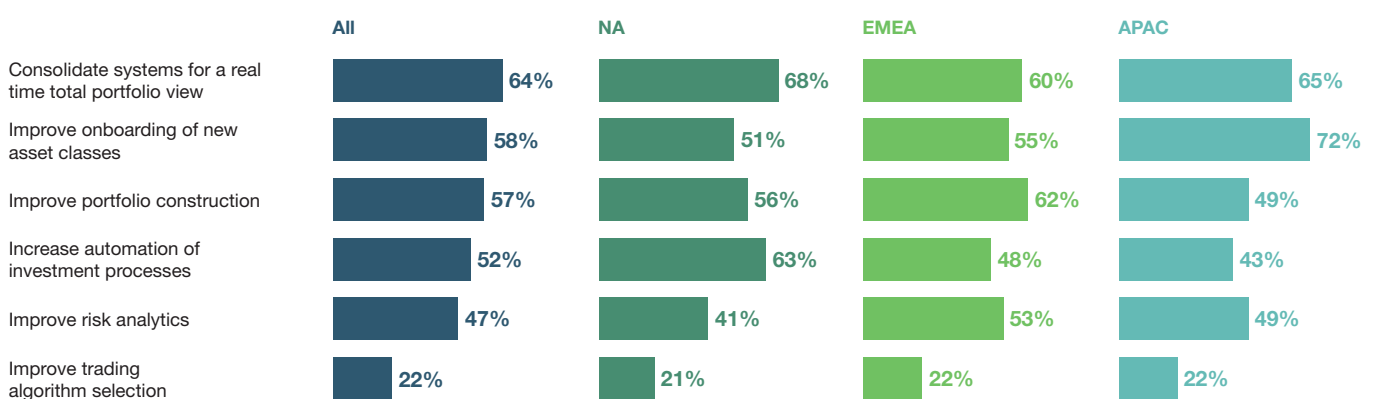
Having one centralized data source, covering all asset types, providing cash, positions, analytics, risk and returns to all parts of the business is key to unlocking scalability, performance and innovation. Investment decisions depend on the quality, accuracy and timeliness of all data. It is imperative that multiple data types, formats, and sources, can be joined up in one place for that one source of truth. This empowers firms and front office teams to identify the highest performing areas of their business and scale these areas accordingly."

Shirley Zhang, CFA, Head of Commercial Development, North America, SimCorp

Key Finding

Over the next 24 months, consolidating systems for a comprehensive portfolio view is the top priority for supporting the front office globally. Then regional differences stand out: North America plans to increase automation of investment processes. EMEA prioritizes improving portfolio construction. While an overwhelming majority in APAC aims to improve onboarding of new asset classes.

Q10. How do you plan to address those challenges in the next 24 months?



Respondents were asked to select three answers that applied. Number of respondents by region: NA 75 | EMEA 76 | APAC 49



“Transforming front office infrastructure over the next 24 months is an ambitious but essential endeavor. By migrating to cloud-based platforms, enhancing data integration, adopting AI-driven analytics, and building scalable systems, firms can overcome the limitations of legacy infrastructure.

Integrated platforms and API-driven architectures offer the flexibility and efficiency needed to meet strategic objectives and client demands. Moreover, fostering a culture of continuous improvement and embracing change management will ensure that these initiatives deliver lasting value. The modernization of front office systems is not merely a response to current challenges; it is a strategic investment in the future. By taking a proactive and thoughtfully phased approach, firms can position themselves for long-term success in an increasingly competitive and technology-driven market.”

Laura Kayrouz, Senior Partner – Global Co-Head of Investments, Alpha FMC



“To effectively manage a multi-asset class portfolio—the primary challenge in supporting the front office, investment managers need a system architecture with a unified data layer that provides a total portfolio view. This foundation supports a consolidated investment platform that communicates seamlessly with the data layer as well as all functional areas, enabling total portfolio management. This streamlined approach offers the most efficient and reliable operating model for the front office, providing a 360-degrees view of the entire book of business and the full lifecycle of a trade. It gives portfolio managers and traders updated cash and compliance rules in real time, allows them to perform pre-trade risk analyses across all assets, in turn empowering them to make decisions quicker and with more confidence.”

