



How Augmented Intelligence is Powering Asset Management in 2019

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Why asset management is moving to center-stage

Asset management is a part of Financial Services (FS) that is perhaps known as one of the most conservative, in terms of its approach to digitization and utilizing new technologies. Despite the advent of cloud computing, artificial intelligence (AI), data analytics, machine learning and much more over the past decade, asset management has been slow to adopt these technologies in any meaningful way.

But that's starting to change. The past few years have seen a more progressive attitude to technology from many asset management firms and it has come at exactly the right time. Asset management needs to utilize the best new technologies to overcome the challenges it will be facing in the coming years. But it also needs to make the most of a perfect storm that is set to thrust the asset management industry more center-stage than it has ever been, with four significant forces coming into play:

1. With more regulation than ever before, banks and insurers will have to move away from proprietary investing that can encroach on asset managers.
2. With people living longer and longer with each generation, retirement and healthcare will become ever more critical issues that only asset management can solve.
3. With growing urbanization and globalization, capital must be raised to support this – asset managers will play a central role in this.
4. Finally, Sovereign Wealth Funds (SWF) will look to diversify their assets, and asset management will be an important part of this process.

This all means that asset management is going to become more high profile and the opportunities within the industry will become greater. The PwC report, '**Asset Management 2020: A Brave New World**' predicted that by 2020, the volume of

investable assets is set to reach \$102 trillion.

To capitalize on this, asset managers need to become more savvy in their use of technology. They need to understand their customers and the opportunities that present themselves in a better way, using data analytics on the unstructured data they hold. They must also be smarter about automation, with manual research in asset management being a huge drain on resources and man hours.

Augmented Intelligence is becoming one of the most important technologies in asset management and is key to asset managers making the most of the enormous opportunity that will present itself over the next few years. Squirro is at the forefront of Augmented Intelligence. Our technology has been recognized by industry analysts as being among the best in the market and we already work with some of the world's best-known asset management organizations. We are, therefore, perfectly placed to be at the heart of operations as asset management moves center-stage.

This white paper outlines some of the challenges faced by asset managers over the coming years and explains how Squirro's Augmented Intelligence solutions can play a major role in addressing those challenges and maximizing the opportunities that will emerge.

Asset management challenges for 2019

That we live in challenging times for asset management is something few would question. It's an industry that has broadly followed the same working patterns and practices for decades now and if it is to thrive in 2019 and beyond, then it needs to modernize and embrace digitization.

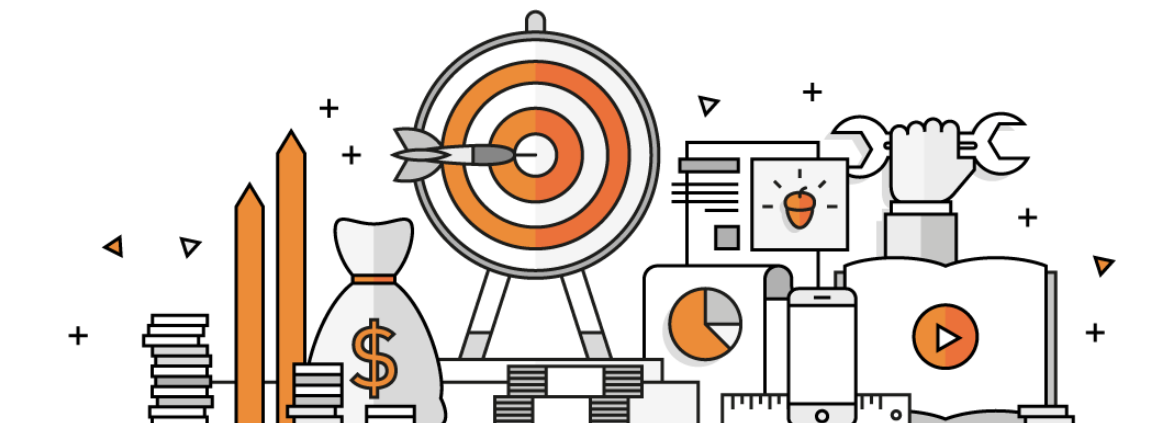
Asset management stands at a crossroads – opportunity and expansion in one direction and difficulties in the other. Addressing the following challenges will be central to asset management taking the right path:

Smarter use of data

Asset managers hold lots of data on their customers but need to get much better at using that data to tangible effect. The insights found in data can be powerful and can be deployed to have a genuine impact on the bottom line, but not enough asset managers are doing so.

