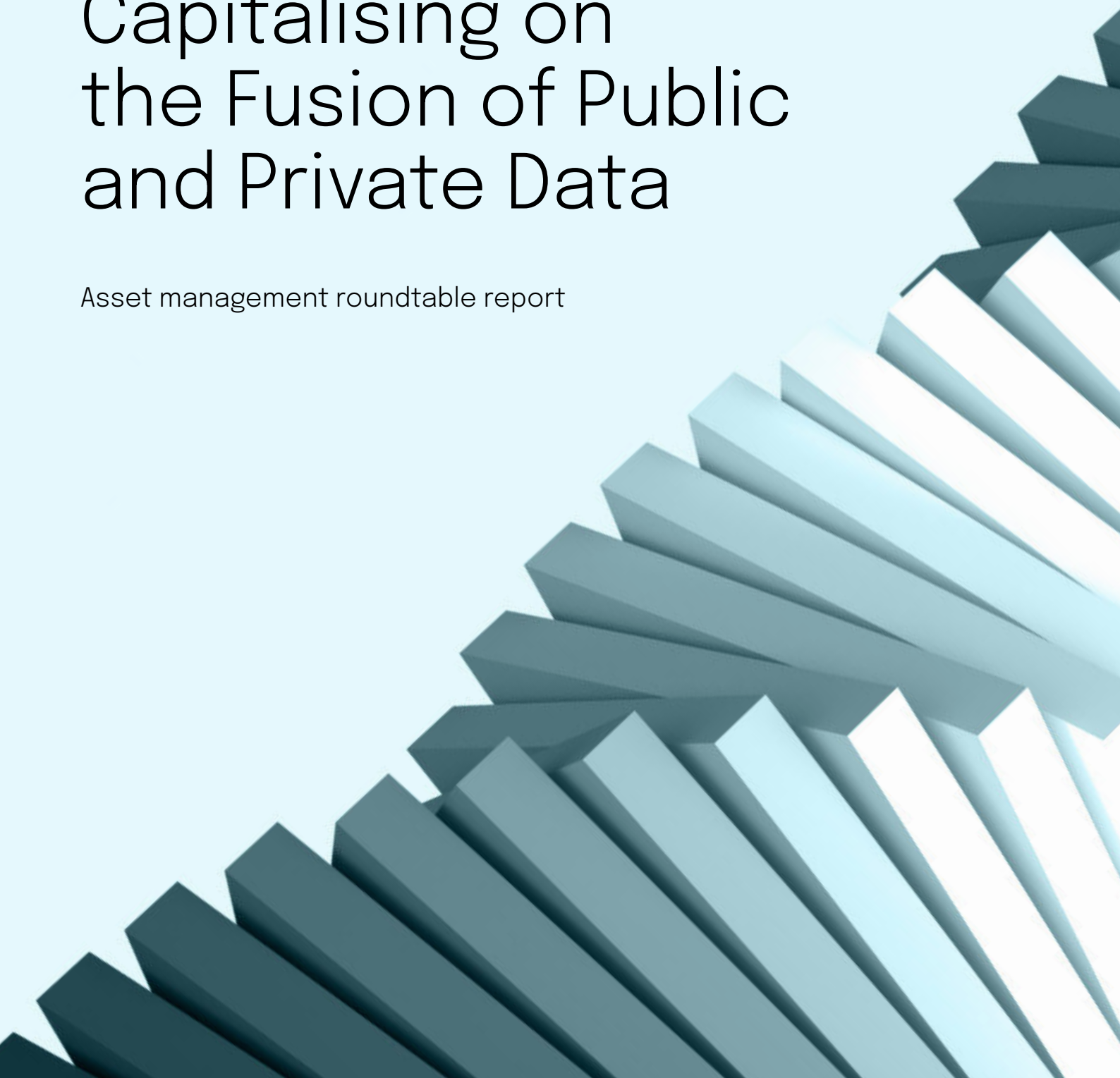


A World of Opportunity:

Capitalising on the Fusion of Public and Private Data

Asset management roundtable report



Introduction

FINBOURNE Technology and EY recently hosted an industry roundtable in London for the Chief Operating Officers of 11 leading asset managers.

The explosion in demand for private equity assets over the last decade, combined with the rise of AI-led services in asset management, such as Machine Learning, Natural Language Processing and Large Language Models, marks a significant shift within our industry. And, with a growing emphasis on seamless data integration, participants discussed the critical need for a robust, flexible data infrastructure and interoperable technology solutions.

