

# Investment Management CFO Symposium

Wednesday, June 12, 2024

# Welcome and Opening Remarks



**Krissy Davis**

Vice Chair

US Investment Management  
Leader

Deloitte & Touche LLP

Scan QR code for  
agenda



# Important polling reminders

- **Scan the QR code** to access the polling questions
  - For iOS: Use your camera to scan
  - For Androids: Use Google Lens or any QR code reader app
- On the polling webpage, please enter your full name to log-in
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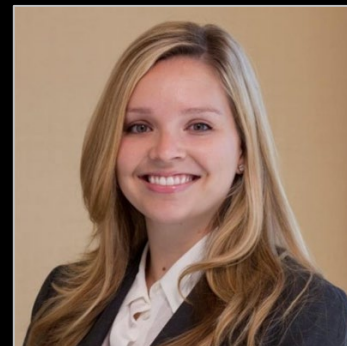


# State of the Industry



**Adam Barnett**

Partner  
McLagan (Aon) Ltd.



**Amanda Nelson**

Principal  
Casey Quirk  
Deloitte Consulting LLP

## Manager Success is Trailing Market Performance



- **Flows remain muted in 2022-2023**
- **Data and technology costs continue to rise**
- **Margin pressure has returned**
- **Select firms are outperforming their peers & achieving profitable growth**

## Managers are Pursuing Five Initiatives to Achieve Profitable Growth



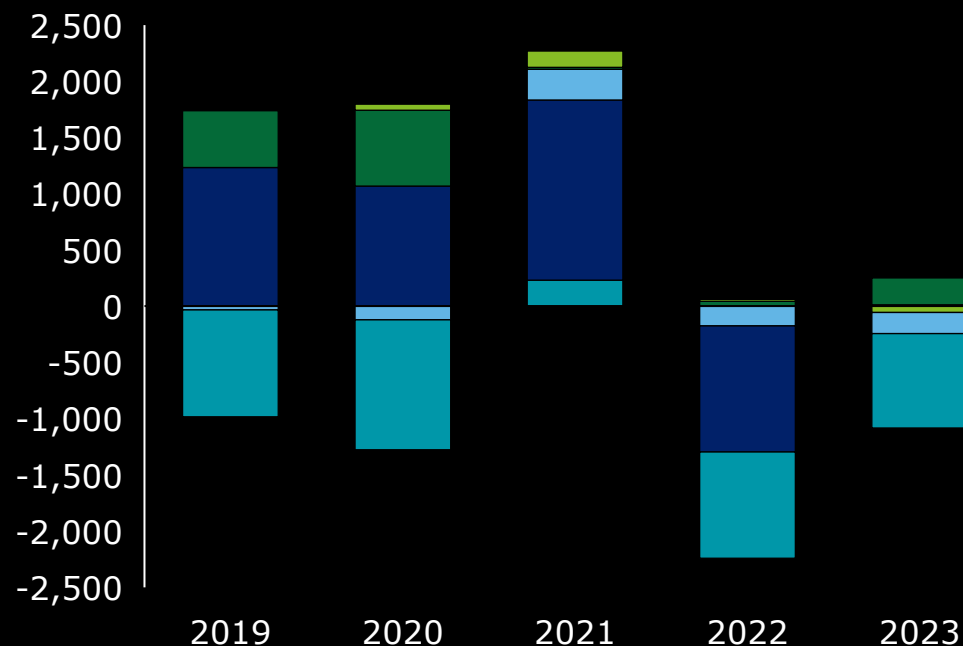
- **Strategic Growth Bets**
- **Investment Platform Scale**
- **Distribution Productivity**
- **Operations Modernization**
- **Finance Transformation**



# Despite a market rebound, flows into traditional & private market strategies were muted in 2023

## Net Flows by Traditional Asset Class

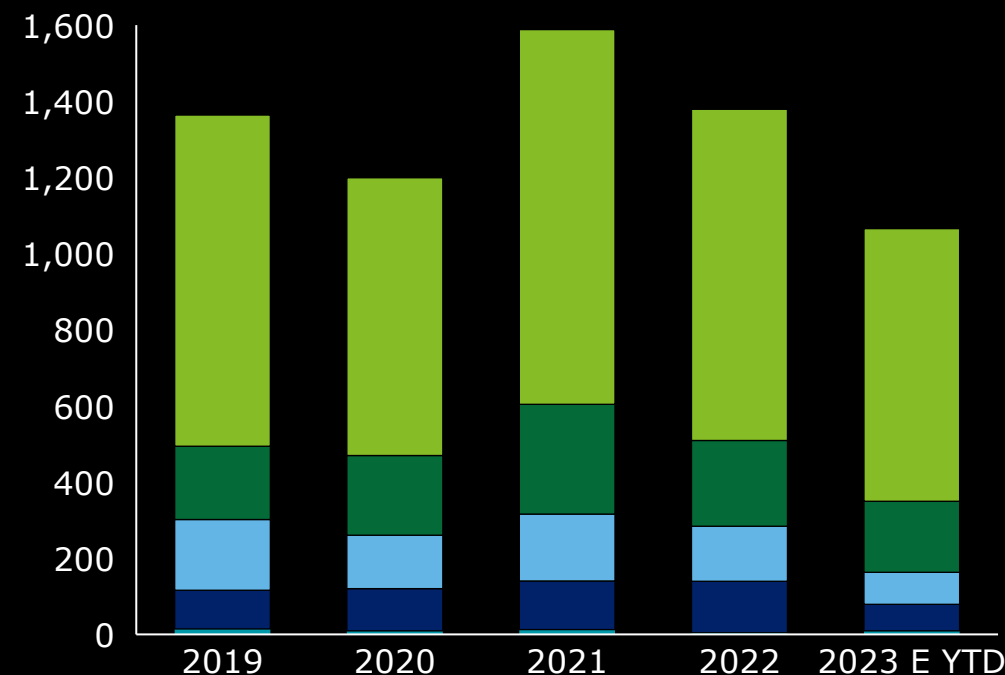
\$B, 2019 - 2023



■ Liquid Alternatives    ■ Solutions    ■ Equity  
■ MM/Cash    ■ Fixed Income

## Private Market Capital Raise

\$B, 2019 - 2023



■ Private Equity    ■ Real Estate    ■ Natural Resources  
■ Private Credit    ■ Infrastructure

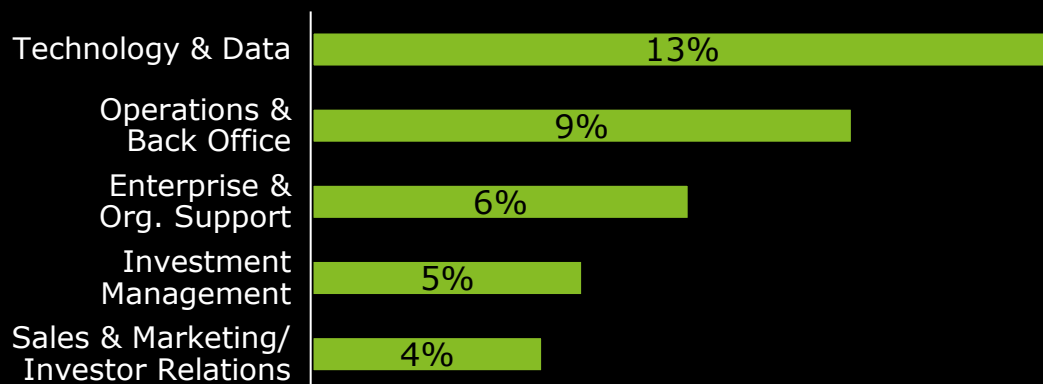
Source: Casey Quirk Analysis



# Rising costs contributed to margin pressure

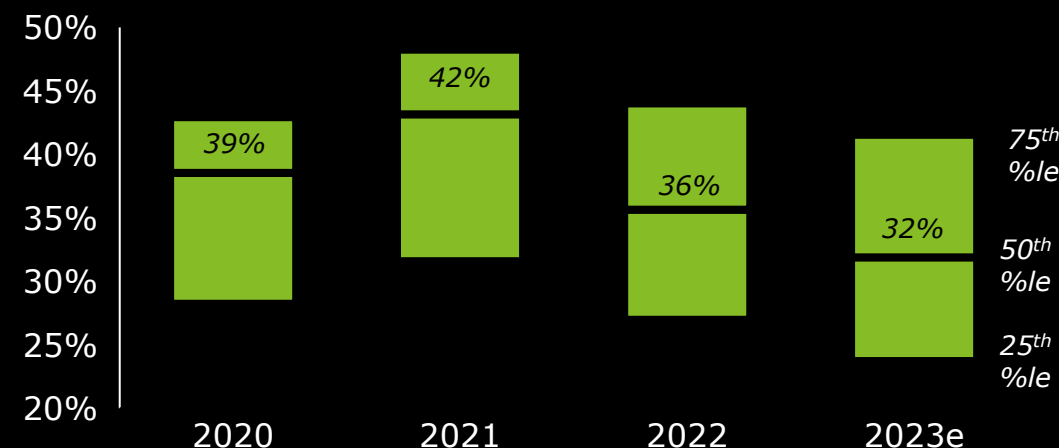
## Change in Operating Expenses by Function

Median 3Y CAGR, 2020-2023e






## Operating Margins

%, Quartiles, 2020-2023e



### Expense Drivers

 <p><b>Data and Technology</b></p> <ul style="list-style-type: none"> <li>Investment (27%) &amp; distribution (12%) represent the largest share of technology and data costs</li> <li>Third-party technology spend increased by 8%, to account for 53% of IT costs in 2023</li> </ul>	 <p><b>Compensation</b></p> <ul style="list-style-type: none"> <li>Non-compensation expenses continue to outpace compensation growth</li> <li>Compensation grew by 4%, due to both pay and headcount grow</li> </ul>	 <p><b>Headcount</b></p> <ul style="list-style-type: none"> <li>Headcount has increased by 2% since 2020, led by technology &amp; distribution</li> <li>All functions continue to see continued juniorization</li> </ul>
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# Looking Back: `22 to `23 T. Comp Movement – a Firm-by-Firm View

Lower-Paid Were Up. Mid-Paid Were Flat. Top-Paid Were Down.

Aggregate % Change in Total Comp: 2022 to 2023								
Row	Change in Revenues `22 to `23	Less than \$100k	\$100k to \$250k	\$250k to \$500k	\$500k to \$1m	\$1m to \$2m	More than \$2m	Total Spend
I	10.5%	14%	12%	11%	11%	13%	10%	11%
II	3.5%	12%	10%	10%	8%	12%	5%	9%
III	1.1%	11%	10%	8%	7%	7%	5%	8%
IV	-0.1%	11%	9%	8%	7%	7%	4%	7%
V	-0.4%	10%	8%	7%	6%	6%	3%	6%
VI	-1.4%	10%	7%	7%	6%	5%	0%	4%
VII	-1.6%	10%	6%	6%	5%	5%	-2%	3%
VIII	-1.8%	9%	6%	6%	2%	4%	-3%	2%
IX	-3.2%	8%	6%	5%	1%	1%	-3%	1%
X	-3.7%	8%	6%	4%	1%	1%	-4%	0%
XI	-4.7%	8%	5%	4%	-3%	-1%	-5%	0%
XII	-6.9%	8%	5%	3%	-3%	-1%	-12%	-1%
XIII	-7.2%	8%	4%	2%	-5%	-4%	-12%	-1%
XIV	-10.7%	8%	4%	2%	-5%	-4%	-14%	-4%
XV	-11.0%	7%	4%	1%	-5%	-6%	-15%	-5%
XVI	-11.1%	7%	4%	1%	-7%	-9%	-18%	-5%
XVII	-12.6%	6%	4%	0%	-8%	-11%	-22%	-6%
XVIII	-21.2%	5%	3%	-1%	-9%	-21%	-33%	-8%
High Q	-0.7%	10%	7%	7%	6%	6%	2%	6%
Median	-3.5%	8%	6%	5%	1%	1%	-4%	1%
Low Q	-9.8%	8%	4%	2%	-5%	-4%	-13%	-4%
Δ Total Spend		9%	7%	5%	1%	1%	-6%	2%

