

THE TRANSFORMATIONAL CIO

Harvey Nash/KPMG CIO Survey 2018

Asset Management Industry Findings

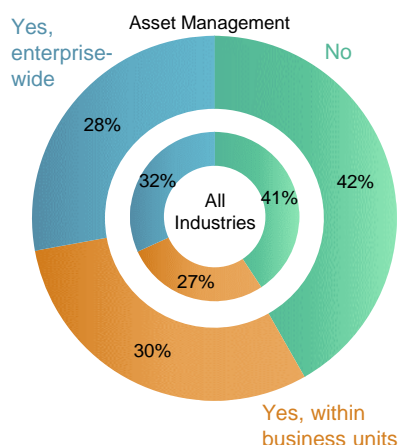


The Harvey Nash/KPMG CIO Survey is the largest IT leadership study in the world, with almost 4,000 respondents across 84 countries, representing over US\$300bn of IT budget spend.

This Asset Management industry snapshot provides survey responses from more than 100 IT leaders on some of the key topics, and highlights several areas where this industry's responses differed significantly from those across all industries.

Digital Strategy

Does your organization have a clear digital business vision and strategy?



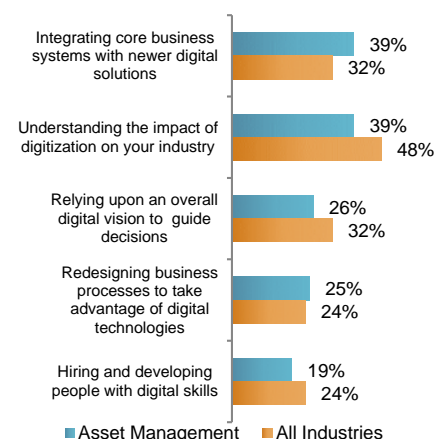
Asset Management firms are **slightly less likely to maintain a clear enterprise-wide digital business strategy** than other companies (28% vs. 32% for all industries), but are more likely to have one within business units (30% vs. 27%). However, 42% lack a clear strategy of any sort.

Does your organization have a Chief Digital Officer or someone serving in that capacity?



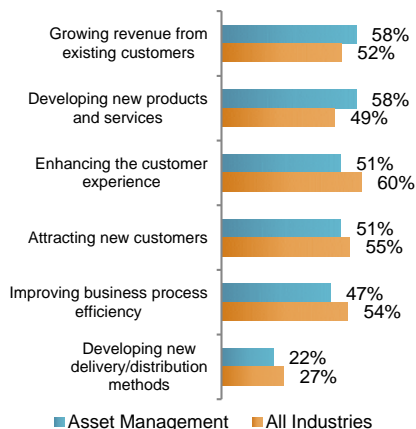
43% of Asset Management firms have a Chief Digital Officer or equivalent, with 10% having a dedicated CDO, and an additional 33% having the CIO or someone else acting in that role. Both figures are lower than in other industries.

How effective is your organization at each of the following capabilities? (Very/Extremely Effective)



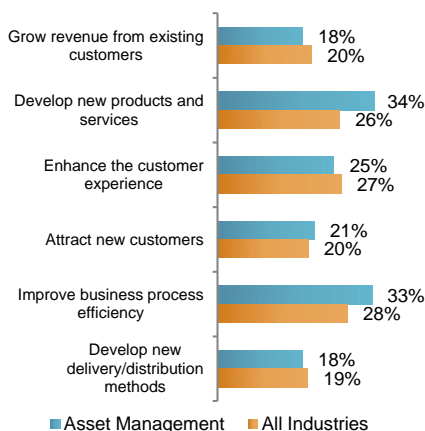
Asset Management effectiveness in key digital capabilities tends to lag peers in other industries. However, Asset Management firms are **more effective at integrating core business systems with newer digital solutions** (39% vs. 32% for all industries).

Which are the most important goals when prioritizing digital technology initiatives in your organization?



