



Productivity and efficiency considerations for wealth and asset managers

Enabling sustainable cost transformation



▶ **Wealth and Asset Management (WAM) industry dynamics are shifting at an increasing pace, driving investments in institutional capability and creating focus on cost to serve (bps / AUM).**

As a result, WAM leaders are balancing performance and service quality with careful management of costs to maintain a sustainable cost profile.

▶ What can you do?

Leading WAM organizations are actively reviewing their organizations' strategic priorities and growth drivers in the current environment.

With aligned objectives, executives are identifying and executing on productivity and efficiency opportunities that enable and maximize efficiency across the organization to improve their competitive positioning.

Key themes driving wealth and asset managers to prioritize cost & productivity improvements:



Net investment performance

Competition for alpha generation is driving organizations to maximize efficiency.



Increasing customer expectations

Investor sophistication and the rise of alternative assets have increased service level complexity.



Regulatory challenges

ESG reporting and regulated risk management requirements are increasing the cost to serve.



Digital transformation

Shift to digital operating models to embrace leading technologies is driving cost maintenance.



Geopolitical and macroeconomic uncertainty

Macroeconomic trends are creating variability in revenues, increasing the focus on expenses.

By focusing on cost management WAM institutions can fund investments that create the flexibility and agility needed to keep up to the changing industry landscape.

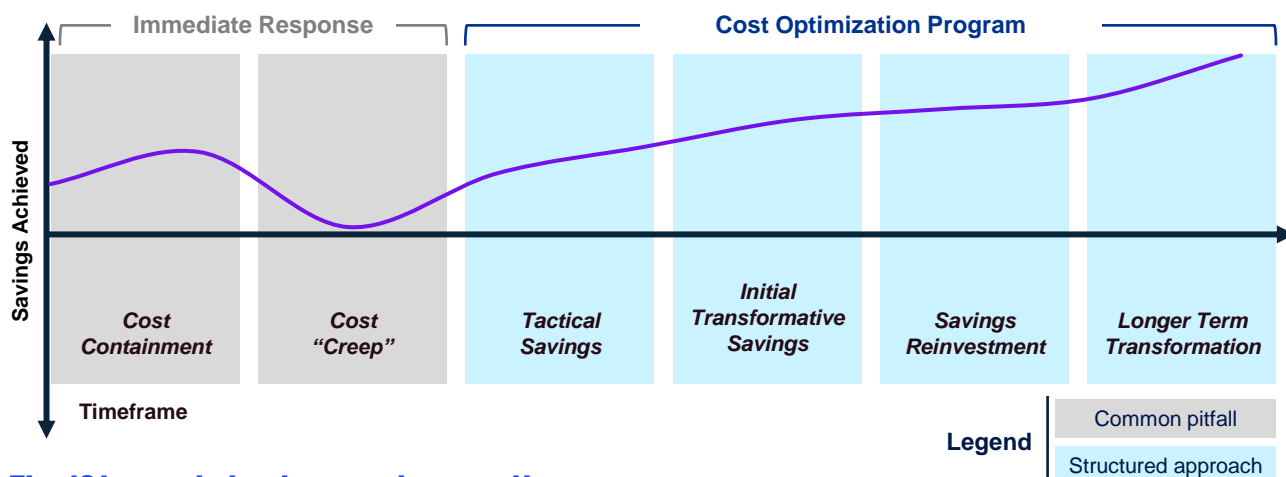
WAM institutions must thoughtfully consider how cost savings can be accomplished and sustained while enabling the attainment of overarching strategic goals.

The cost optimization journey

WAM institutions experience cycles of cost ‘creep’ as they look to address market fluctuations and/or changes to their organizational priorities.

Successful organizations have developed a cost transformation journey that begins with a tactical program focused on driving near-term savings opportunities.

Sustainable cost reduction requires a disciplined approach to identifying, capturing, and reinvesting savings within the organization



The 12 levers to business value creation

To maximize your business value our KPMG in Canada team recommends an approach to cost optimization that is anchored across 3 macro themes and is focused on balancing strategic priorities and cost imperatives.

Macro-cost lens	Value creation opportunities for WAM		
Strategy	1	Geographies, markets, products: Rationalize products and align market presence against performance / growth / objectives	TRANSFORMATIVE
	2	Operating model and balance sheet: Consider outsourced and/or hybrid operating models to drive efficiency and scalability	
Simplicity	3	Organization model: Simplify organizational structure and layers across the front / middle / back office	TRANSFORMATIVE
	4	Transformation optimization: Evaluate, build, and enhance current transformation capabilities and re-evaluate in-flight programs	
	5	Cost management focus: Define, communicate, and implement a culture of cost management	
Optimization	6	Digitization and operational efficiency: Automate and digitise front, middle, and back-office processes	TACTICAL
	7	Channel optimization: Simplify and optimize distribution channels across Wealth / Institutional sales teams	
	8	Organization design and people: Streamline organizational design, shifting the structure to focus on strategic vs. tactical work	
	9	Technology optimization: Consolidate platforms, accelerate cloud migration, and decommission applications	
	10	Asset optimization: Drive efficiencies within underperforming funds and/or services through a review of the cost to serve	
	11	Vendor and sourcing management: Renegotiate contracts and/or substitute vendors and rationalize demand across 3 rd party expenditure	
	12	Regulatory, governance, & risk compliance: Reimagine existing processes and/or technologies and organizational structure ahead of regulations	

How we can help you

Successful cost programs are tailored to an organizations needs. Here are several ways our team can help:

- 1** **Baseline current cost profile**
Leverage GL data to build a transparency into the cost profile, identifying 'hot spots' of focus across the front / middle / back office
- 2** **Identify and quantify efficiency opportunities**
Conduct a series of workshops across areas of focus to identify and quantify opportunities through leading practices and KPMG experience
- 3** **Prioritize and define benefits realization roadmap**
Establish a prioritization framework to apply across identified opportunities and establish / execute quick-wins to drive momentum
- 4** **Create accountability for savings targets**
Embed identified opportunities in annual planning and budgets, as well as define key KPIs to track progress of savings realization
- 5** **Execute on opportunities**
Establish project charters and cross-functional teams across defined 'path of actions', monitor and track savings against plan and align with budget

What value can we create for you in WAM?

We have supported many of Canada's leading WAMs to achieve their cost ambitions.

Our programs rapidly break down costs across:

Primary Focus Area	Operating expenses (People & 3 rd Party Spend)	~40% of cost base
	Investment related expenses (Transaction costs & management fees)	~60% of cost base

Successful programs have driven cost savings across the following key trends and levers:

	Organizational structure	7-15%
	Discretionary spend management	5-11%
	Product rationalization	Cost structure dependent
	Location arbitrage	10%+
	Ways of working	3-5%

Combining our proven approach and experience supporting WAM Clients, we can help you create momentum by identifying and realizing practical efficiency opportunities.

Where can you begin?

Define the journey

What is the history of your organization's cost journey?



Assess intent and readiness

Do you have executive sponsorship and buy-in to drive change?



Establish the program vision

What is the strategic objective / target / timeline?



Identify your team

Will you lead this program through a centralized / hybrid model?



Identify key stakeholders

How is the senior leadership team engaged?



Understand your data

How quickly can you define a baseline across the cost base?



Contact us




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