Less than -20%

-20% to -10%

-10% to -0%

0% to +10%

+10% to +20%

More than +20%

Source: Aon/McLagan analysis

Data independently arrayed by compensation band

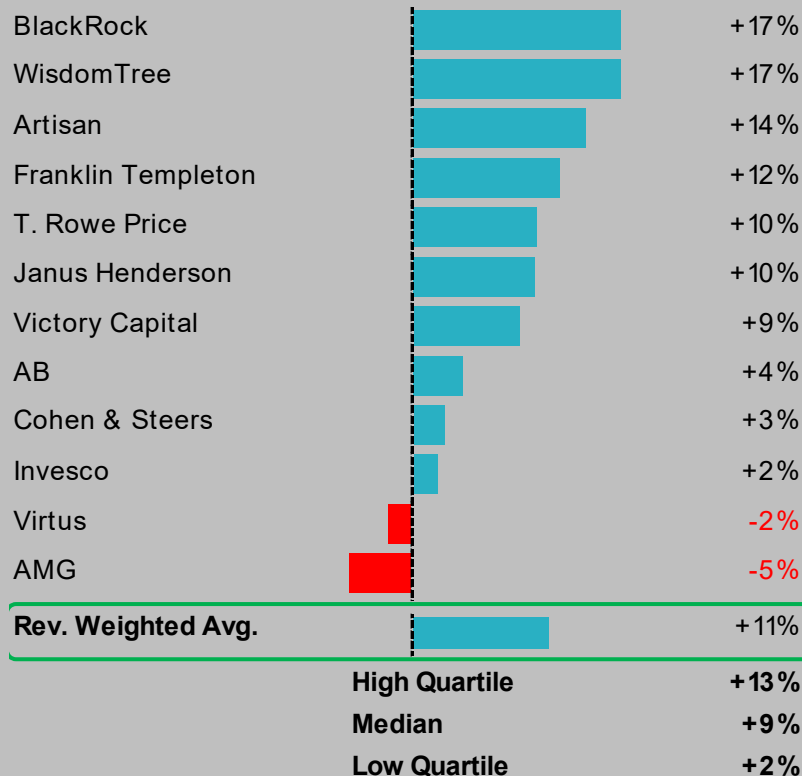




# Looking Ahead: `23 to `24 T. Comp Movement

It's Still Early, but Pointing to +6% to +8%

**Projected Change in Revenues**  
(FY 2023 to FY 2024; Per FactSet a/o 5/15/24)



Δ in Total Incentive Pool Spend (`23 to `24)				
		Δ in Profit Margins		
		+50 bps	+150 bps	+250 bps
Δ in Revenues	+5%	+5%	-1%	-6%
	+10%	+20%	<b>+14%</b>	<b>+8%</b>
	+15%	+36%	+30%	<b>+24%</b>

Δ in P&L Total Comp (`23 to `24)				
		Δ in Profit Margins		
		+50 bps	+150 bps	+250 bps
Δ in Revenues	+5%	+4%	+2%	-1%
	+10%	+10%	<b>+8%</b>	<b>+6%</b>
	+15%	+17%	+15%	<b>+12%</b>



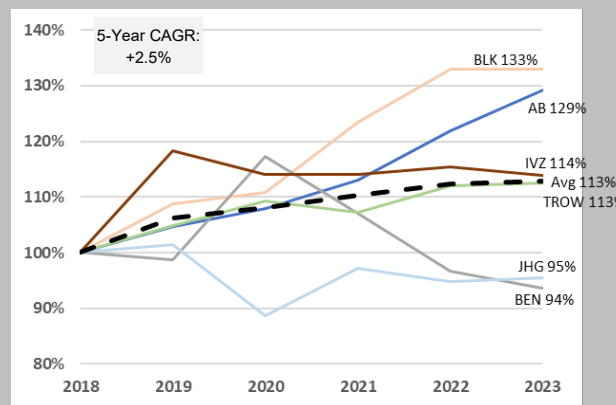
# Alts Growth Has Created HR / Pay Indigestion for Traditional Managers

## Recruiting

Alts firms have recruited aggressively.

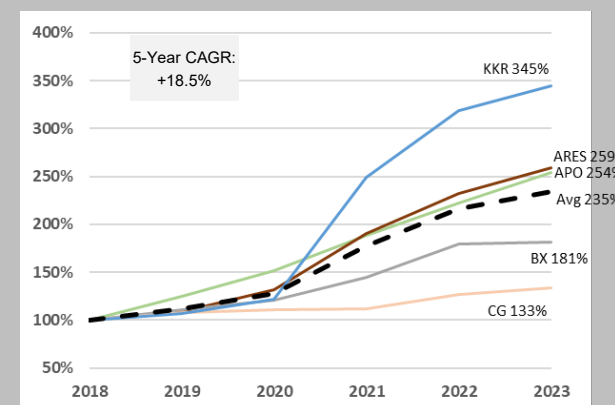
### Traditional Firms

(+13% since '18)



### Alternative Firms

(+135% since '18)



## Pay Levels

Alts firms pay 25% to 30% more than traditional firms

Survey Position	2022 Total Comp.						Pay Differential			
	Traditional IM (NYC)			Alternative IM			Alts as a % of Traditional			
	LQ	Med	HQ	LQ	Med	HQ	LQ	Med	HQ	
Sr Institutional Sales/IR Rep	\$634	\$830	\$1,024	\$850	\$1,075	\$1,290	+34%	+30%	+26%	
Sr Attorney (8-12 yrs)	324	401	477	425	495	575	+31%	+23%	+20%	
Sr Accountant (4-6 yrs)	115	126	150	140	165	190	+22%	+31%	+27%	
HR Generalist (2-4 yrs)	92	105	119	120	134	150	+30%	+27%	+26%	
Application Developer (0-2 yrs)	90	103	120	121	143	185	+34%	+39%	+55%	
Receptionist	70	74	82	77	85	93	+10%	+15%	+13%	
							<b>Average</b>	<b>+27%</b>	<b>+27%</b>	<b>+28%</b>

## Pay Design

Traditional firms struggle with adapting their pay programs to alts firm norms

1. Who receives carry outside of investment teams? Sales / IR Reps, senior management?
2. How, if at all, should carry impact total comp benchmarking and decision-making?
3. How can NEO pay be benchmarked, given alternative firm CEOs' founder status and carry distributions?
4. How should carry plans be designed, governed and administered?



# Leading firms are driving profitable growth across five key initiatives

## Initiatives to Achieve Profitable Growth

## Profitable Growth Performance Outcomes

Profitable Growth Firms vs. Others, 3Y annualized or point in time



**PLACE BETS ON GROWTH OPPORTUNITIES**

**+8 bps**

*Higher fee levels between firms in profitable growth & others*



**SCALE INVESTMENT PLATFORM**

**7.6%**

*Higher contribution margin for investment teams between profitable growth & others*



**DRIVE DISTRIBUTION PRODUCTIVITY**

**18%**

*Higher gross flows as % of BoP AUM between profitable growth & others*



**MODERNIZE OPERATIONS**

**-62bps**

*Lower operations costs for profitable growth firms vs. others (as % of revenue)*



**TRANSFORM FINANCE**

**22%**

*Potential expense reduction from automation and shared services*

# Firms are making select bets in growth segments to drive enterprise value

## 3-Year Revenue Growth by EBITDA Multiple

Publicly Traded Firms, 2023 - 2024



Leaders identify and prioritize opportunities at the intersection of three factors

## Growth Investments for Top Quartile Performers

Private Credit	<b>\$233B</b>	Global private credit capital raise in 2023
ETFs	<b>35%</b>	3-year organic growth rate for US active ETFs
Retail Alternatives	<b>\$64B</b>	Capital raise in US retail alternative vehicles in 2023 through November
Solutions	<b>10%</b>	Projected growth in global OCIO through 2027
Active Fixed Income	<b>20%</b>	Gross flows vs. 13% in equities in 2022



# Leaders are reaping greater investment productivity through technology and organizational design

**Revenue per Investment Personnel (\$m)**  
2020-2023



## Investment Platform Initiatives



### Centralize capabilities

Centralizing research capabilities supporting multiple teams to enhance information sharing, technology platforms, and scale/efficiency



### Offshore or outsource capabilities

Select functions such as securities lending, FX, and trading are being outsourced by market leaders



### Implement AI Use Cases

Leverage LLMs to standardize data, automate summaries and reports, and forecast returns



### Simplify IM Tech Stack

Consolidate front office platforms to save costs, improve decision making, reduce risk and minimize manual processes



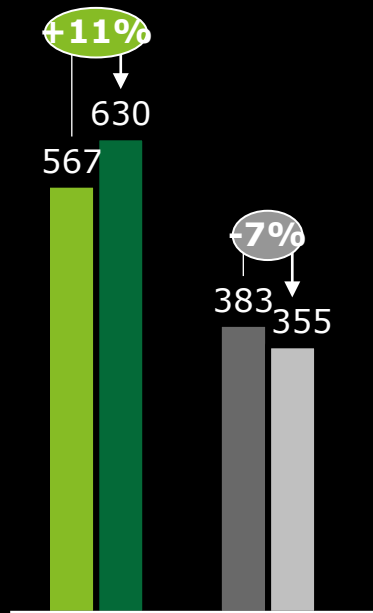
### Align Incentives

Re-evaluating formulaic incentive schemes

# Firms are driving distribution productivity through organizational changes, technology, and re-prioritization

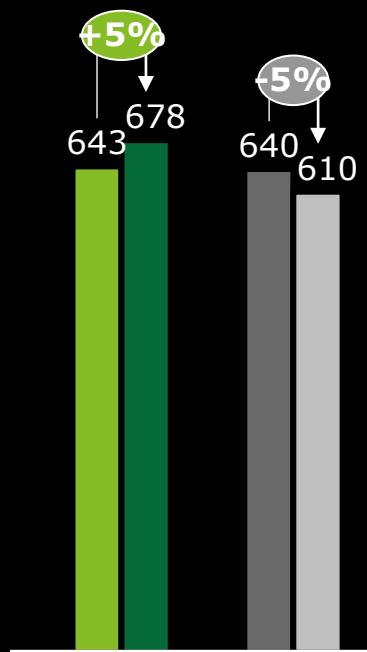
## Retail Sales Productivity

Retail flows per wholesaler, 2020 - 2023e, \$m



## Institutional Sales Productivity

Inst'l flows per sales rep., 2020 - 2023e, \$m



2020 2023e

## Distribution Productivity Initiatives



### Organizational Structure

- Shifting resources toward relationship management and strategic partnerships
- Consolidating silos (e.g. consultant relations)
- Rules to free capacity across specialists, service, and sales



### Client / Market Prioritization

- Channel: Insurance, RIA, Public DB
- Global: MEA, Japan, India
- Vehicles: Retail alts, ETFs, private markets

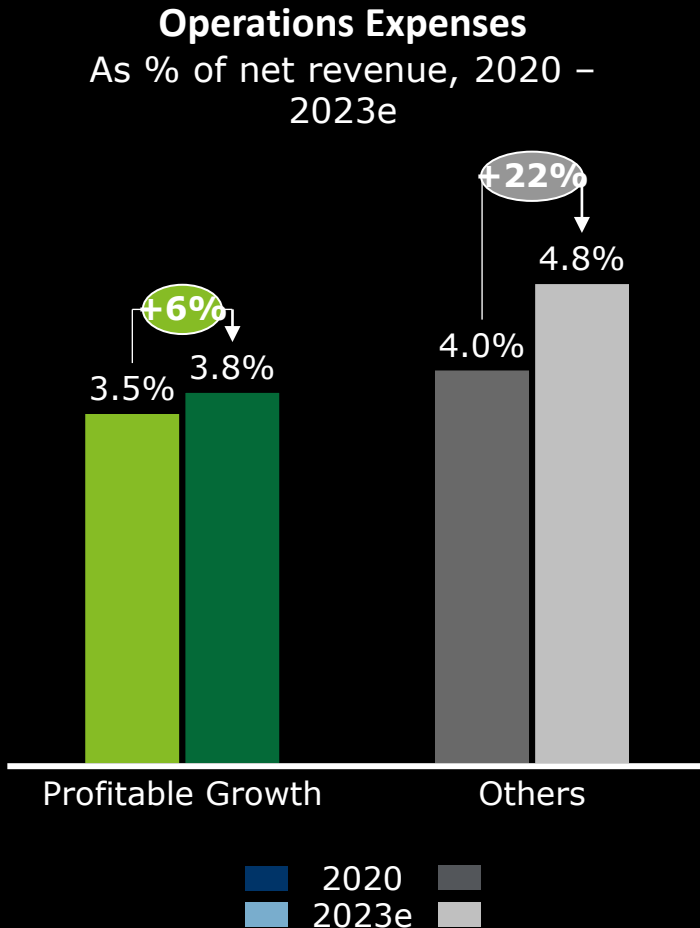


### Data and Technology



- AI use cases (e.g. RFP/DDQ, content generation)
- Onboarding and client reporting
- Data governance and platform rationalization
- Leveraging third-party solutions (CRM, marketing automation, workforce planning)

# Developing an efficient operations platform can control costs and help boost firm productivity

## Operations expenses are rising



## Modernization levers can bend the cost curve

Lever	Focus Areas
 <b>Modernize Data</b>	<ul style="list-style-type: none"> <li>Establish clear data organization and governance</li> <li>Revamp foundational data sets (i.e., sec master, client master)</li> </ul>
 <b>Capitalize on Opportunities in AI</b>	<ul style="list-style-type: none"> <li>Test AI use cases (e.g. automated reconciliation and exception / break resolution)</li> </ul>
 <b>Leverage Third Parties Smartly</b>	<ul style="list-style-type: none"> <li>Co-sourcing across operations &amp; enterprise functions</li> <li>Growth of front-to-back outsourcing in partnership with leading service providers</li> </ul>
 <b>Automate Processes</b>	<ul style="list-style-type: none"> <li>Optimize distribution operations (e.g. client reporting, RFPs, etc.)</li> <li>Implement workflow tools</li> <li>Leverage no-code/low-code platforms to limit manual intervention</li> </ul>
 <b>Leverage Offshore as Core</b>	<ul style="list-style-type: none"> <li>Evaluate operational talent offshore (leading firms have ~30% of operations talent offshore)</li> <li>Calibrate oversight model to ensure seamless hand-offs</li> </ul>

