

## insights:

# HOW ASSET MANAGERS CAN USE INVESTMENT DATA TO UNLOCK GROWTH

**When navigating your next phase of growth, allow data to show you the way.**

Investment managers seeking growth have been focused on various aspects of digital transformation for years. In fact, there was a time when you couldn't read an article about investing without seeing the phrase "big data."

Now, as more sophisticated data solutions, including artificial intelligence (AI), data analytics, and cloud access become available, many asset managers are considering how to harness these solutions, what challenges they might face, and how these solutions can unlock growth in the future.

### THE EVOLUTION OF DATA ACCESS

Over the last decade, investment managers have increasingly looked to data to identify trends, make decisions, and measure success. Today, sophisticated investment management data has become more accessible than ever before. It's much

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more viable to store large amounts of data than it was even five years ago, and as the cost of storing data has gone down, volume has gone up. Now, with increased data capabilities, there is opportunity to utilize it in new ways to anticipate client needs, inform an enterprise growth strategy, and potentially increase alpha.

But what does this mean for the ways that asset managers are accessing their data? In the past, a common workhorse of data access is through file

delivery. Just like the fax machine revolutionized communications in its day, SFTP file delivery did the same. But with larger and larger datasets available and consumed, this method has become cumbersome. Cloud data storage greatly reduces the friction of data access by eliminating the delivery aspect. Managers may now access a complete dataset when they need it and change what data is used without building separate files or middleware processing.

With greater access and superior tools enabling new, higher value applications, many asset managers are optimistic about the impact that data can have on their ability to grow. In fact, in a recent study done by PwC, 60% of business executives said digital transformation was their most critical growth driver in 2022.<sup>1</sup>

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For those looking to further leverage data, here are four ways asset management firms can use their investment data in conjunction with other data sources to fuel growth:

## **1 — Gain a more comprehensive picture of sales efforts**

Managers today are seeking to integrate data into their customer relationship management systems to gain greater clarity on the products and services that are driving the most revenue. They can use data to provide a better understanding of where their sales teams are most effective and which products and services are driving the greatest share of revenue. With this information, asset management firms can intelligently allocate resources to the most profitable areas of the business. They can also better determine which areas are not generating

enough value and make smarter decisions about future product offerings.

## **2 — Compare different product types and strategies**

When asset managers have multiple products that are serviced through different systems, integrating data sources can help managers gain greater visibility that enables superior customization and the ability to identify overarching trends. For example, when data from mutual funds, SMAs, and trust accounts are all brought into a single data warehouse, managers can more easily compare different product types and strategies.

Creating a holistic viewpoint of data through seamless integration is key to identifying value-adding insights. A recent report from Deloitte explains this concept well: "To turn insights into opportunity, data from vendors and data provided to partners and clients can be merged and reconciled across reporting domains for a more accurate and detailed perspective that spans functional domains and share classes."<sup>2</sup>

## **3 — Meet compliance requirements**

Investment compliance monitoring is a critical responsibility for asset managers that relies on access to accurate information. New compliance monitoring software ensures this process is cost-efficient and effective, enabling investment management teams to layer in data from multiple sources so compliance teams and systems are armed with higher volumes of highly reliable information. Asset managers can leverage superior data to enhance these capabilities in ways that not only spot violations, but identify areas where greater oversight is required.

## **4 — Create the next generation of personalized investments**

Personalized investments have historically ruled out certain sectors or investment types based on investor values or preferences. Today's data solutions enable investors to go beyond negative screening to add

<sup>1</sup> Next in asset and wealth management, PwC, January 2023.

<sup>2</sup> "Data as an investment: Why you need a strong strategy and governance." Deloitte, February 2023.

in specific investments that align with their desires. Artificial intelligence capabilities take this a step further by analyzing investor preferences and recommending additional investments based on them. Managers can also benefit from integrating publicly available data sources with in-house and third-party datasets using natural language processing technology, which provides even more information for investment decision making.

**Archer experts can provide asset managers with the guidance and advice necessary to make the most out of your digital transformation.**

## LET DATA GUIDE YOUR GROWTH

As the asset management industry continues to evolve, managers today must take proactive steps to take advantage of new tools that can power their growth. Data is key to investment management, and it's important for managers to be able to access the data they need in formats that align with their business.

Archer provides investment managers a variety of options for efficiently accessing data and, for each option, a variety of data sets and underlying fields to help asset managers customize the data in the way that best serves their business needs. Our experts can also provide asset managers with the guidance and advice necessary to make the most out of your digital transformation. When navigating your next phase of growth, allow data to show you the way.



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