2018 research by consultancy Alpha FMC, surveyed some of the largest global asset management firms, and the findings revealed that while the majority are working to leverage big data, 61% believed that they are still just 'getting organized' with doing so. Just 30% of the asset managers surveyed are getting the required ROI from big data.

This is concerning, given the benefits that many asset managers realize can be gained from data analytics. 77% felt that digitization offered the opportunity to create new models for business. Furthermore, 85% believe it can bring improved levels of client engagement, resulting in increased revenues. The key to achieving these benefits is in tapping into the unstructured data that hold so much insight. Yet many asset management firms are struggling to do so.



Slicker and more efficient operations

Asset management has always been an industry that utilizes a lot of manual research to understand the market and to unearth opportunities for clients. This is not only a drain on time and resource, but it is also rarely as effective as it needs to be.

This reinforces the idea of using more automation for certain tasks and processes within asset management. Why have a team of researchers spend hundreds of hours on a project when it can be done by a machine in a fraction of the time, and be completed more accurately and efficiently too?

The Alpha FMC research revealed that automation and moves to more agile ways of working were seen as a priority for many asset managers, with 46% of respondents stating that these would drive improved productivity. The entire asset management proposition is ripe for modernization and deploying automation technology for parts of this could deliver a major improvement in efficiency.

Navigating regulatory complexity

There is more regulation now in asset management than there ever has been. With MiFID II and GDPR both coming into force in 2018, and with further regulation set to emerge in 2019 and 2020, asset managers must commit significant resource to remaining compliant and in demonstrating that compliance to regulators.

Managing the risk associated with non-compliance is another element of the industry that stands to benefit from automation. Data gathering is invariably one of the most time-consuming aspects of regulatory compliance, with compliance teams spending untold hours searching for and collating all the data that needs to be compliant. This stretches teams too thinly and allocates resource that could be better spent elsewhere in the business.

Embracing alternative investments

Although asset managers have traditionally worked with conventional investments such as stocks and bonds, there is a growing need to also look at alternative investments, non-traditional asset classes such as private equity, hedge funds or real estate.

According to **Willis Towers Watson's 'Global Alternatives Survey 2017'**, a paper completed in partnership with the Financial Times, the 100 largest alternative asset managers now hold collective assets of more \$4 trillion, with real estate revealed to be the largest segment. With traditional assets showing more limited performance, the need to look at alternatives is clear. But entering this market is not necessarily a simple process, and requires a deep understanding of the market.

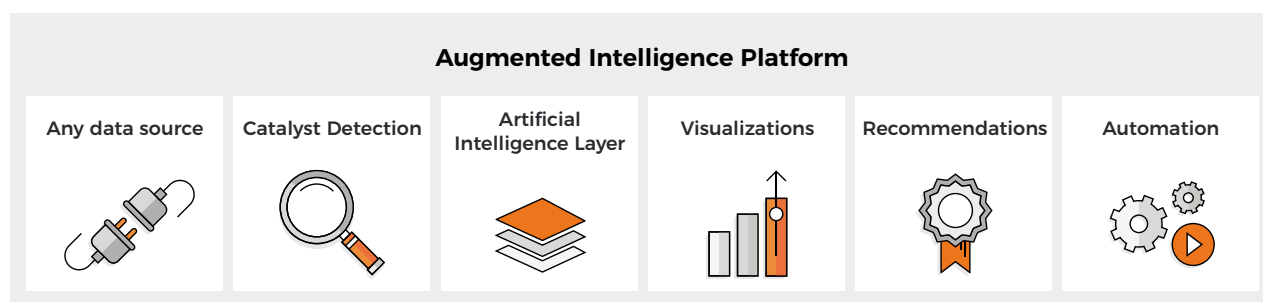
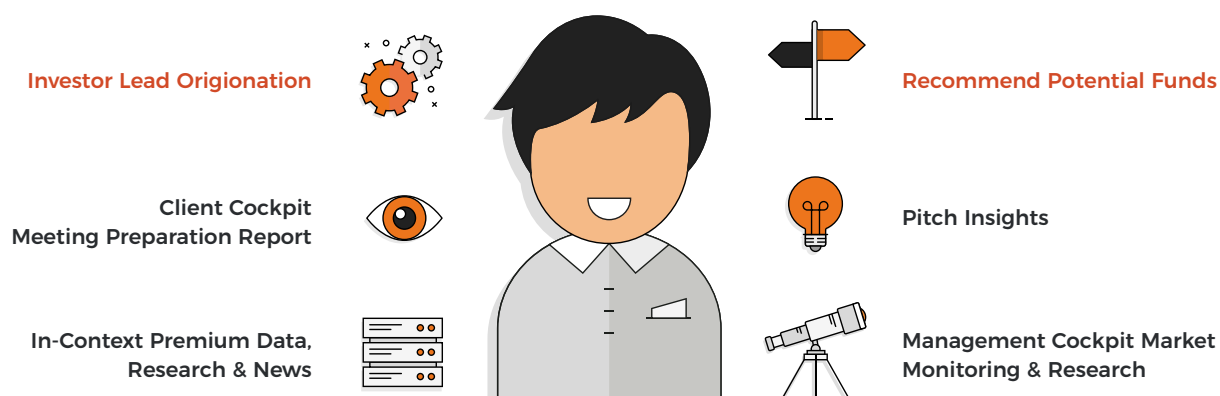
Augmented Intelligence and asset management