Source: Casey Quirk/McLagan Performance Intelligence





# Modernize the finance function to drive productivity and value creation

## Finance Modernization Levers

### Cost discipline & efficiency



**Standardize processes & data management** to enable global 'fungibility' and reduce manual intervention in areas such as cash management & forecasting



**Pursue automation** (i.e., AI, ML, RPA) to modernize cash management and achieve a touchless month-end close



Establish **mix of onshore, offshore, and third-party resources** to deliver high quality and efficient capabilities

### Value creation



**Shift finance team's focus towards value-add activities** such as capital optimization, pricing, M&A, critical intelligence, and forecasting capabilities



Deliver advanced, **real-time self-service analytics to BU leaders** with appropriate drill-downs



Determine best **funding & execution mechanisms** in concert with project teams by leveraging cohesive data and predictive analytics to drive decisioning

# Implications for CFOs



## PLACE STRATEGIC BETS TO DRIVE GROWTH

*Prioritize and de-prioritize focus areas that will drive future growth*

- **Products**
- **Vehicles**
- **Market segments / channels**
- **Geographies**



## MODERNIZE THE OPERATING MODEL TO DRIVE EFFICIENCY AND SCALE

*Consider pulling a range of levers across:*

- **Service delivery model:** in-source, outsource, offshore
- **People:** re-organize, hire new skillsets, upskill
- **Process:** improve, automate, reduce manual effort
- **Data & Technology:** data management and governance, advanced analytics and AI, tech platform simplification



## EXECUTE, EXECUTE, EXECUTE

*Create functional teams to drive transformation:*

- Dedicated **transformation teams**
- **Clear KPIs**, metrics, and accountability
- **Constant learning**

# Reflections on 30+ Years Working in Investment Management

- My father explained that professional success depends on three things: hard work, intelligence, and luck
- I've been incredibly lucky to work with great clients and colleagues who've shared their friendship, trust, wisdom, and patience with me
- I've been incredibly lucky to work in the investment management industry, with the industry's success largely due to things outside of our control - but, for which I've benefited:
  - A sustained bull market
  - Favorable demographics
  - Shifts in retail investor behavior
  - Changes in retirement plan design
  - Globalization
- I'm grateful for how lucky I've been, with gratitude fostering:
  - Generosity
  - Humility
  - Intentionality
- As you reflect on your careers, I wish you this same luck and awareness

# The Exponential CFO



**Pat Herrington**  
Managing Director  
Deloitte Consulting LLP



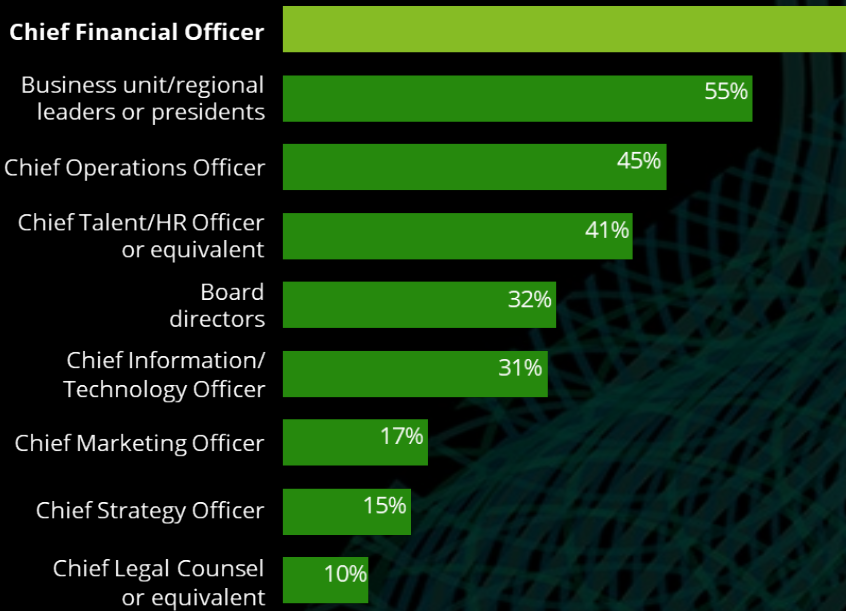
**Katherine Ji**  
Senior Manager  
Deloitte Consulting LLP

# Change in the CFO role

The CFO role is not just shifting, **it is expanding**, becoming more complex and independent. Expectations are growing at an **unprecedented speed and scale**

2030 will look different across industries. The pressures to reinvent, rethink, and reshape are intensifying right now. What can you do today to help you rise to the challenges—and opportunities—of tomorrow?

Roles most important to CEO success



Fortune/Deloitte CEO survey Winter 2022

# Doing business in 2030

The ways companies create shareholder and stakeholder value in the future will provide avenues for new business models, products, services, and value levers that transcend traditional business boundaries. Ponder a future where:



**Value  
creation**



**Industry  
convergence  
unlocks  
innovations**



**Ecosystem  
partnerships  
form complex  
and competitive  
networks**



**Evolving  
customer  
expectations  
drive new  
products and  
practices**



**Nontraditional  
sources of  
capital create  
innovative paths  
to fund growth**



**Trust becomes a  
standard  
metric of  
business  
performance**



# Doing business in 2030

How companies balance efficiency and resilience — and seek to optimize both — is likely to be based on corporate agility and a critical success factor in the ability to pivot to new value creation opportunities. Ponder a future where:



## Operations



**Artificial intelligence (AI) drive operational responsiveness**



**Functional silos no longer exist allowing operations with no boundaries**



**Tech-sensing capabilities are embedded at scale**



**Novel operating models emerge that enable enterprise value**



**Businesses will have to operate with new laws, regulatory considerations, and risks**



# Doing business in 2030

How companies integrate the human aspect into their corporate agenda may need to be profoundly different due to multigenerational work teams with varying technological abilities, as well as new work and worker expectations. Ponder a future where:



## Talent and Culture



**A new generation of talent “born with AI” is even more important than ever**



**Worker expectations will create new measurements of “productivity”**



**Organizational evolutions will require new skills and development like AI prompting**



**Continuous innovation is embedded throughout the organization**



**Purpose is at the forefront and guides business engagement**

# Macro dynamics that matter



## Technology

innovation and user adoption accelerating



## Demographics

Consumer behaviors and new workforce dynamics being driven from an aging population



## Environment

Growing environmental instability appears to be driving behavior change



## Geopolitics

Rising economic nationalism and trade protectionism pose challenges to economic cooperation



## Capital markets

Changing fiscal and monetary policies seem to have ended the era of zero-rate capital

23%

LLMs will change 23% of today's jobs and 40% of working hours<sup>1</sup>

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64%

Millennials and Gen Z constitute 64% of business buyers who are more demanding (90% dissatisfaction with their vendors<sup>2</sup>)

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69%

69% of corporate employees said they want their companies to invest in sustainability

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42%

New trade restrictions have nearly tripled in three years.<sup>3</sup> In 2024, nations comprising 42% of global GDP will hold elections<sup>4</sup>

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9%

Increases in interest rates, cost of debt, and cost of equity capital have increased WACC by 50% or more in less than a year<sup>5</sup>

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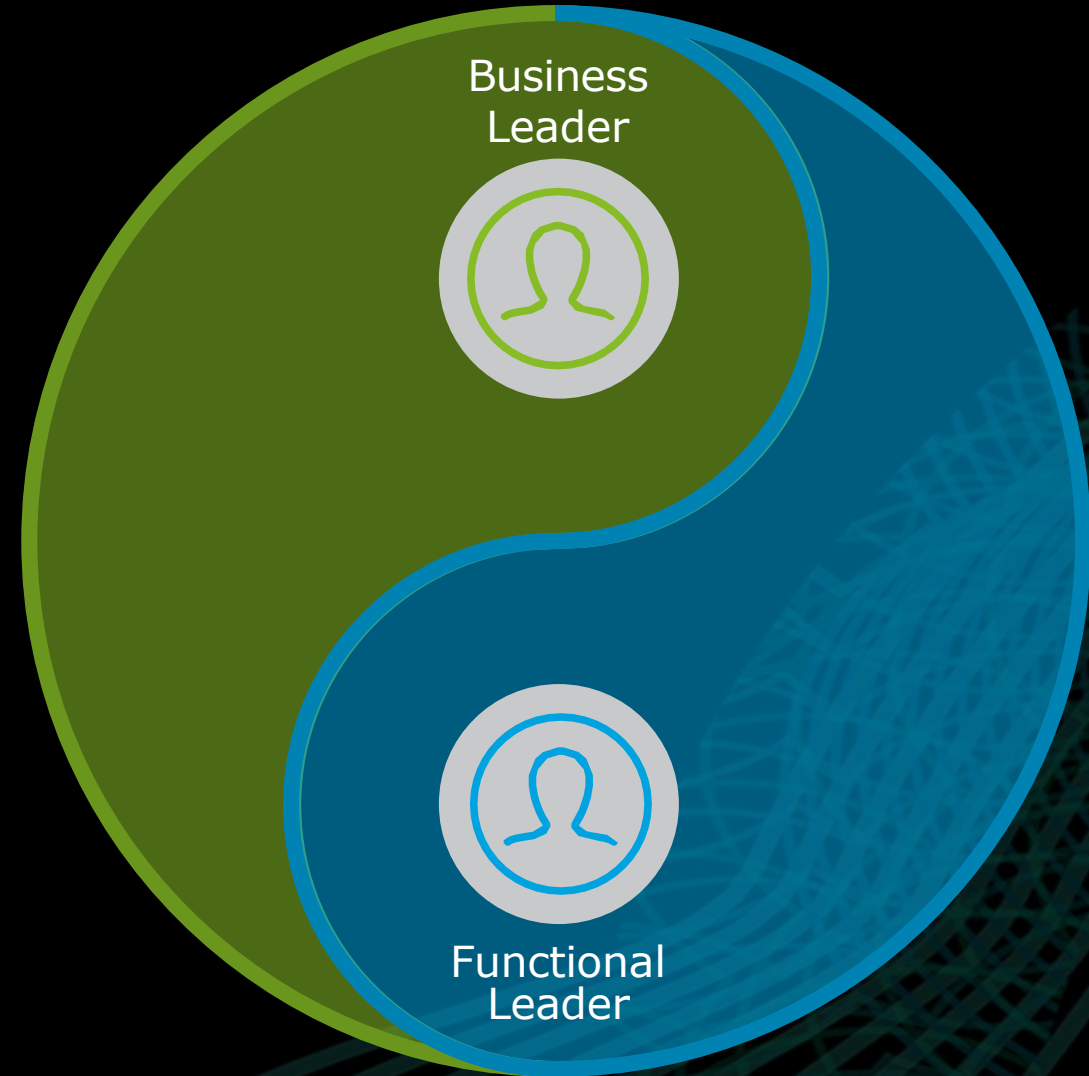
These macro dynamics could shape every life and every job—and they mark the signposts on a path to profit and growth, with implications on the ways business will evolve.

# Business implications of macro dynamics

	<b>Business model disruption</b>	Competition and consumer <b>demand for personalization intensifies, forcing companies to innovate</b> within and beyond boundaries, leading to <b>new ways to grow and new business risks to manage.</b>	62% of CEOs rank new product/service/market innovation as one of their top three priorities. <sup>6</sup>
	<b>Growing performance expectations</b>	Rising pressure to <b>deliver on a broad spectrum of investment and corporate performance</b> beyond just financial measures.	The average lifespan of a public company has shrunk by 1/3 in the last generation. <sup>7</sup>
	<b>Tougher capital decisions</b>	<b>Increasingly more complex and uncertain trade-offs</b> between investments in short-term objectives and long-term growth opportunities across <b>M&amp;A, IPO, and corporate infrastructure.</b>	A mix of short- and long-term investments top CEO priority lists—core business transformation (67%) and talent acquisition (67%) are competing for investment. <sup>8</sup>
	<b>Evolving regulatory requirements</b>	Growing needs for <b>greater transparency and frequency of reporting</b> —often beyond financials—from regulatory bodies.	The number of economically significant regulations—with an estimated annual economic impact of \$100 million or more—has grown 4x from 2016 to 2020. <sup>9</sup>
	<b>Shifting stakeholder needs</b>	<b>Customers, employees, network partners, and regulators</b> have more influence over business decisions than ever before.	The influencer marketing industry was worth just \$1.7 billion in 2016. It hit \$16.4 billion in 2022 and reached \$21.2 billion in 2023. <sup>10</sup>

# Key responsibilities of the role

The responsibilities of a CFO **are expanding**, and whatever applies to the CFO as an individual officer also applies to the entire finance function and team. That means the CFO may not only have a bigger job to do, but a new kind of team to lead as well.