They also shared insights and advice from within their own organisations and across the broader asset management sector.

The input from the discussion has been collated into this report to explore best practices for integrating public and private data into advanced multi-asset investment strategies.

Topics discussed

- 1 The rise of alternatives – what does this mean for asset managers today?
- 2 How is legacy technology hindering the potential of multi-asset investment strategies?
- 3 From cost centre to revenue generation: adopting new techniques to achieve seamless integration of public and private data



“It’s a very interesting time for us to reflect on the market. We know data is core, but if we are going to be able to use it to drive our investment models forward, we need a different approach.”

Alix Cheema

UK WAM Technology Consulting Leader, EY



“The rise of private assets under management over the last decade has presented asset managers with a vast opportunity to unlock, but also a technological challenge to solve.”

Thomas McHugh

CEO and Co-founder, FINBOURNE Technology



The rise of alternatives – what does this mean for asset managers today?

The growth of private markets over the past decade has doubled the assets under management (AUM) held across the sector to north of \$24.4 trillion, according to EY.

\$24.4 trillion

Global private assets under management as of December 2023¹

To deal with that increase, many asset managers have been forced to deploy separate systems to manage different asset classes. Often the proliferation of systems has resulted in increased manual interventions in order to reconcile data with existing systems.

This explosion of private assets highlights the critical need for efficient data management and integration strategies to handle the increased volume and complexity of private asset data.

“What has changed is the size of the private equity asset. At 15% AUM, it is a more meaningful proportion of the assets that you can’t ignore anymore – like you could when it was 2%.”

COO at a leading UK-based pension fund

Unlike public securities, private asset data also has its own set of unique challenges. It is harder to obtain, often comes at a high cost and there is less commonality across assets. Data update frequency also varies, with private data not changing as often as exchange-traded data.

Integrating these varying data types is driven by the need to manage various business requirements, whether portfolio management, risk analysis or client reporting.

Of our roundtable delegates, 60% said data quality and fragmentation were their biggest challenges. In addition, 80% said having a consistent view of their consolidated public and private investments would be “highly valuable”.

Meanwhile, half our delegates said that their existing legacy systems required “significant” manual intervention, while a third (33%) rely on separate systems for their data management.

As we’ll explore later in this report, seamlessly integrating public and private data can provide a significant competitive advantage by enhancing investment strategies, streamlining operations, controlling costs and improving client experience.



“Asset managers are starting to realise there can be a considerable cost to not investing in modern technology. We see a split between those willing to accept change and those that are not.”

Alix Cheema

UK WAM Technology Consulting Leader, EY

1. According to April 2024 EY Knowledge analysis, data from Pitchbook and Campden Wealth.

How is legacy technology hindering the potential of multi-asset investment strategies

Many asset managers rely on multiple, proprietary, legacy technology systems that lack the necessary flexibility and scalability to meet modern demands, especially when ingesting and integrating public and private data.

Their outdated systems often create data silos, increased operational costs, and a reduction of agility compared to their peer groups.

In an increasingly competitive environment, asset managers are under pressure to tackle these challenges of spiralling costs and data fragmentation, whilst also attempting to implement advanced multi-asset investment strategies.

Emerging technologies like artificial intelligence (AI) are also becoming increasingly relevant in asset management.

Machine learning, natural language processing, and large language models all offer substantial opportunities for sentiment analysis, pattern recognition, semantic search, and predictive analytics.

However, a robust data infrastructure is required if safe, AI-driven decision-making is to be facilitated, including identity and access management, interoperability, and full auditability.

“If you get audited, as COO you have to be on top of all of your data. Establishing robust data governance should be what your strategy is all about.”

COO at a UK-based boutique asset manager

As the industry grapples with these challenges and changes – along with heightened competition, fee compression, and market volatility – the modernisation of technology estates is becoming crucial.

Modern solutions, with their emphasis on interoperability and modular design, address inefficiencies by enabling easy integration with both current systems and third-party applications.

This capability allows firms to streamline processes and leverage their public and private asset data more effectively, driving operational efficiencies and fostering sustainable growth.

“What is your problem set, what needs to be achieved, and what are the solutions to help you achieve each step? It can all be boiled down to this repetitive process. However, some firms lack the long-term vision or leadership to go through this.”