The combination of challenges and opportunities means that the asset management industry needs to become more effective in a number of areas. Doing so entails deploying the right technology, which in 2019 means embracing Augmented Intelligence.

Augmented Intelligence is an evolution of AI, one that aids and enhances human input and intelligence to create something more powerful and more tangible. It involves humans and machines working together, an especially powerful proposition for the asset management sector, which has traditionally relied on human interaction and engagement with clients.

What Squirro's Augmented Intelligence solution can offer is the ability to work with unstructured data. Asset managers have made some progress in working with structured data, but the real insight lies in unstructured data, such as the following:

- Meeting notes from CRM
- News articles
- 10K/Q filings
- Earnings call transcripts and presentations
- Premium data sources, such as Refinitiv or Bloomberg
- Industry-specific sources, e.g. FINsearches, Fundmap, Money Media, etc.
- RFPs issued by institutional investors
- Meeting memos published by institutional investors



Furthermore, this data is often stored in multiple silos across an organization, making it even harder to manage. But **Squirro's Augmented Intelligence applications** can work with all types of data - internal and external, structured and unstructured, siloed and unsiloed - and uses it to deliver true insight to asset managers.

This insight brings a deep understanding of an asset manager's clients and also the opportunities that might be of interest to them, presenting this information back to the manager via a bespoke 360-degree view of each client. It allows asset managers to have a more thorough understanding of new markets and funds, whether traditional assets or newer alternative investments. Based on real-time catalysts and events, they can identify additional upsell or cross-sell opportunities.

Augmented Intelligence can also provide the automation of processes within asset management that can be such a game-changer in terms of more efficient operations and saving resources. Whether it is researching data for a potential deal or looking at data for compliance purposes, Augmented Intelligence can do this much quicker and more effectively than any team attempting the same task.

Benefits	Head of AM	RMs	Research Analyst
Increase and retain Assets under Management (AUM)	✓	✓	
Improve customer engagements	✓	✓	
Strengthen client relationship with insights	✓	✓	
Better connect to clients and prospects	✓	✓	
Get quicker client and market insights			✓
Save hundreds of hours on research			✓
Reduce time to analyze data and prepare meetings			✓

Squirro in action - delivering customer insight for Investec

Squirro has a strong heritage working with asset managers, who use our applications to deliver huge ROI, address the challenges outlined above, and to realize the opportunities that will emerge over the next few years.

One such company is global asset management firm Investec. Although it had more than \$100bn in assets under management, the firm was facing several data challenges it needed to address.

Investec Asset Management team members had subscribed to premium data services like FINSearches. Still, they struggled to effectively use this information, because the data resided outside of their core Salesforce CRM system. This meant that relationship managers within Investec received out of context information, offering little to no insight on key events at organizations they covered, leaving them exposed in elements of their client interaction and, therefore, vulnerable to competitors approaching their clients.

Squirro's insights technology addressed this for Investec, uniting all news sources and delivering to the team highly relevant insights from all their news providers – both public feeds and paid-for premium news sources – directly back into their Salesforce CRM platform where the team could easily access

information ahead of any client engagement. They were also able to define filtering concepts such as 'personnel changes' and 'financial health' – which gave the team a one-click process to accessing insights on their important clients and competitors in context of these definitions.

By deploying Squirro it enabled relationship managers at Investec to connect with the 'client & competitor' insights stream, ensuring access to the premium data that was so insightful. The automated catalyst generation from research notes and premium data took place in real-time, meaning no significant fund events were missed, and client handlers could contact clients in a timely and informed fashion.

Investec also used Squirro to integrate all of its data sources. This saved users huge amounts of time on research, and overall, the real-time client intelligence offered by Squirro drove a 32% return for Investec.