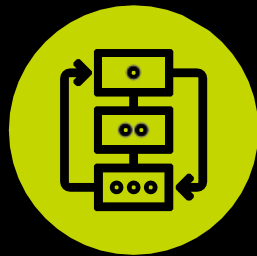


# Key responsibilities as a business leader

Be a **trusted partner to the CEO and executive team**, empowered to provide insights, opinions, and financial analysis to enable strategic business decisions about growth and value creation. While some of the following capabilities may already be in place, they may need to significantly mature to support the evolving expectations of the CFO.



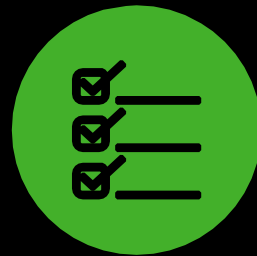
**Market sensing**



**Dynamic scenario planning**



**Innovative growth strategy and execution**



**Integrated performance management**



**Capital optimization**



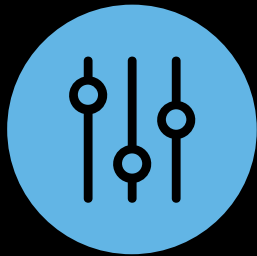
**Strategic cost transformation**

# Key responsibilities as a functional leader

Be an **innovative, efficient, and effective operator and steward** of the organization, who takes responsibility for the integrity of business performance reported to internal and external stakeholders and manages risk. You will likely have to enable new ways for the finance function to operate and deliver to support the maturing capabilities of the CFO.



**Machine-enabled  
autonomous  
process**



**Information  
on demand**



**Innovation  
management**



**Talent  
experience  
management**



**Dynamic  
service  
delivery**








**Enterprise  
operations**

# How to begin

As you set out on the journey to be exponential, keep the following priorities in mind:

## 1

### Accelerate value creation

-  Explore **nontraditional** sources of growth
-  Broaden **external stakeholder** group
-  Partner with the **C-suite**
-  Maintain an **on-demand cadence**
-  Define **metrics**

## 2

### Drive enterprise-wide operational excellence

-  Standardize, cleanse, and **ruthlessly govern**
-  Bring structure to manage **enterprise risk** complexity
-  Build **technology fluency**
-  Reimagine **operating models**
-  Embrace **technology**

## 3

### Shape talent and culture

-  Conduct **emerging technology exposure** analysis
-  Experiment with **new value streams**
-  Develop **performance and development** strategies
-  Assess your **organization's cultural readiness**
-  Embedded purpose in **strategic and operational decision-making**



## End notes

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1. World Economic Forum in collaboration with Accenture, *Jobs of Tomorrow: Large Language Models and Jobs—Whitepaper*, September 2023; World Economic Forum, *Growth Summit 2023: The impact of AI on growth, according to experts*, May 20, 2023.
2. Barbara Winters, Amy Hayes, and Jenna Santos, "[Younger Buyers Have Changed The Business Buying Landscape](#)," Forrester, February 14, 2023.
3. International Monetary Fund, "[The High Cost of Global Economic Fragmentation](#)," August 28, 2023.
4. Enda Curran and Alan Crawford, "[Brace for Elections: 40 Countries Are Voting in 2024](#)," *Bloomberg*, November 1, 2023.
5. Michael Mankins, "[Capital Is Expensive Again. Now What?](#)" *Harvard Business Review*, March 30, 2023.
6. Deloitte, The Chief Executive Program, *Winter 2023 Fortune/Deloitte CEO Survey*, 2023.
7. Mark Dohnalek, "[Corporate Death Rates Are Rising: These Four Strategies Can Drive Growth And Increase Longevity](#)," *Forbes*, September 16, 2022.
8. Deloitte, *Winter 2023 Fortune/Deloitte CEO Survey: For the third year, CEOs are starting the new year on a positive note*, 2023.
9. Mark Febrizio, "[Federal Agencies are Publishing Fewer but Larger Regulations](#)," Regulatory Studies Center, Trachtenberg School of Public Policy & Public Administration, Columbian College of Arts & Sciences, December 20, 2021.
10. Chloe West, "[22 influencer marketing statistics to guide your brand's strategy in 2024](#)," *Sprout Social*, October 26, 2023.



# Breakout sessions

**South Boardroom:** Amundi US, Champlain Investment Partners, Charles Schwab Asset Management, Diamond Hill, Eventide Asset Management, Fidelity Investments, Franklin Templeton, MFS Investment Management, Polen Capital, Pzena Investment Management LLC, State Street Global Advisors, Virtus Investment Partners

**Facilitators:** Amanda Nelson, Tyler Cloherty **Notetaker:** Nicole Brito

**North Boardroom:** Barings, Golub Capital, Invesco, Manulife, MetLife Investment Management, Neuberger Berman, New York Life Investments, Nuveen, Thornburg Investment Management, Inc.

**Facilitators:** Kevin Gallagher, Kira Mikulecky **Notetaker:** Austin Brand

# Finance Information Models



**Anthony DeAngelis**

Principal

Deloitte Consulting LLP

# Data is a top priority for our finance team. Except for...all the things I want to do with it

Which of those other priorities can you expect to master if you don't have data completely under control?

**As CFO what improvements, if any, would you suggest to enhance your company's decision-making in planning for the remainder of 2023 and 2024? (N=82\*)**

**Most frequently cited comments by category (number of CFOs citing each category)\*\***



**Sample comments** (While we have attempted to display CFOs' verbatim comments wherever possible, we have abbreviated some comments in the interest of space and participant confidentiality.)





- *Remove unnecessary reporting*
- *Longer-range planning to inform near-term decisions.*
- *Systems and tools to allow more focus on decision support and analytics vs. operational reporting.*
- *Create time for forward planning vs. chasing the daily curve balls.*
- *Hire data scientists and business analysts.*
- *Focus on better forecasting and reconciliation of forecasted data to actual results in a timely manner.*
- *Continued accounting/finance automation to shorten the month-end close process and provide insights faster to the business operators.*
- *Investing in analytics capabilities.*
- *Broader education on KPI's to all staff.*
- *More frank, honest, conversations in real time.*
- *Successful implementation of ERP, including more sophisticated systems and tools.*

\*82 respondents (74% of total respondents). Total number of comments is more than the total number of respondents because some CFOs cited multiple actions.

\*\*Note, these categories were developed based on responses to open-ended text questions.





# Common Challenges in Finance Data & What Good Finance Data Look Like

## Common Challenges

-  **Siloed Legacy Segment Hierarchies & Account Usage:** CIM become out of date and no longer relevant due to changes to business operations such as mergers and acquisitions
-  **Fragmented & Inconsistent Data Definitions:** multiple technology platforms with inconsistent data definitions and rules
-  **Misaligned Vision and Capabilities:** CIM no long support finance transformation vision, enhanced business insights, or increased efficiency and automation
-  **Lack of Robust Data Governance:** Lack of data governance structure causing varying understanding and usage of data elements

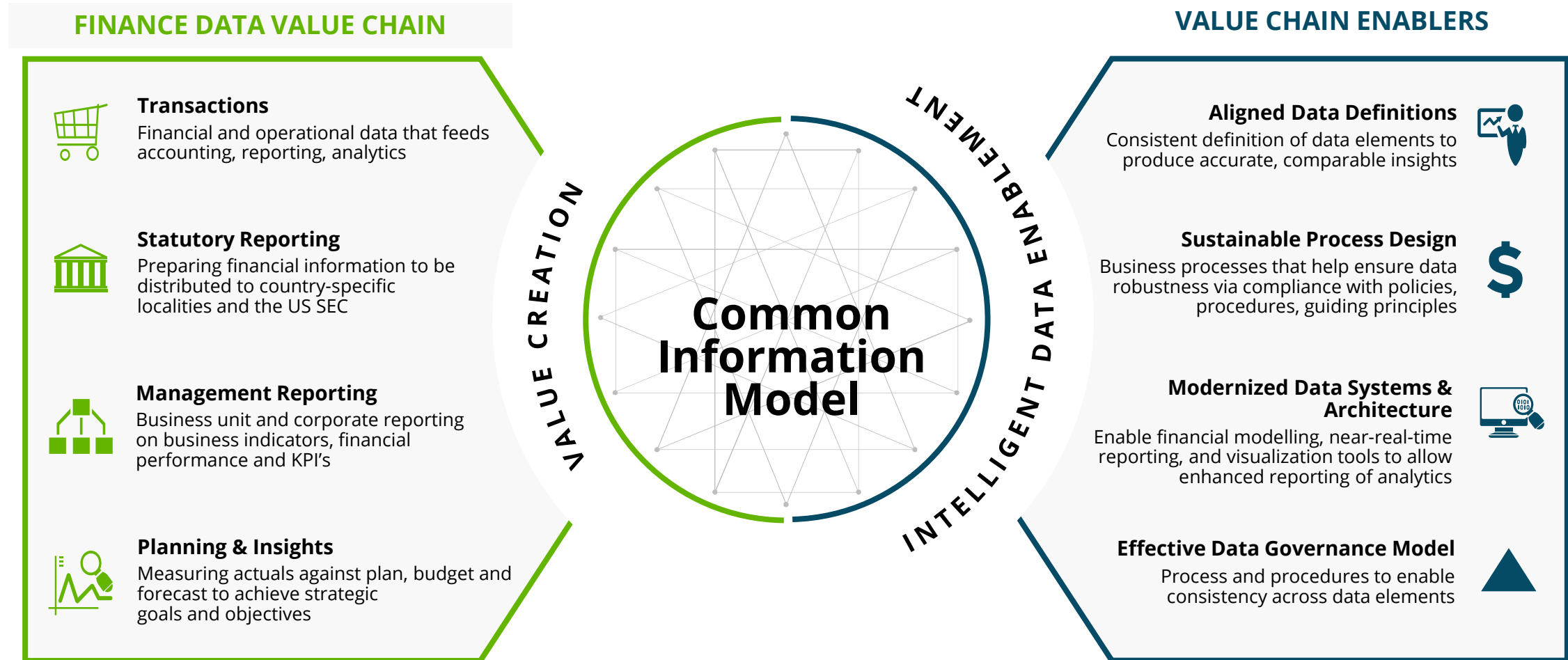


## A well-structured and sustainable CIM

-  Provides a holistic view of all finance data and offers clear definitions and documentations to support business and enterprise
-  Detailed to drive decisions across financial data from transactional and operational data to management and external reporting
-  Enhances internal data related processes, enables automation and limit reconciliation and duplication of work
-  Each data elements have a single unique definition and purpose (e.g. cost center representing both function and geography).

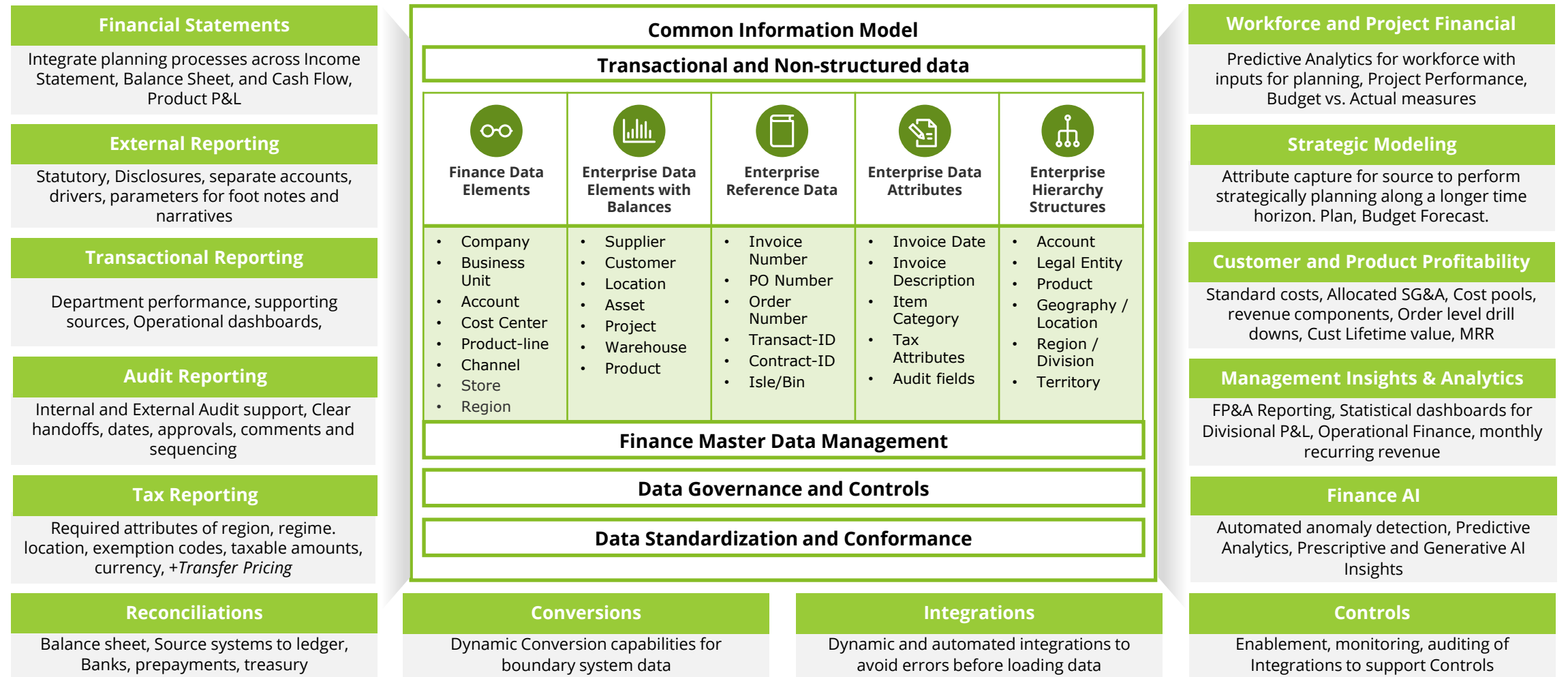
# Common Information Model Drives Business Values