Shirley Zhang, CFA, Head of Commercial Development, North America, SimCorp



Part Five

Focus on core business

Key Finding

There is a wide range of responses given the differing sizes of respondents' organizations, but some areas show consensus among the majority: portfolio management, risk and compliance should be retained in house, while respondents are open to using external providers for client communications and data management.

Q11. Which core business processes must you retain in-house and which ones could be serviced by an external provider?

What must be retained in house:

"Monitoring compliance, risk, and client relations should remain in-house."

"Mainly, all the processes related to risk management should be retained."

"Conducting audits internally for better control over quality and compliance."

"Conducting scenario planning and stress testing on our investments."

"Our critical decisions that impact returns would be retained in-house."

"Strategic asset allocations decisions and related research should be retained in-house."

"Rebalancing client portfolios in response to market changes."

What could be serviced by an external provider:

"Automated client reporting services."

"Improving the digital experiences for clients."

"Automating the reporting process."

"Checking the integrity and accuracy of data."

"Data management activities."

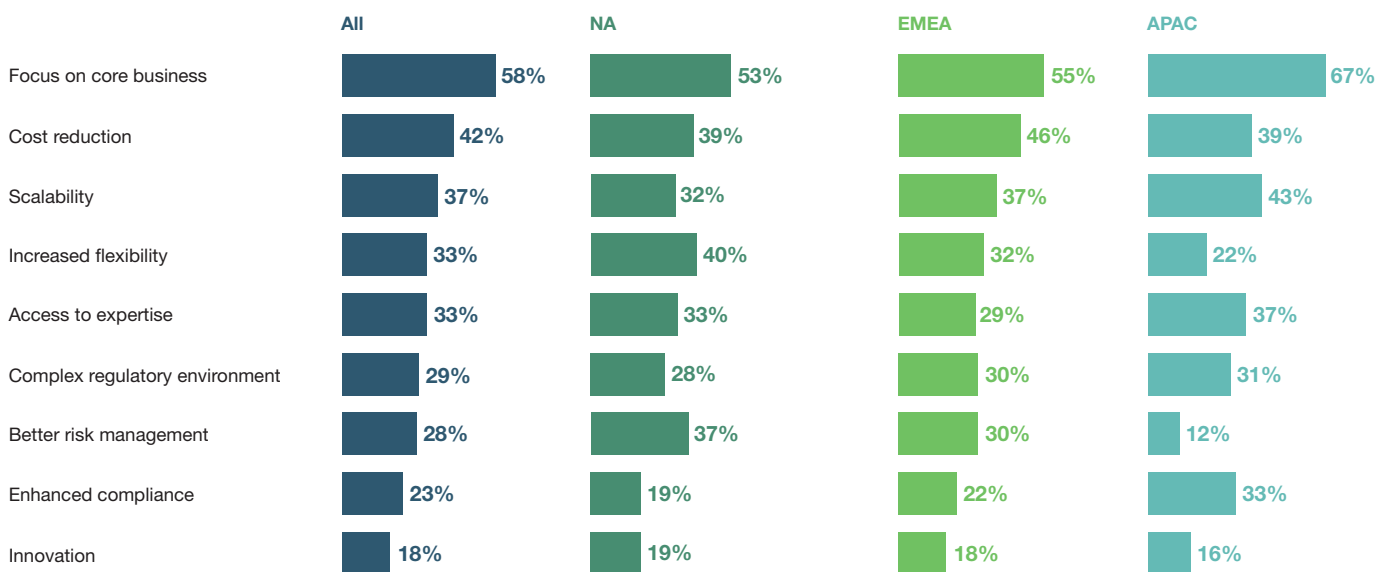
"Managing the complex requirements of the data infrastructure."

"Building real-time dashboards and reports."

Key Finding

The majority of respondents indicate that focusing on core business is the main outcome for engaging a service provider for non-core tasks. At a distant second, we see some regional differences: While EMEA and NA would like to see some cost reduction, APAC is looking for scalability.

Q12. What outcomes do you hope to achieve by using an external service provider for non-core business processes?



