



Predictions for 2018

Cloud computing. Many large IM firms appear to have identified a mix of on- and off-premises technology infrastructure.

They are implementing low-cost, agile cloud-based solutions across functions. In 2018, expect to see more medium- and small-size IM firms adopting cloud-based solutions instead of upgrading their existing proprietary infrastructure as they feel the pressure to improve efficiency and agility.

Outsourcing. In 2018, IM firms will likely continue to experience a complex and disruptive environment, which would demand outsourcing of various business functions ranging from back office to front office. Third-party service providers are offering solutions for a gamut of outsourcing needs, with notable additions in front-office functions. In 2018 and beyond, we could see an accelerated adoption of outsourced functions, including the front office.



Action steps

In 2018, IM business leaders should formulate operational strategies with a focus on streamlining the three components of the operating model. Considering the following

action steps could help make rent vs. buy strategy decisions with respect to technology and talent:

- Review the current and future operational needs against the existing headcount and technology infrastructure.
- Target the business functions that require sizeable technology investment and the processes that require costly and fast-moving skills for potential transformation.
- Determine if implementing cloud solutions or engaging external service providers fits with the strategic plans for future expansion or increased capabilities.
- Develop management controls around process changes and around the new processes themselves, which may be on rented infrastructure and operated by nonemployee talent, tailored to the peculiarity of the outsourced components.
- Consider risk-based resource allocation as part of operating model transformation.