A robust CIM design would unlock business values in multiple aspects of the organization



# Common Information Model Underpins Dynamic Finance Capabilities

CIM encompasses Financial and Non-Financial data to deliver Dynamic Finance capabilities





WHAT

# CIM Design Principles & Scope

## Design Principles



Designing with flexibility for the future



Beginning with the end in mind



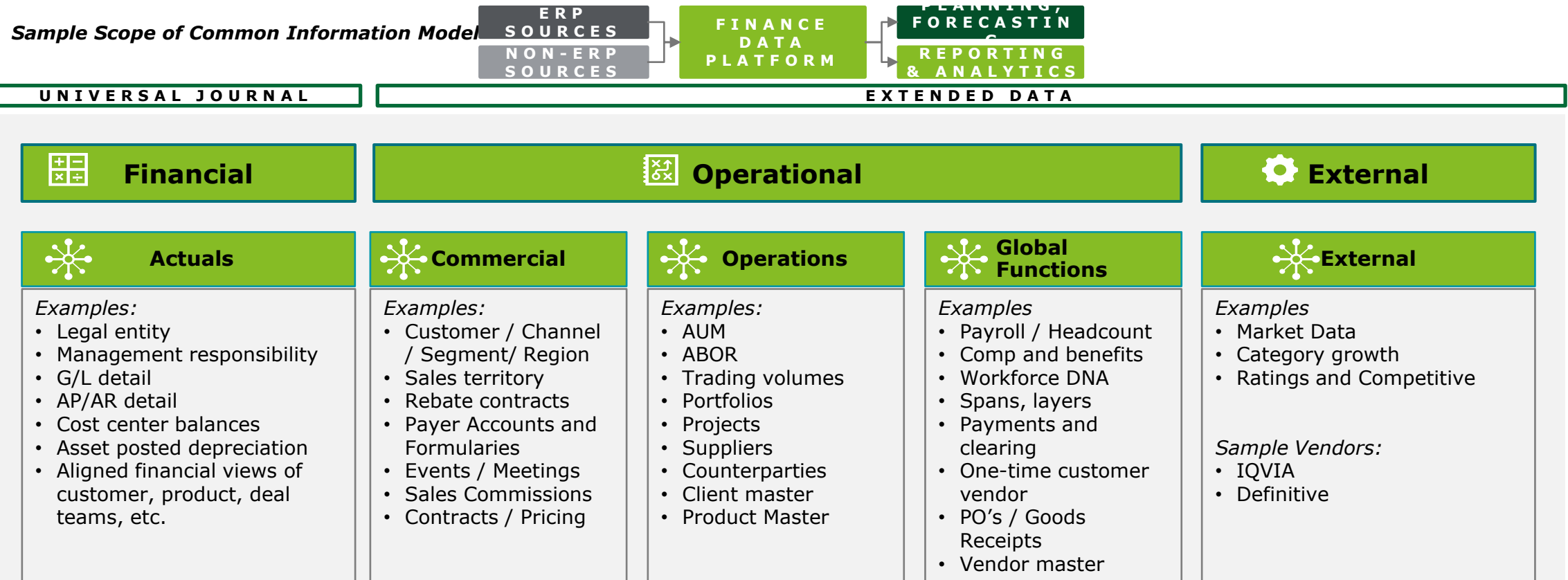
Building an enterprise asset



Capturing data at the appropriate level



Mapping data elements using one common language



## Critical Success Factors

Below are a few critical success factors to be considered while project initiation and its various stages to ensure success in CIM Design

### **Comprehensive Design across Finance and Enterprise**

- Scope projects and establish the design after understanding all key finance functions, finance applications and enterprise processes
- CIM Design activities should be aligned with business processes and reporting requirements across Finance Organization
- Apply streamlined methodology to process data in a timely and cost-effective manner

### **Communication**

- Stakeholder communication channels must be open with continuous updates on progress
- Stakeholders can systematically measure success and provide constructive feedback

### **Clear definition of roles and responsibilities**

- Business and technical resources with roles & responsibilities should be clearly defined

### **Business buy-in & Executive Sponsorship**

- Build a detailed business case for resource allocation for CIM Design initiative
- Complete value analysis to justify investment of time and resources for projects and departments
- Provide strategy to align business units and functions. Provide senior management big picture for Enterprise-wide benefit

### **Tools and Techniques**

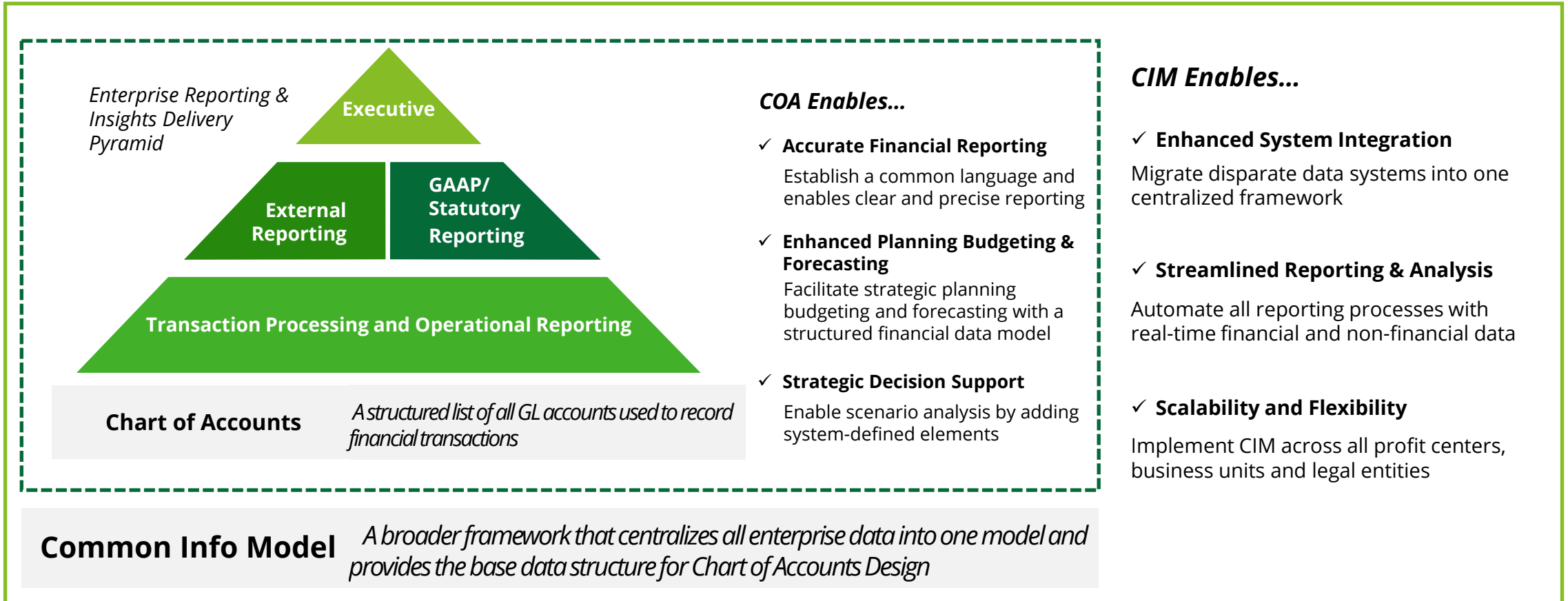
- Identify tool and techniques in alignment with CIM design methodology to help resources to conduct their roles efficiently
- Prototyping and proofs of concept. Provide automation and reusability

Essential  
elements  
for a  
successful  
CIM Design

WHAT

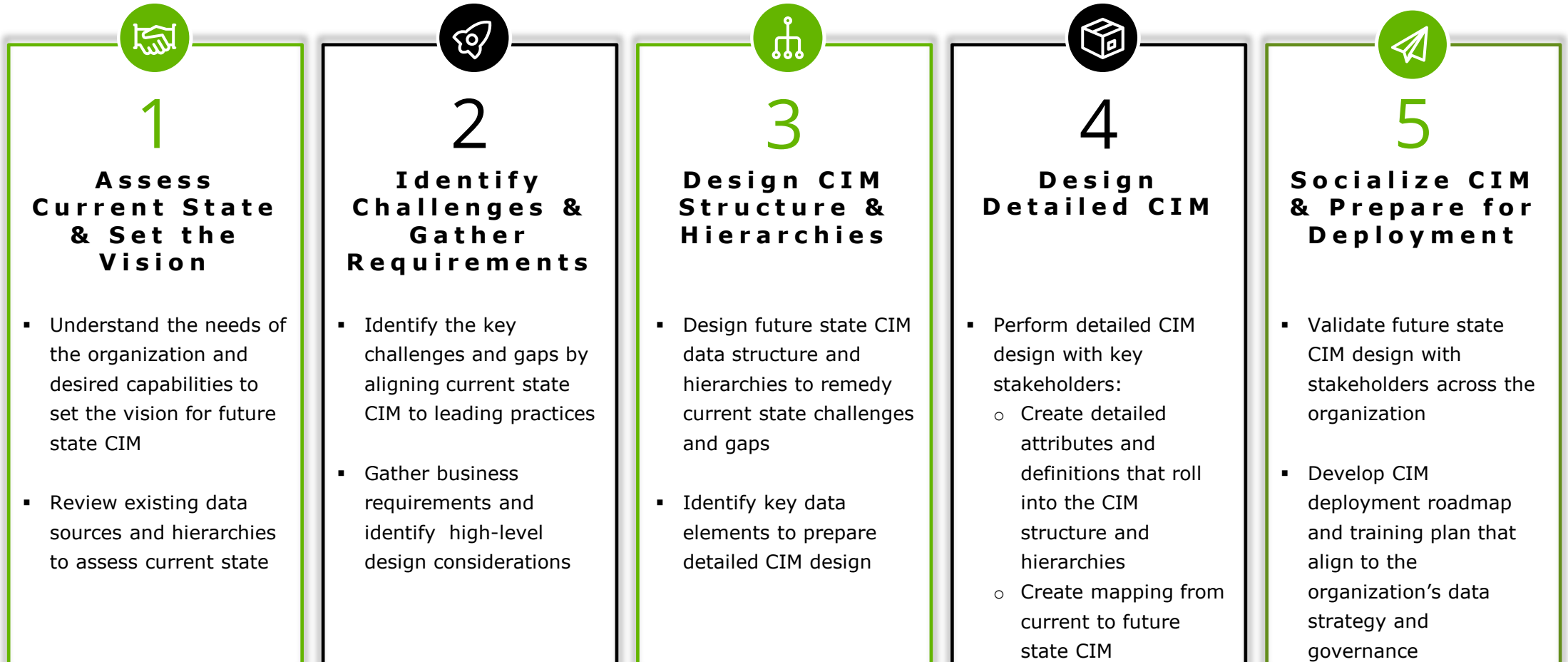
# Chart of Accounts vs Common Information Model Explained

What are some of the differences between the common information model and chart of accounts and how can they yield different results for our clients?