Respondents were asked to select three answers that applied. Number of respondents by region: NA 75 | EMEA 76 | APAC 49



"This result is interesting because it shows that there are a variety of factors that contribute to successful outsourcing. There is no one-size-fits-all solution when it comes to outsourcing and the most successful partnerships are likely to be a combination of a few of these options. This is particularly true for access to expertise, scalability and focus on core business. However, this always must include innovation. Many of the key outsources have a large technology innovation budgets so trying to leverage and tap into this is crucial."

Martin Kwiatkowski, Investments COO, abrdn



"Many investment managers are turning to external service providers for traditional outsourcing and managed services to optimize operations, improve scalability, and focus on core activities. By outsourcing non-core functions like IT infrastructure, operations, or client reporting, they can concentrate on value-added tasks such as investment strategy and client engagement. This focus enables firms to stand out in an increasingly competitive market. For instance, by partnering with external providers for portfolio accounting or trade execution frees up teams to deliver better outcomes for clients and improve overall performance."

Laura Kayrouz, Senior Partner – Global Co-Head of Investments, Alpha FMC



"Traditionally, the buy side had two distinct models — insourced and outsourced. However, the reality is more nuanced. To provide much needed flexibility as well as cost-efficiency, we developed a hybrid model that allows clients to tailor the balance of insourced and outsourced elements to their business needs. This approach offers adaptability and scale while enabling them to optimize resource allocation and manage risks in line with their strategic goals."

The complex regulatory landscape and scarcity of skilled talent highlight the need for a hybrid solution. The 2008 financial crisis accelerated regulatory changes, increasing demand for professionals in regulation, technology, and data management. As younger generations pursue alternative careers and experienced professionals retire, the talent pool shrinks. Centralized talent pools offer a solution to this challenge. Partnering with a service provider allows firms to entrust non-core functions to experts, focusing on core business and navigating challenges."