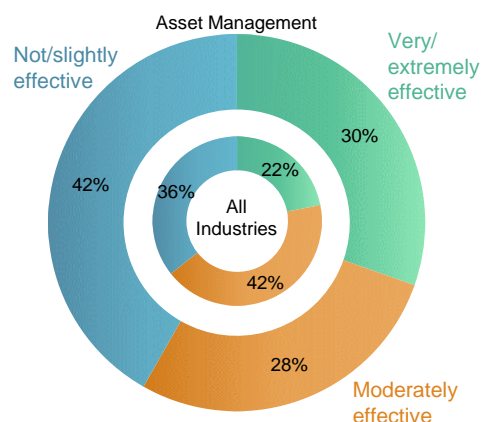
When prioritizing digital investments, Asset Management firms **most heavily focus on growing revenue from existing customers** (58% vs. 52% for all industries) and **developing new products and services** (58% vs. 49%).

How effective has your organization been in using digital technologies to advance the following goals? (Very/Extremely Effective)



Despite its importance, **only 18% of Asset Management firms rate themselves as very effective or better at using digital to grow revenue from existing customers**. They are much more effective at using digital to develop new products and services (34%).

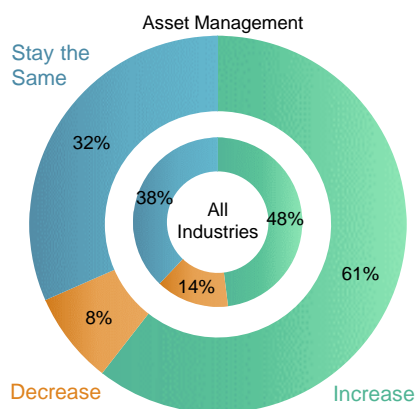
Overall, how effective has your organization been in using digital technologies to advance its business strategy?



Asset Management firms **report higher overall effectiveness levels in their digital strategies than other industries**. However, just 30% describe their digital strategies as very effective or better, and 42% describe them as slightly effective or worse.

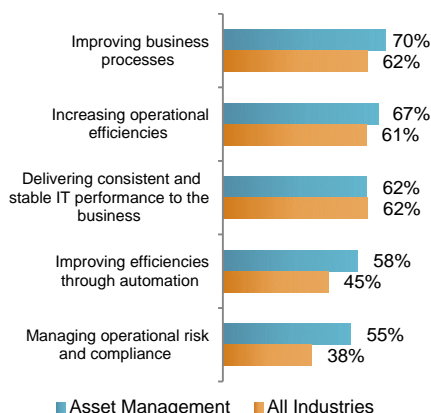
Budget/Priorities

Looking forward, over the next 12 months, what do you expect your IT budget to do?



Asset Management firms are **much more optimistic about their IT budgets for next year** than companies in other industries, with 61% expecting an increase in their IT budgets, compared to an all-industries average of 48%.

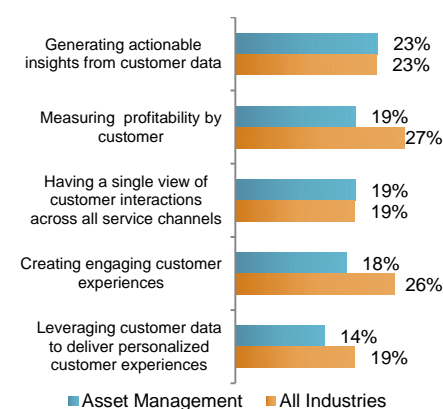
What are the key business issues that your management Board are looking for IT to address? (top 5)



Compared to IT priorities in other industries, Asset Management Boards **more heavily emphasize improving business processes** (70% vs. 62% for all industries), and increasing operational efficiencies (67% vs. 61%).