## Core Steps in Common Information Model (CIM) Design

CIM design is a critical step to enable a consistent set of reliable data at the granularity to support the organization's overall Data Management





# Morning Networking Break

# Demo: CFO AI Tool (CFO GPT)



**Naimisha (Nim) Karakala**  
Senior Manager  
Deloitte Consulting LLP



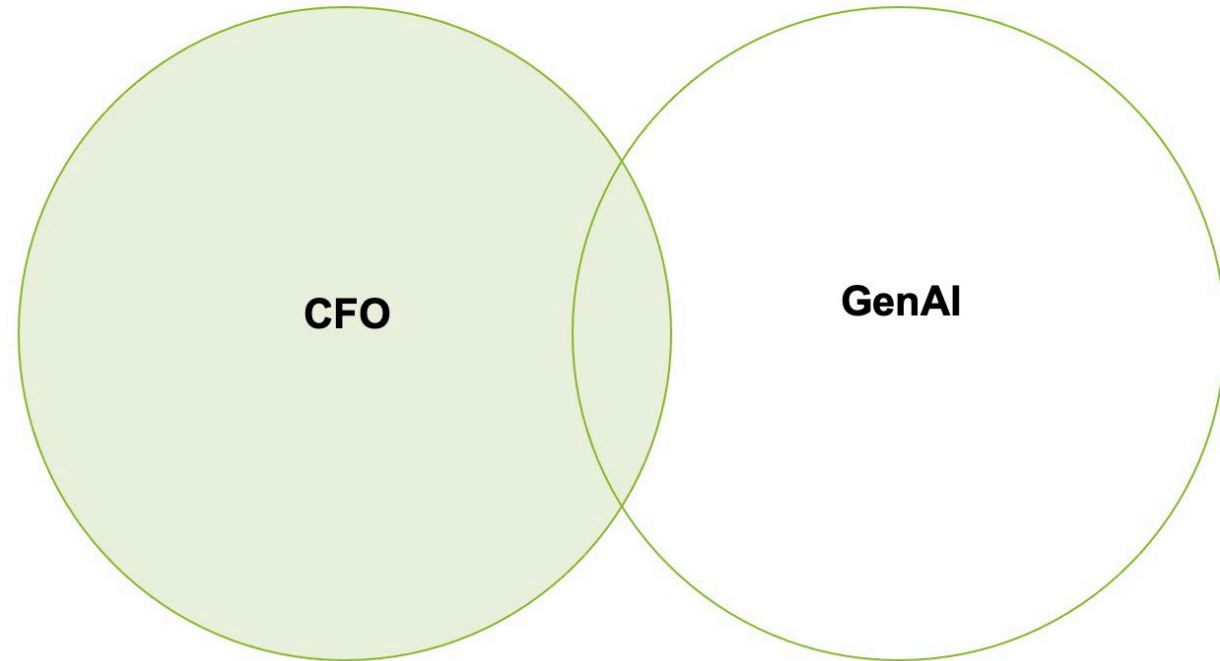
**Sean McClellan**  
Manager  
Deloitte Consulting LLP

# CFO GPT – Intersection of GenAI + CFO

CFOs asked us for practical high value GenAI solutions that unlock shareholder value at scale

**Deloitte.**

Over 100+ years of CFO  
experience



***Clients Asked Us:***  
*Do You Have Any Gen AI Solutions  
Designed Specifically for CFOs?*

**AI has reached a point of maturity that when applied correctly it can transform how CFOs and the C-suite drive shareholder value**

*10 interconnected value dimensions*

*Cost  
Optimization*

*Growth  
Opportunities*

*Profitability  
Optimization*

*Scenario  
Planning*

*Risk  
Management*

*Contract  
Compliance*

*M&A Assessment /  
Due Diligence*

*Investor  
Relations*

*Talent  
Acquisition  
& Retention*

*Sustainability  
& ESG*



# CFO GPT – Product Overview

Next Generation AI Apps designed to unlock shareholder value - designed specifically for C-suite Executives

01



## AI-Powered Insights

Unlock Shareholder Value with AI-powered Insights powered by a fine-tuned CFO GPT Model with internal and external data

02



## Advanced Predictions

Combine the power of GenAI and Machine Learning to deliver next generation predictive models for CFOs.

03



## Contract Intelligence

Release Trapped Contract value by applying GenAI to Enterprise Contracts accessible via Natural Language

04



## Scenario Modeling

CFO AI agents capable of simulating various scenarios and evaluating the potential impact and financial outcomes

**Data Fabric :** Deloitte Proprietary Data, Public Data, Third Party Data. Client Data

# CFO GPT – Training Data

Multiple Sources

Combining training data from multiple data sources is **essential to unlocking AI-powered insights** that can truly drive shareholder value

01

**Deloitte  
Proprietary  
Data**




02

Public and  
Third Party  
Data



03

Client Data  
( Enterprise  
Data )



*Training CFO GPT will 100% of Enterprise Financial Data to Costly and Impractical at This Time*

**Industry / Sector**

**Competitor /  
Marketplace Data**

**Anchor  
Prompts  
(80/20)**

Financial Benchmarking  
Industry Insights

10K /10Qs/ Press Releases

Work Backwards From  
Prompt to Data

# CFO Prompts – Examples

*CFO Prompts Will be Tailored by Industry and Client*

## **Cost Optimization**

Analyze operating expense data from past 5 years to identify trends across functions and expense types to provide insights into functional expense increases relative to Assets Undermanagement

## **Growth Opportunities**

Are there any new or emerging product categories that we should consider offering Summarize the top 3 growth trends within the industry for the next 5 years. Are there any new or emerging product categories that we should consider offering

## **Profitability Optimization**

Analyze the profitability of our different product lines over the past 3 years. Identify the most and least profitable lines. Create a pricing model that simulates the impact of a 5%, 10%, and 15% increase on revenue and customer churn.

## **Investment Analysis**

I'm considering two potential acquisitions. Using financial data and market insights, compare the long-term value creation potential of each acquisition and recommend the one with the highest projected return on investment for our shareholders.

## **Scenario Planning**

Based on current market trends and competitor analysis, generate 3 potential future scenarios for our company in the next 3 years. For each scenario, identify key financial metrics and potential risks and opportunities.

# CFO Prompts – Examples

*CFO Prompts Will be Tailored by Industry and Client*

## **Talent Acquisition & Retention**

Analyze our current employee demographics, compensation packages, and retention rates. Identify key factors driving employee turnover and recommend data-driven strategies to attract and retain top talent, considering cost constraints.

## **Risk Management**

Analyze our financial statements and identify the top 5 financial risks facing our company. For each risk, assess the potential financial impact and develop mitigation strategies to minimize the negative consequences.

## **M&A Assessment / Due Diligence**

Based on our financial projections and market analysis, generate 3 potential merger and acquisition scenarios that could significantly increase our enterprise value. For each scenario, identify potential target companies, assess the financial feasibility, and develop a negotiation strategy.

## **Investor Relations**

Help me prepare for an upcoming investor meeting. Generate talking points highlighting our company's financial performance, growth prospects, and key differentiators. Include data visualizations and compelling narratives to effectively communicate our value proposition to investors.

## **Sustainability & ESG**

Analyze our current environmental and social impact practices. Identify areas where we can improve our sustainability efforts and align with ESG principles. Recommend initiatives that can enhance our brand reputation, attract environmentally conscious investors, and reduce operational costs.

# Getting Started

# Getting Started:

CFO GPT Journey clients will co-innovate with Deloitte in shaping the future of Finance.



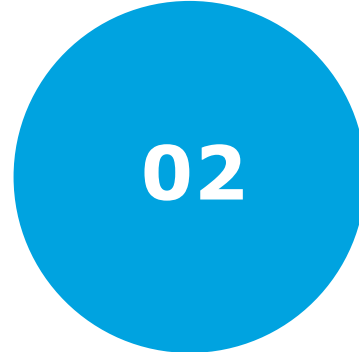
## Design

### CFO GPT AI Lab

Professionally Facilitated  
CFO AI Session to define  
CFO GPT Prompts and  
Business Base

**1 Day**

Deloitte Investment  
( for Journey Clients )



## Test

### CFO GPT - POC

Co-Develop CFO GPT  
POC  
( 1 Prompt and Data  
Fabric )

**4 Weeks**

Client Engagement



## Scale

### CFO GPT - Production

Implement CFO GPT in  
Production  
With 5-10 Anchor Prompts

**6 months ( or less )**

Client Engagement

# Deloitte CFO GPT AI Lab – 1 Day Facilitated Workshop

Delivered Globally across major cities and at Deloitte University by professional facilitators

**Deloitte.** **CFO GPT Prompts**

*CFO Prompts Will be Tailored by Industry and Client*

- Cost Optimization**  
I am the CFO of Allianz, please analyze operating expense data from past 5 years to identify trends across functions and expense types to provide insights into functional expense increases relative to Gross Premiums Written
- Growth Opportunities**  
Are there any new or emerging insurance product categories that we should consider offering Summarize the top 3 growth trends within the insurance industry for the next 5 years. Are there any new or emerging insurance product categories that we should consider offering
- Profitability Optimization**  
Analyze the profitability of our different insurance product lines over the past 3 years. Identify the most and least profitable lines. Create a pricing model that simulates the impact of a 5%, 10%, and 15% premium increase on revenue and customer churn."
- Investment Analysis**  
I'm considering two potential acquisitions. Using financial data and market insights, compare the long-term value creation potential of each acquisition and recommend the one with the highest projected return on investment for our shareholders.
- Scenario Planning**  
Based on current market trends and competitor analysis, generate 3 potential future scenarios for our company in the next 3 years. For each scenario, identify key financial metrics and potential risks and opportunities.

**01** Deloitte Proprietary Data

**02** Public and Third Party Data

**03** Client Data (Enterprise Data)

*Training CFO GPT will 100% of Enterprise Financial Data to Costly and Impractical at This Time*

Industry / Sector	Competitor / Marketplace Data	Anchor Prompts (80/20)
Financial Benchmarking Industry Insights	10K /10Qs/ Press Releases	Work Backwards From Prompt to Data



## Deliverables

Within 2 Weeks of the CFO GPT AI Lab Journey Clients Will Receive the following:

1. Prompt Engineering: 5-10 Prompts
2. Data Quality: Data Scoring for Prompts
3. Business Case: Value of AI powered Insights
4. Recommended CFO GPT Roadmap




Journey Client: Go/No Decision




# Getting Started - Deloitte Contacts

**CFO GPT  
Global  
Offering  
Leads**



**Saenz, Diego**  
+ Pronouns Consulting Managing Director • A


🗨️ 👤 📺 📞



**Glover, James**  
DC Principal • F&P US Core


🗨️ 👤 📺 📞

**NVIDIA Alliance AWS Alliance**



**Ahn, Christine**  
DC Principal • AI&DATA US CORE


🗨️ 👤 📺 📞



**Jangareddy, Chris**  
Consulting Managing Director • AI&DATA US CORE

🗨️ 👤 📺 📞


**FSI**



**Laughridge, Kevin W.**  
DC Principal • OTT US CORE

🗨️ 👤 📺 📞


**IP&C**



**Dollar, Benjamin**  
DC Principal • SCNO US

🗨️ 👤 📺 📞


**USI  
Data +  
AI**



**Pati, Sanghamitra**  
Managing Director, Consulting • AI&DATA USI BEN AING

🗨️ 👤 📺 📞


**Functional  
Lead**



**McClellan, Sean**  
DC Manager • F&P US CORE

🗨️ 👤 📺 📞

**Technical  
Lead**



**Gopidi, Nithin**  
DC Manager • AI&DATA US CORE

🗨️ 👤 📺 📞

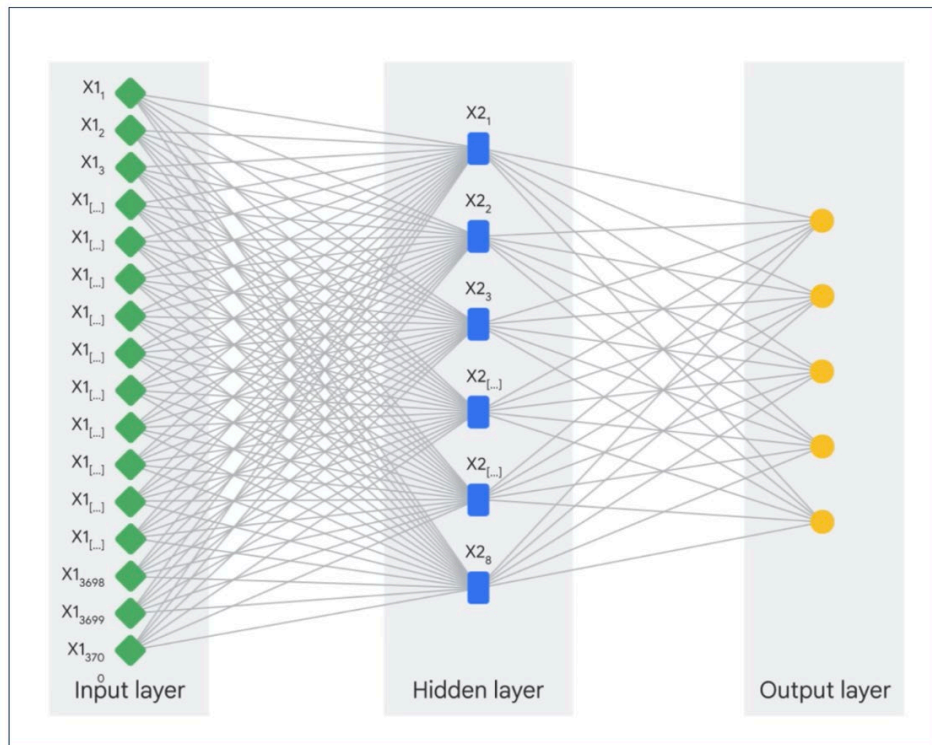




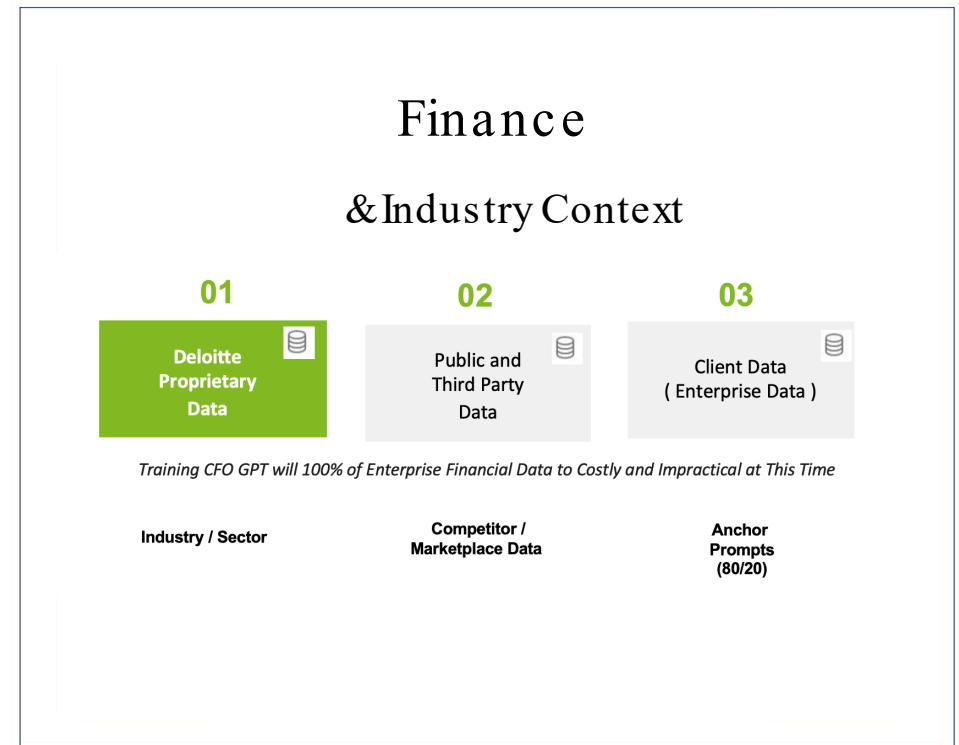
# Training the Model - "CFO GPT Speaks Finance"