Jaki Walsh, VP Operations & Accounting, SimCorp



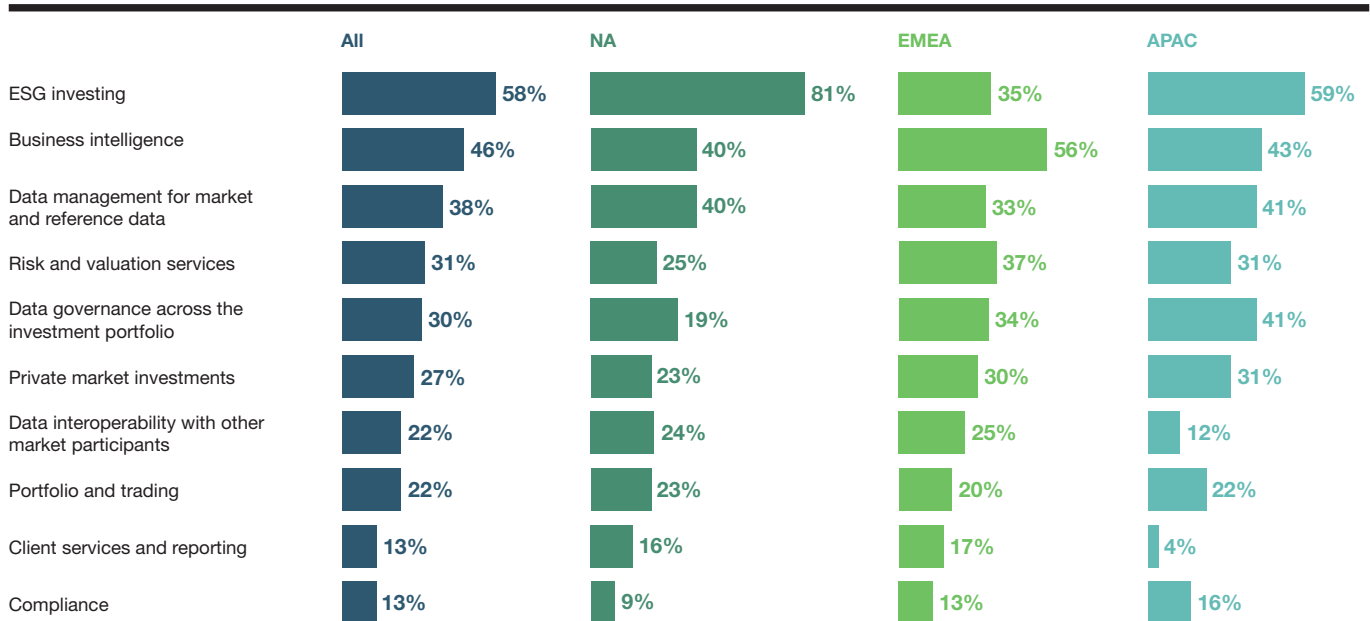
Part Six

Unlocking AI's potential in
investment management

Key Finding

ESG investing has emerged again as the top priority for most respondents across the three regions with business intelligence at a distant second. Interestingly, North America and EMEA show the same trends as last year. North America has consistently prioritized ESG with over 80 percent of respondents singling it out as an area with the greatest opportunity for innovation compared to the other regions while EMEA put significantly more emphasis on business intelligence for two years in a row. This year, APAC also aligns with North America's strong focus on ESG.

Q13. In which top three areas of the business do you see the greatest opportunity for technological innovation in the next few years?



Respondents were asked to select three answers that applied. Number of respondents by region: NA 75 | EMEA 76 | APAC 49



"Despite current challenges, there is still significant appetite for both truly sustainable investments, and more fundamentally, a driving trend towards ensuring sustainable future-proofed business models, good corporate governance, and making a positive impact for society. These fundamental tenets of "ESG", along with evolving regulatory requirements, continuing data challenges, and the complexity of reporting requirements, make ESG investing a prime area of opportunity for technological innovation. Making meaningful disclosures, being a true steward of client assets, ensuring robust data, and having an agile reporting model to meet evolving demands, all require significant technological investment, and innovative thought leaders to drive this change.

The opportunity for technological innovation in ESG investment is not, however, limited to compliance or marketing. Done properly, it is about fundamental business model redesign and long term economical resilience. Emerging technologies in areas such as artificial intelligence for climate modelling, and blockchain for transparent supply chain monitoring, can simultaneously address environmental challenges and create new investment opportunities."

Davina Goodall-Smith, Experienced COO and Independent Advisor, DGS Advisory Ltd



"ESG Investing continues to dominate as a major focus for the buy side. However, in the past year we've seen the focus shift from a single catch-all topic to a nuanced discipline with sub criteria like climate change targets, impact investing, future generations, global equity, etc. This will continue to deepen as investor and regulatory demands increase, and technology will evolve to meet these needs.

The industry is ready to move beyond fragmented niche solutions to a holistic framework that integrates ESG factors throughout the entire investment life cycle, encompassing both public and private market assets. This comprehensive approach, which we call the ESG Book of Record (EBOR), ensures that ESG considerations are seamlessly woven into every aspect of investment management, while maintaining cost-efficiency and scalability of operations."

Hugues Chabanis, VP Investments, SimCorp

Q14. We asked respondents which areas of the investment process would benefit most from the use of an AI tool. Here is what they told us:

Investment analysis and decision making:

“Predicting long-term performance of investments based on historical patterns.”

“Balancing the need for liquidity with the potential for higher returns.”

“Predicting the sustainability of investments under various economic conditions.”

“Improving portfolio performance by suggesting diversification strategies.”

Risk management:

“Providing accurate predictions and quicker responses to market changes to enhance risk management.”

“Risk sensitivity testing to predict portfolio performance.”

“AI could be used widely for analyzing risk patterns in a comprehensive manner.”

“An AI tool can be used to uncover risks that might have remained unknown to us.”

Data management and analysis:

“Automation of data analysis is something we can improve with advanced AI tools.”

“Identification of anomalies in data, and to predict asset performance.”

“This would be very valuable to streamline the data collection and management process.”

Client engagement:

“Tailoring investment strategies to meet client-specific goals.”

