



## News Release

FOR IMMEDIATE RELEASE

### **Vying for Competitive Edge, Asset Managers Will Boost Technology Spending by Two-Thirds to \$84 Billion by 2023: Casey Quirk**

**NEW YORK and STAMFORD, Conn., Dec. 15, 2020** – Seeking broader and deeper ties to clients, asset managers worldwide expect to increase annual spending on data and technology to \$84 billion by 2023 from \$50 billion in 2019. Investing the money wisely — not merely boosting budgets — will separate the leaders from the laggards, according to the latest research from asset management strategy consultant Casey Quirk, a Deloitte business.

Data and technology are becoming core to the asset management business and critical resources required for firms to operate effectively, particularly in the post-pandemic world, according to the Casey Quirk [white paper](#), “Technology for the C-Suite: Driving Competitive Advantage in Investment Management.”

Success relies on optimizing data and technology investments and thus far only a portion of asset management CEOs have exhibited strong leadership in this area, clear vision on the path forward and a robust approach to executing on key initiatives, according to Casey Quirk’s research. “Front runners,” representing 25% of asset managers, currently spend about 12% on technology. Over the three-year period through 2019, these firms have generated five times the organic revenue growth, 25% longer client retention, stronger investment performance and healthier profit margins than firms considered “late movers” in their embrace of data and technology investments.

“Transforming firms,” or about 45% of asset managers, spend a bit more — 12.5% — but the investments are earmarked mostly to support and upgrade existing models. “Late movers,” representing about 30% of all asset managers, spend about 9% of their total budgets on technology.

“As the industry continues to confront increasing fee pressure and weak organic growth, CEOs are investing more on outcomes-based data and technology initiatives,” said Jeff Levi, a principal at Casey Quirk and co-author of the paper. “Yet too many firms have created a hodge-podge of capabilities without a cohesive recipe. To separate from the pack, asset management CEOs must set a clear vision and a distinct roadmap for how data and technology will drive competitive advantage.”

Scale alone will not generate a superior return on data and technology investments, according to Casey Quirk. More important is how firms spend their budgets on maintaining existing technology, how they improve or replace systems to gain more efficiency and how data and technology support a differentiated competitive advantage.

Outmoded infrastructure is seen by asset managers as the greatest challenge to transformation, more than any other potential roadblock. This includes financial systems, workflow tools, data storage servers, cloud-based tools, trading systems, client-facing websites and client and market data. Overhauling legacy systems will yield a range of organizational benefits such as faster client delivery, streamlined costs, increased resiliency and risk reduction, improved innovation and an enhanced client experience.

“While today’s front runners have been successful at aligning technology and strategy, no firm has built an insurmountable competitive advantage,” said Tyler Cloherty, head of Casey Quirk’s Knowledge Center and co-author of the paper. “Future operating success requires leaders to make bold, visionary decisions, driven by data and technology and to take a relentless approach to execution.”

Data cited in the white paper, unless otherwise indicated, comes from Casey Quirk’s research initiatives.

Casey Quirk, a business of Deloitte Consulting LLP, is a leading management consultancy that focuses solely on advising asset management firms. Casey Quirk was established in 2002 and acquired by Deloitte in June 2016. The organization has advised a majority of the 50 largest asset management organizations worldwide, including eight of the top 10. Casey Quirk provides senior leadership teams with broad business strategy reviews; investment positioning and strategy consulting; market opportunity evaluations; organizational design; ownership and incentive structuring; and transaction due diligence. For more information, please see the Casey Quirk website [here](#).

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