We "train" the CFO GPT Model using RAG + LoRA (Low-Rank Adaptation). This process adapts a massive pre-trained Foundation Model to a new task or dataset without the expense of retraining the entire model

## Foundation Model



## Domain Knowledge



# Co-Innovation with Industry Leaders

**Deloitte.**

Over 100+ years of CFO  
experience

**aws**

Leading Cloud  
Provider

 **nVIDIA.**

**Full Stack  
Accelerated AI  
Platform**

- **AI Engineering** - Portable and Cost Effective LLM built on top of world-class foundation models
- **Prompt Engineering** - Industry specific Prompt Engineering to unlock the value from the Custom LLM
- **Data Engineering** - Combining Multiple Data Sources and Data Types to Train a High Value LLM

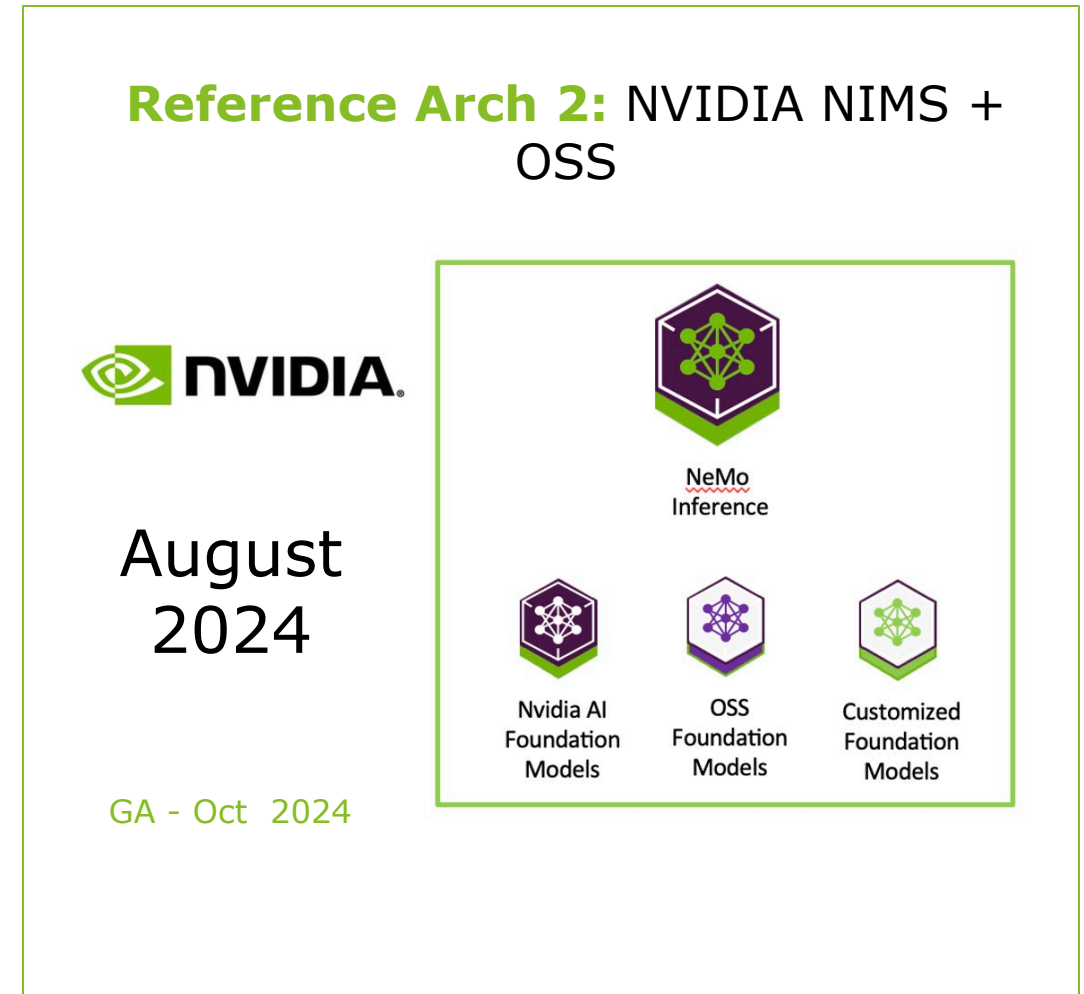
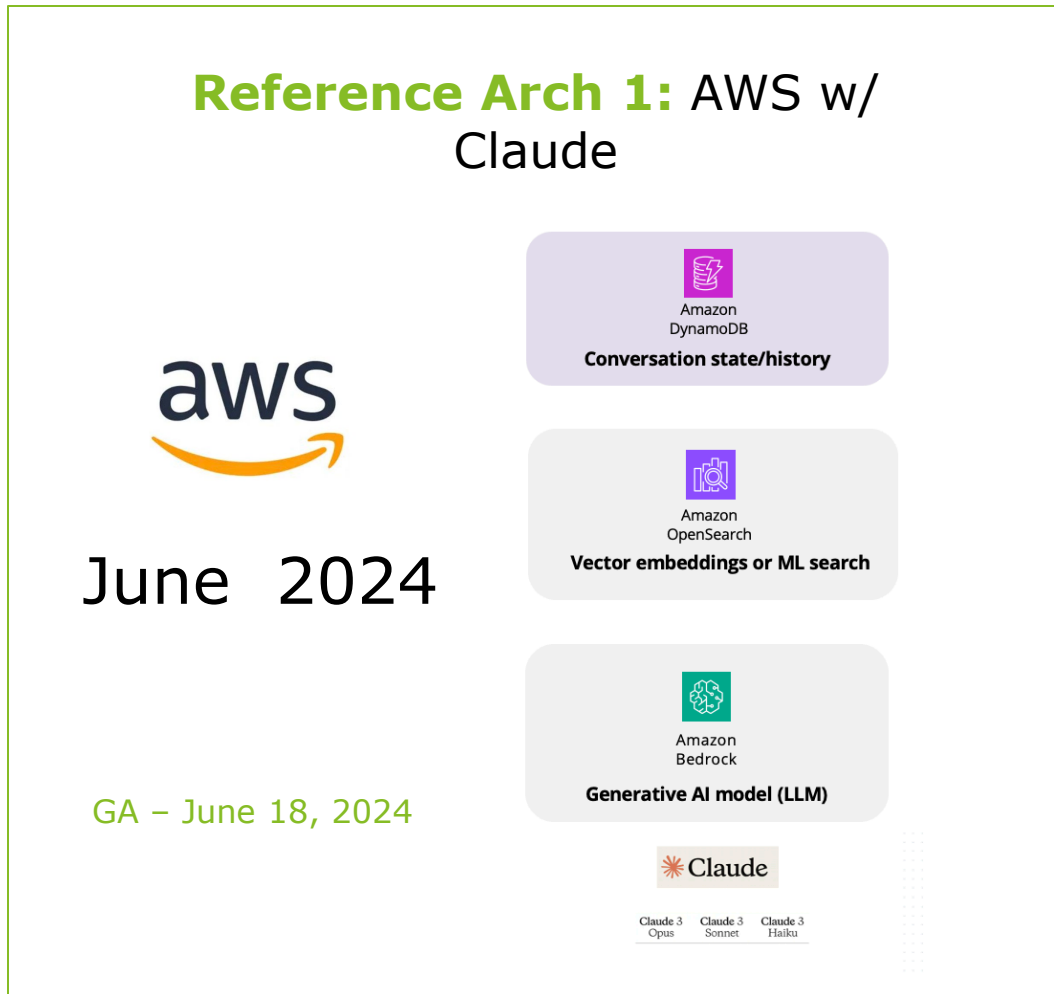
## Reference Architectures:

**Reference Arch 1:** AWS w/ Claude

**Reference Arch 2:** NVIDIA NIMS + OSS

# CFO GPT – Reference Architectures

CFO GPT Offers Two Reference Architectures which can be customized based on clients needs



# Demo - CFO GPT



## CFO GPT

AI-Powered CFO Insights  
Beta



### Hello, Diego

How can I help you today?



#### AI-powered Insights

Augmented CFO Insights to answer over 10 prompts that unlock stakeholder value

#### Generative Analytics

GenAI powered analytics enables CFOs to get business insights from enterprise data using natural language

#### Contract Intelligence

Unlock Contract Intelligence with GenAI on all Enterprise Contracts (starting with M&A)

#### Investor Relations

Gather market intelligence and generate draft investor documents and sample questions

Enter a prompt here



# **CFO GPT**

## **Design + Architecture**

**01 – Design Principles**

**02 – Anchor Prompts**

**03 – Prompt Engineering**

**04 – Data Engineering**

# CFO GPT : Design Principles

We built CFO GPT around 5 core design principles

01

**Prompt = Use Case**

Anchor Prompt = Use Case  
( Anchor prompts unlock many related prompts )

02

**80/20 for Training Data**

Working Backwards from the CFO Anchor Prompts to Training Data

03

**Data as Differentiator**

Combining **multiple data sources** is essential to unlocking AI-powered insights

04

**CFO Quality and Trustworthy AI**

Reliable and Robust, Transparent and Explainable, Safe and Secure

05

**Client Data Confidentiality**

Client data never leaves the client environment and is not used to tuned Foundation Models



# 02 – Anchor Prompts

## Anchor Prompt

### Example: Anchor Prompt

*Please analyze operating expense data from past 5 years to identify trends across functions provide insights into expense increases relative to Gross Premium Written. Compare to Industry Benchmarks.*



## Training Data

### General Ledger (GL) Actuals:

- **Account Segment Values:** Identifies the nature of the expense (e.g., Salaries, Rent, Marketing) and the function it belongs to (e.g., Sales, Underwriting, Claims).
- **Posting/Transaction Dates:** To filter data over the past five years.