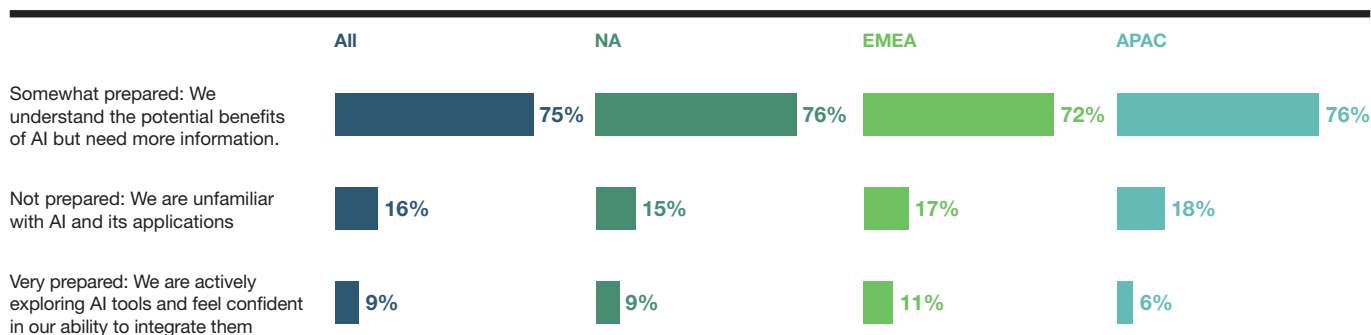
“Improving client interactions to understand their investment preferences.”

“Providing real-time information with proper accuracy.”

Key Finding

A clear majority of respondents across the three regions indicated that they understand the potential benefits of AI but also need more information to effectively integrate it into their investment processes.

Q15. How prepared are you to integrate new technologies such as AI into your investment processes?



Respondents were asked to select three answers that applied. Number of respondents by region: NA 75 | EMEA 76 | APAC 49



"We have some specific task forces set up to assess the best way to successfully integrate new technology, including AI. There is more education required when it comes to the likes of AI – too many of us don't understand the full potential capability – even some of the small gains it can bring in our day to day working."

Martin Kwiatkowski, Investments COO, abrdn



"Artificial intelligence and machine learning present transformative opportunities for front office operations. Initially, firms should identify specific use cases for AI, such as predictive analytics for portfolio construction or optimization of trade execution. Pilot programs offer a controlled way by which managers may test the efficacy of these technologies on a small scale, allowing a chance to further refine. Over time, AI's role can expand to include real-time market insights, sentiment analysis, and the automation of repetitive tasks such as performance attribution. Machine learning algorithms can also be integrated into systematic investment strategies, driving better outcomes for portfolios. By fully embedding AI into front office workflows, asset managers can enhance data-driven decision-making while freeing up teams to focus on higher-value activities."

Laura Kayrouz, Senior Partner – Global Co-Head of Investments, Alpha FMC



"The advent of generative AI has significantly transformed the Artificial Intelligence landscape, presenting new opportunities and unprecedented engagement from major tech companies. This technology is becoming increasingly accessible to engineers, professionals, and the general public. However, we are still in the early stages, and many questions remain about establishing best practices for these new use cases. The survey results reflect this well, showing that while many have engaged with AI and recognize its potential benefits, there is a clear need for more information on how to integrate it effectively into investment processes."