Customer Capabilities

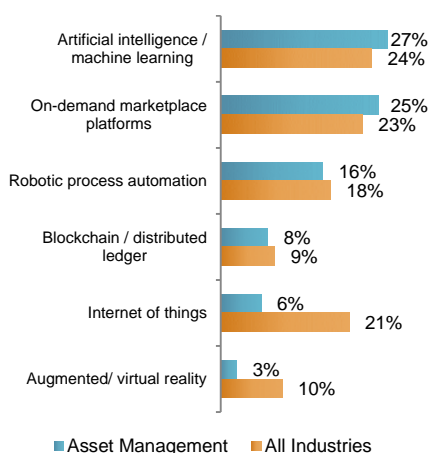
How effective is your organization at each of the following capabilities? (Very/Extremely Effective)



Asset Management **lacks effectiveness in five critical customer-focused capabilities**, with less than a quarter rating themselves at least very effective at any. Asset Management firms especially struggle with creating engaging customer experiences (18%) and leveraging customer data to deliver personalized experiences (14%).

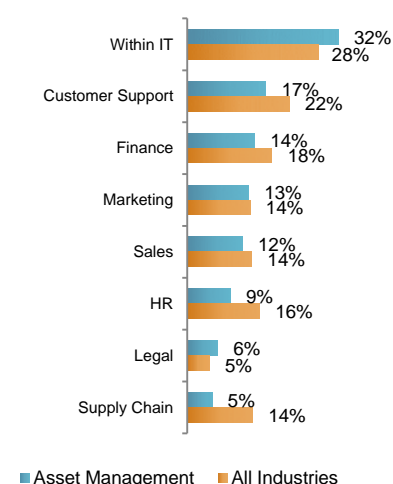
Technology & Innovation

How would you characterize your investment in the following technologies? (Moderate/Significant Investment)



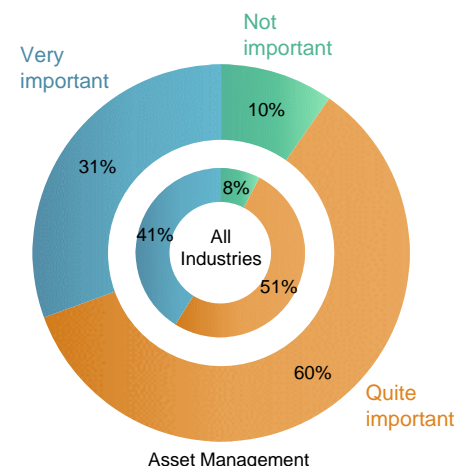
Of next-generation technologies, Asset Management firms are **most likely to have invested in AI/machine learning** (27% vs. 24% for all industries) and **on-demand marketplace platforms** (25% vs. 23%).

In which functions have you implemented digital labor / automation?



Asset Management has **heavily focused its digital labor/automation efforts within IT** (32% vs. 28% for all industries), with digital labor remaining in its infancy across most all other major corporate functions.

How important is it to have an innovative, experimental culture in your organization to ensure its digital strategy is a success?



Asset Management firms **view having an innovative, experimental culture as a less critical component of the success of their digital strategies** than others, with 31% viewing it as very important compared to the all-industries average of 41%.

Conclusion

Wealth and Asset Management firms say they have made some good progress with internal capabilities but have been unable to harness digital technologies to advance client experience and operational efficiency capabilities as much as they hoped.

Achieving scale, efficiency and an improved client experience are fundamental for Wealth and Asset Management firms to succeed in today's landscape. This will require CIOs to direct investment towards the right technology in the right order and seamlessly integrating the solutions. Digital labor and automation initiatives need to move from prototyping to generating cost savings and into real customer outcomes. CIOs should also start thinking about the value of data they hold and how they use this for the betterment of their clients.

The good news is that Wealth and Asset Management CIOs are entrusted with an increased budget, so it's an ideal time for them to define their technology strategy and pivot their budget towards providing maximum ROI for the business.

Further information

Tom Brown

Head of Global and UK Asset Management
KPMG in the UK
T: +44 (0) 20 7694 2011
E: tom.brown@kpmg.co.uk

www.kpmg.com/ciosurvey

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2018 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved. Designed by CREATE | CRT099516A. The KPMG name and logo are registered trademarks or trademarks of KPMG International.