COO at a leading UK-based asset manager



“In the past, investing in technology was associated with time-consuming and costly transformation projects. The key is to introduce change incrementally. This is what FINBOURNE is doing – you don’t have to commit to buying the full package.”

Thomas McHugh

CEO and Co-founder, FINBOURNE Technology

From cost centre to revenue generation: adopting new techniques to achieve seamless integration of public and private data

By adopting a modern approach to data management, firms can overcome legacy system limitations and manage the fragmentation of public and private data. They can also facilitate the introduction of new technologies like AI and respond effectively to market and regulatory changes – effectively turning limitation into opportunity.

As a result, what was previously a high-cost centre for the business is now streamlined, so managers can spend more time exploring and unlocking significant revenue-generating opportunities.

This can only be done by using a flexible platform that seamlessly connects with various data sources and internal applications.

Platforms with modular, API-led architectures and advanced data governance tools are essential to helping asset managers regain control of their operational growth, meet regulatory demands and respond to investor expectations.



“Legacy technology should be a thing of the past, but traditionally the cost and risk associated with moving away from it has been the challenge. Only with a modern data infrastructure that provides a single, reliable source of truth, can firms be adaptable to evolving regulatory and client demands.”

Phil Tattersall

EMEA Wealth & Asset Management Data Lead, EY

To succeed in the future, asset managers must also reimagine the client experience based on ever-changing expectations of what a best-in-class experience means, something that can only be achieved with a modern technology stack.

Our roundtable agreed that at least one element of this will be delivering tailored client experiences at scale, something which can only be done with the right technology to integrate the necessary data seamlessly.

Participants observed that the business was diversifying and increasingly a core part of generating returns was expected to come from private markets.

“The world is changing, and we need to redefine how we talk to our clients. What they actually want is a good user experience – that is the most important thing”

COO at a leading defined benefit pension fund



“Ultimately, after years of accumulated technical debt, being able to restore control in real-time and fuel growth with one cloud native solution that simplifies data management complexity, is what all capital markets firms need.”

Alix Cheema

UK WAM Technology Consulting Leader, EY

Conclusion

As the level of private assets under management grows, asset managers must tackle their underlying technological challenges if they wish to enhance their investment strategies, manage costs and improve the client experience.

To that end, our delegates shared three key pieces of advice:

1. Identify your legacy technology issues

Do you struggle with data silos, high operational costs, a reliance on manual data handling processes, or all of the above? Identifying the legacy technology issues you currently have within your organisation will build a case for the introduction of new tools or technology.

This is a crucial process, as scoping out the existing challenges will also help identify the features or functionality your organisation needs to succeed.

“On the technology pain points and challenge of legacy software, we all share the same problems. What is needed is a definition of ‘good’ when it comes to effectively using data.”

COO at a global asset manager

2. Reimagine the client experience

To succeed in the current environment and prepare for the future, asset managers must digitise and reimagine their client experience. At this point, it's also crucial to consider how your technology estate will support those experiences as the organisation scales.

It's only by taking a holistic approach from top to bottom that decisions and investments can be made to build a consistent, future-proofed, branded experience across public and private asset management.

“FINBOURNE's CEO is the only CEO I have met so far who has talked about APIs – which is key to unlocking a client's data potential.”

COO at a leading UK-based pension fund

3. Find a trusted technology partner

In a rapidly evolving market, asset managers must stay at the forefront of innovation. Partnering with a technology provider which prioritises efficiency, security, and collaboration can empower asset managers to integrate data across their organisations effectively. Our delegates also stressed the importance of interoperability, choosing a modern, modular data platform that should be able to effortlessly augment or replace existing technology, that enables asset managers to quickly adapt to market shifts and emerging opportunities without undergoing large-scale, disruptive change initiatives.

A transformation project also requires strong leadership with a clear vision. This is vital if transformative changes in technology adoption are to be implemented successfully.

“Any successful transformation project can be boiled down to two clear factors, a strong leadership, and a robust operating model.”

COO at an ESG-focused asset manager

To find out more and discuss the opportunity of fusing public and private data sources, speak to an expert at FINBOURNE Technology today.



About

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

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About

FINBOURNE's solutions deliver an interconnected network of functionality and data that enables the investment community to better serve clients in a constantly evolving market.

Its investment management solutions and cloud-native data management platform ensure that investment and operations teams can increase revenue, reduce costs, and better manage risk across the investment life cycle.

For more information on FINBOURNE Technology visit www.finbourne.com or contact sales@finbourne.com.