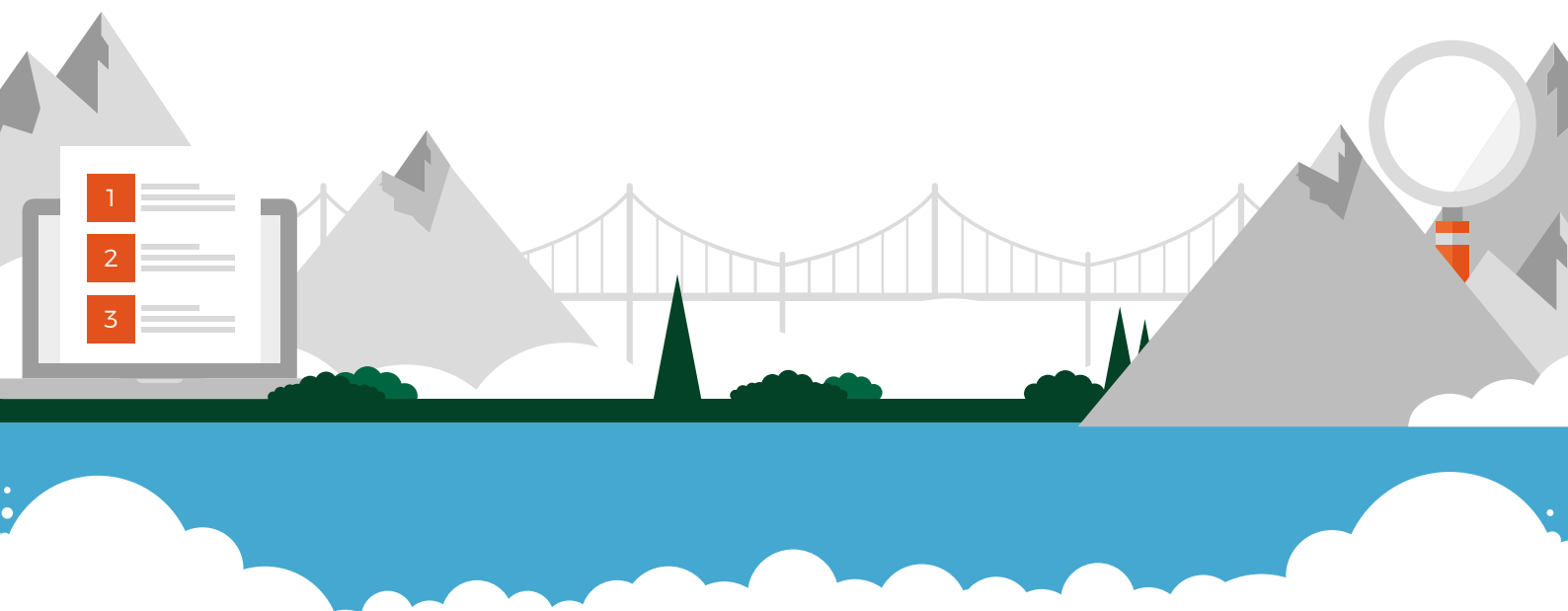
Conclusion

In order to meet the challenges posed in 2019 and to maximize the opportunities that come with asset management moving more to center-stage, asset managers need to be much more agile in their use of technology.

Asset management remains a lucrative industry but is beset by market challenges. More will emerge over the coming years too. That's why the industry needs to future-proof itself via the use of automation where appropriate and by using unstructured data that will deliver the insight required to succeed.

Squirro's Augmented Intelligence applications can drive this change. Asset management is going to enjoy true opportunity over the next few years and Augmented Intelligence is the most effective way of ensuring an asset management firm is positioned to maximize this opportunity.

If you'd like to learn more about Squirro and how our Augmented Intelligence applications can deliver for asset managers, then please get in touch with us.



About Squirro

Squirro provides Augmented Intelligence solutions. Its unique technology marries Artificial Intelligence, Machine Learning and predictive analytics, empowering organizations to transform enterprise data into AI-driven insights. Organizations using Squirro take advantage of its ability to source leads and recommend the next best action in an automated way. Its real time 360-degree client cockpit provides a holistic and comprehensive understanding of the customer journey.

Squirro's applications for Corporate Financial Services, Insurance and Manufacturing are successfully used by leading global organizations, such as ING, Investec, Helvetia, AXIS Re, Sony and Bühler. Founded in 2012, Squirro currently has offices in Zurich, London, Munich, New York and Singapore.

For more information, please visit: www.squirro.com

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