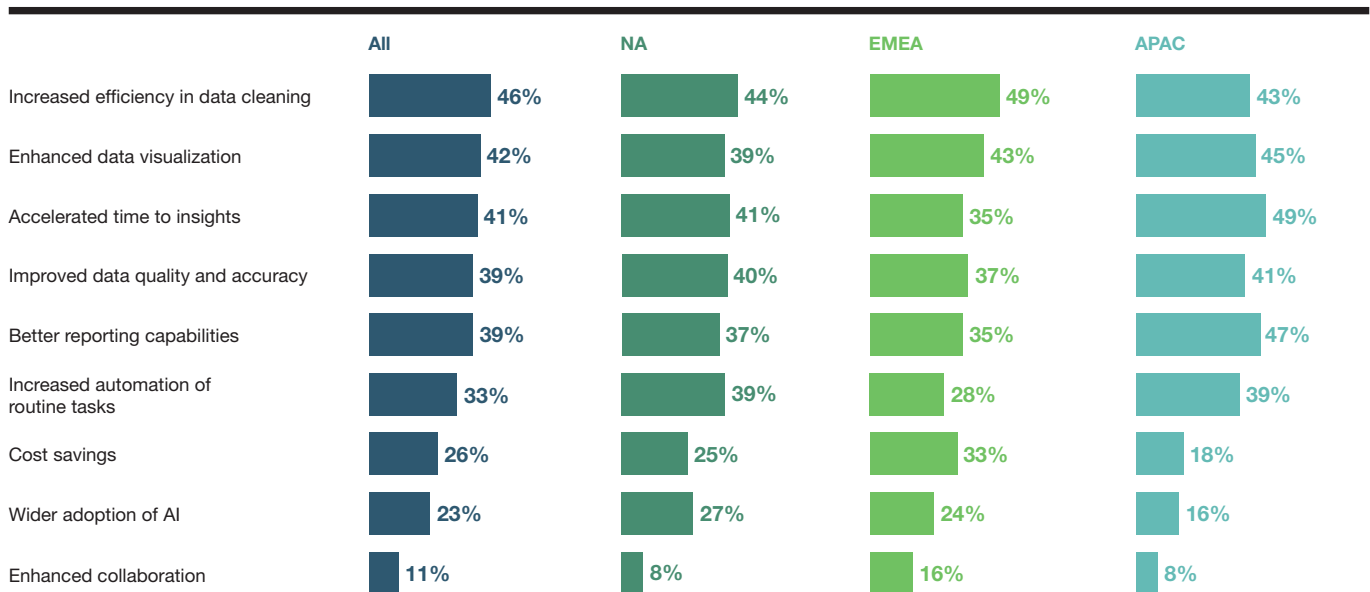
The next step involves understanding the specific applications of this technology. Key areas of focus include improving workflows, enhancing operational efficiency, and ensuring proper governance and data security. We are already making headways with our solutions with more on the way and can't wait to see the benefits reaped by our customers."

Christian Runge, Senior Director of Engineering, Artificial Intelligence, SimCorp

Key Finding

The majority of respondents highlighted increased efficiency in data cleaning as the crucial measure of success for an AI tool in the investment process. Close behind are enhanced data visualization and faster time to insights.

Q16. How would you measure the success of an AI tool in your investment process?



Respondents were asked to select three answers that applied. Number of respondents by region: NA 75 | EMEA 76 | APAC 49



"I agree with the respondents, especially regarding data quality. However, I believe there's no substitute for the experience and knowledge we bring as humans. These qualities allow us to think in unique ways and interpret information beyond what AI can offer (yet). In terms of data visualization, progress will only accelerate if we trust the data we're working with. Ultimately, AI is a powerful tool, but it shouldn't replace human insight."

Jeffrey Coleman, Head of Investment Operations, Mercer



"At its core, AI is about finding patterns in existing data and using those patterns to provide insights into new data or - in the case of generative AI - create new data. The applications are numerous and include data processing such as outlier detection, predicting missing values, and identifying patterns that humans would miss. AI can also be used to analyze user intent and based on that, tailor what data is presented to the user and in what format. This aligns well with the success criteria emphasized in the survey results: enhanced insights, based on higher quality data, faster."

Christian Runge, Senior Director of Engineering, Artificial Intelligence, SimCorp

Conclusion

The survey findings clearly indicate that buy-side firms must modernize their operating models to thrive in today's dynamic investment landscape. As technology, especially AI, continues to advance, and portfolio complexity grows, a shift towards streamlined, data-driven operations is paramount. By prioritizing operational efficiency and building a robust, unified data infrastructure, firms can empower real-time decision-making, seamless AI integration, and enhanced transparency. This strategic foundation will ultimately deliver superior client outcomes.

We are excited to be at the forefront of this technological revolution and are committed to harnessing the power of AI and other emerging technologies to shape the future of investment management. Together, we can navigate the challenges and opportunities of this new era and build a more prosperous future for both our clients and industry.



Marc Schröter
Chief Product Officer
SimCorp

About SimCorp



SimCorp is a provider of industry-leading integrated investment management solutions for the global buy side.

Founded in 1971, with more than 3,500 employees across five continents, SimCorp is a truly global technology leader that empowers more than half of the world's top 100 financial companies through its integrated platform, services, and partner ecosystem.

SimCorp is a subsidiary of Deutsche Börse Group. As of 2024, SimCorp includes Axioma, the leading provider of risk and management and portfolio optimization solutions for the global buy side.

For more information, please visit www.simcorp.com

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