### Gross Premium Written (GPW) Data:

- **Subledger for Premiums:** If your system has a sub-module tracking premiums, this will hold GPW by functional area, potentially even at transaction level.
- **General Ledger:** GPW could be tracked using dedicated revenue accounts with functional segment coding

# 04 – Data Engineering

## Connectors + Pipelines

01

**Deloitte  
Proprietary  
Data**



02

**Public and  
Third Party  
Data**



03

**Client Data  
( Enterprise Data )**



**Enterprise Data  
Connectors**  
(Pre-configured )



# Module 1 – AI-Powered Insights

AI-powered CFOs insights **using natural language to** answer over 10 prompts that unlock shareholder value



Amazon Bedrock

*Claude 3*

NVIDIA/NeMo

*(NIMs)*



Based on the expense data provided, here are some recommendations to improve efficiency and reduce costs for the insurance company:

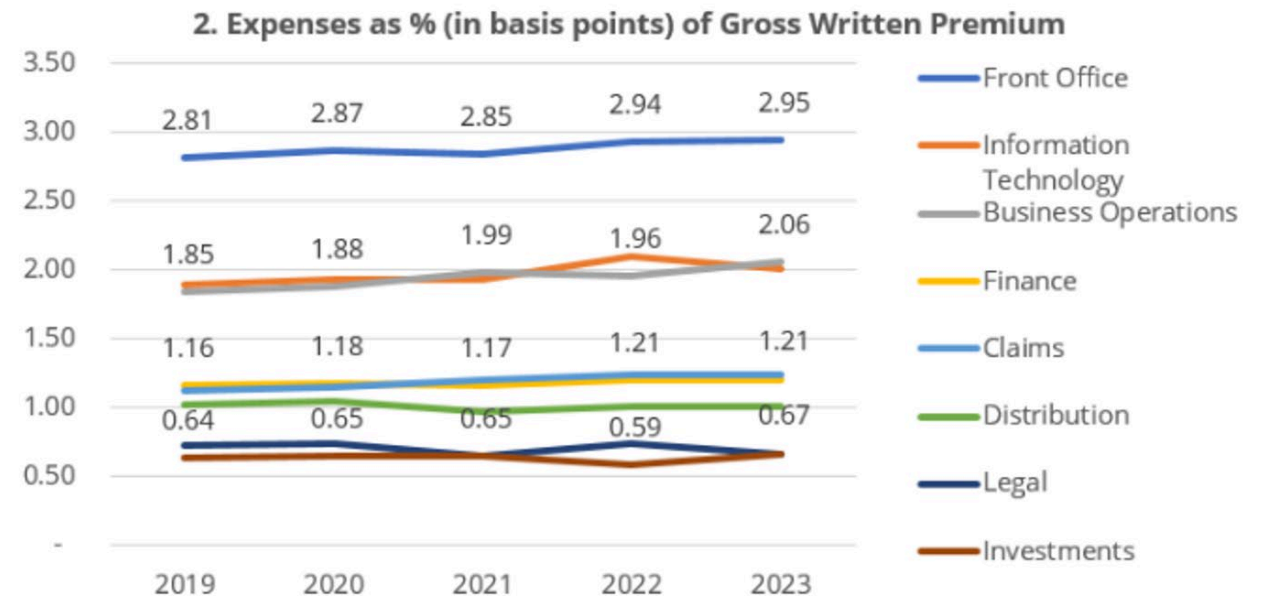
1. Reduce front office expenses by \$24 million (-0.5%). Front office has the highest expense to GPW ratio at 2.95 bps. A small reduction of 7 bps can generate material savings without compromising service quality.
2. Optimize IT and business operations costs by \$11 million (-0.2%) and \$39 million (-0.8%) respectively. These functions have scale and automation opportunities that can drive productivity gains.
3. Renegotiate agreements with professional services partners to reduce consulting fees for business operations and IT. These represent the largest operating expenses. Target a 10-15% reduction.
4. Streamline finance, claims, and investments functions through process automation and better expense management controls. Savings potential of \$8 million, \$18 million and \$11 million respectively.
5. Consolidate real estate footprint and shift to flexible work arrangements to reduce rental costs. Renegotiate leases for upcoming renewals.
6. Review depreciation schedules across all assets and extend useful life for equipment/hardware where possible.
7. Introduce zero-based budgeting approaches to critically evaluate need for expenses and promote frugality in discretionary spending.

In total, over \$112 million in potential annual savings have been identified, representing a 2.3% reduction in the company's overall operating expenses. The savings can be realized through process improvements, increasing productivity, automation, vendor renegotiations and instilling a culture of cost optimization. This will help enhance competitiveness and profit margins for the business.

## Module 2 – Generative Analytics

Leverages the power of GenAI to revolutionize how CFOs gain insights from structured data using Natural Language

- **Natural Language Interaction:** Instead of complex queries or dashboard manipulation, users ask questions in plain language (e.g., "What were the top-selling products in the Northwest region last quarter?").
- **Insight Generation:** Generative BI goes beyond simple answers. It analyzes data to proactively find trends, patterns, and even potential explanations for those trends.
- **Data Storytelling:** The AI can turn insights into clear narratives or visualizations, making complex information easy to understand and act upon.



**CFO Data Fabric: Enterprise Data, Deloitte Proprietary Data and External Market Data**

# Module 3 - Contract Intelligence

Strategic Insights and Risk Management for CFOs powered by a Customized Contract LLM

## All Enterprise Contracts

1. Vendor Agreements
2. Customer Agreements
3. Due Diligence
4. Transaction Documentation
5. Regulatory Approvals
6. Loan Documentation
7. Workouts and Collections
8. Lawsuits

## Contract LLM



## Use Cases

- M&A
- Procurement
- Compliance and Regulatory
- Negotiation Support

**API Integration: Coupa, Pramata, Relativity**



# Networking Luncheon



# Welcome Back Remarks



**Amanda Nelson**

Principal

Casey Quirk

Deloitte Consulting LLP

# CFO Fireside Chat



**Yariv Itah**

Principal  
Deloitte Consulting LLP



**Rishi Kapur**

CFO, Global Wealth and Asset  
Management  
Manulife



**Patrick Hoefling**

CFO  
Barings LLC



**Marc Giuliano**

SMD, Head of Finance  
Nuveen

# US Retail Alternatives Distribution



**Eric Fox**

Principal  
Deloitte Tax LLP



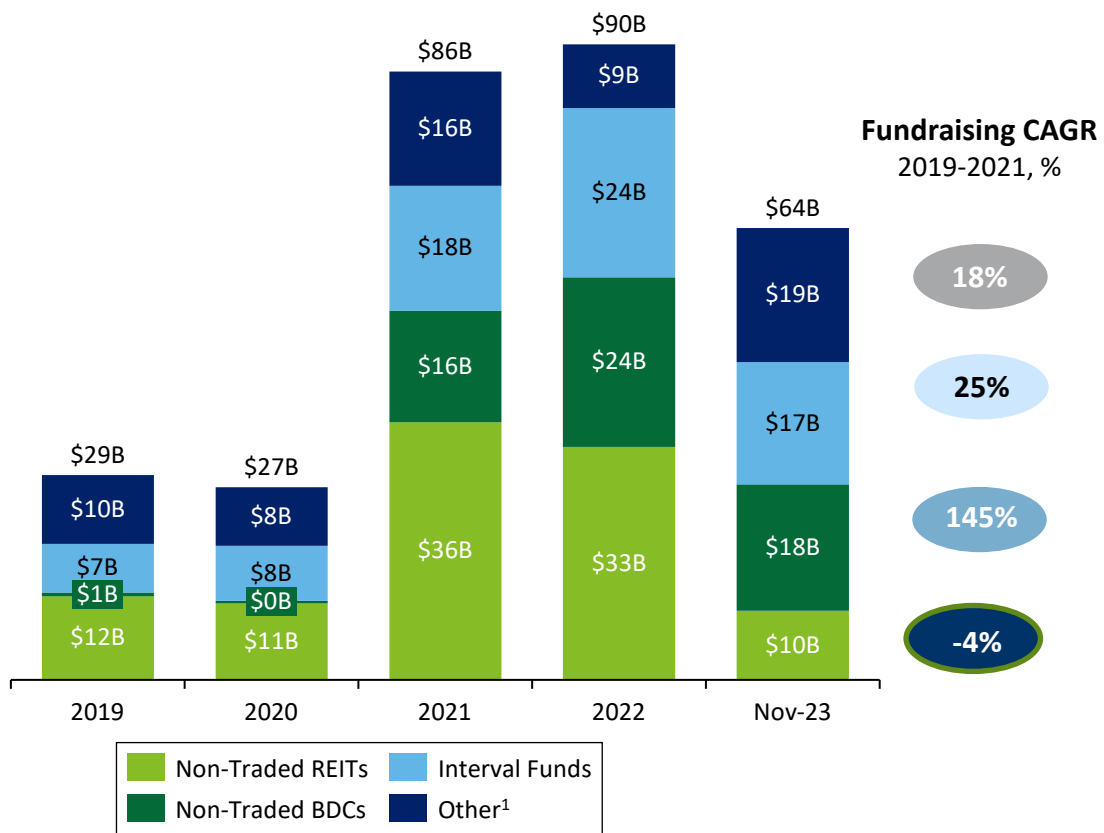
**Tyler Cloherty**

Managing Director  
Casey Quirk  
Deloitte Consulting LLP

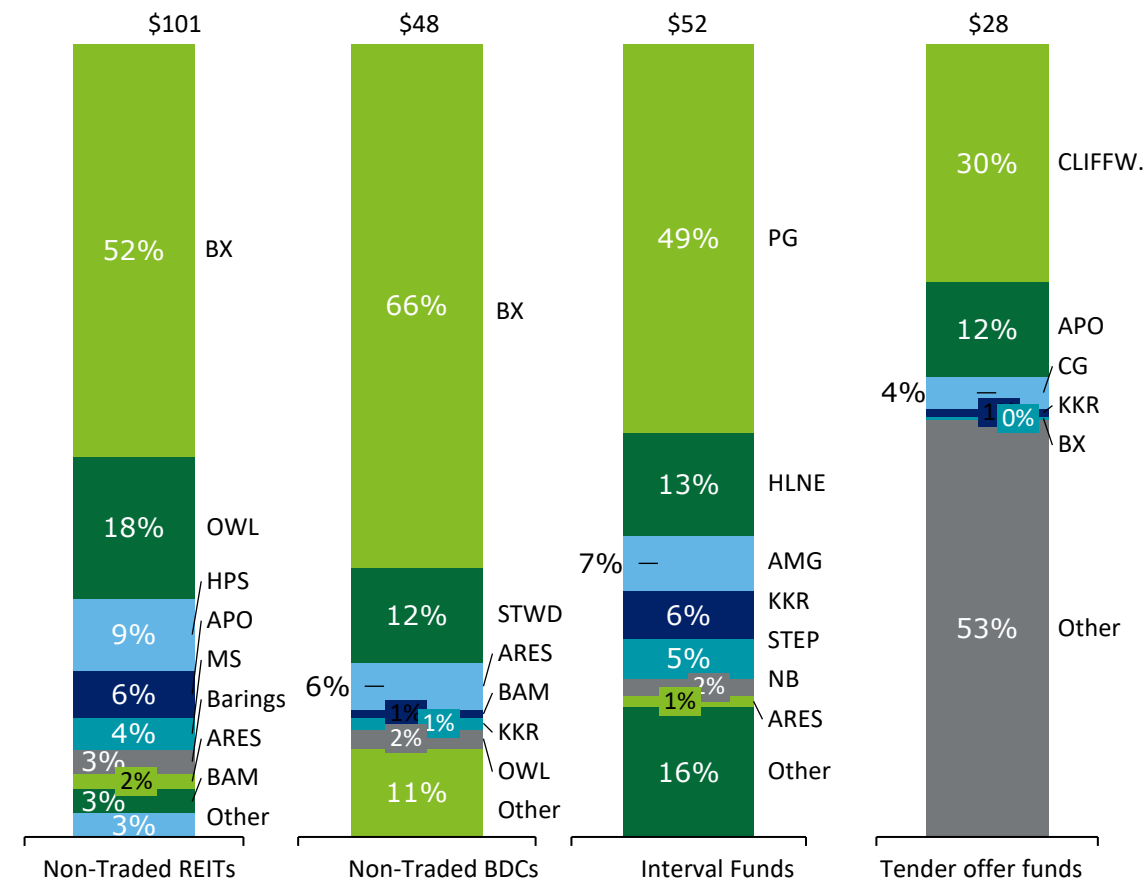
# Alternative firms are looking to capitalize on a growing market for alternatives in retail channels

Managers are developing innovative packaging to address growing retail demand

**Retail Alternatives Fundraising**  
Semi-Liquid Vehicles, 2019-2022 Q1, \$B









**Market Share of Retail Alternatives AUM**  
Semi-Liquid Vehicles, 2022-2023 Q2, \$B



<sup>1</sup>Includes tender offer funds including preferred stock and private placements






Source: Casey Quirk Alternatives Distribution Benchmarking, Robert A. Stranger & Company, Fundfire, Casey Quirk Analysis

# They are targeting the market with a variety of semi-liquid products, with varying structures and features

Retail Product Structures					
	Interval Funds	Non-Traded REITS <sup>1</sup>	Non-Traded BDCs <sup>1</sup>	Tender Offer Fund	Drawdown Fund
<b>Offering Type</b>	Public Offering	Public Subscriptions & Private Placements			Private Placements
<b>Typical Eligibility</b>	Non-Accredited Investors <sup>2</sup>	Non-Accredited ( <i>Public Subscriptions</i> ) & Accredited Investors ( <i>Private Placements</i> )		Qualified Clients, Accredited Investors & Qualified Purchases	Qualified Clients & Above ( <i>with much higher investment minimums</i> )
<b>Subscriptions</b>	Daily	Mostly Monthly (Sometimes Daily)			Private Placement ( <i>scheduled closes</i> )
<b>Liquidity Type</b>	Regulated / Required	Best Efforts			No Requirements
<b>Liquidity Amount</b>	Minimum 5% Quarterly ( <i>up to 25%</i> )	Typically 2% Monthly ( <i>capped 5% quarterly</i> )	Typically 5% Quarterly		Limited ( <i>usually requires matching new investor with redeemer</i> )
<b>Asset Class / Strategy</b>	All	Real Estate ( <i>Debt &amp; Equity</i> )	Loans	Diversified Private Markets, PE, Infrastructure	All
<b>Timeline to Fully-Invested</b>	Immediately				4-5 Years
<b>Examples</b>	 <i>Tactical Private Credit</i>	 	 	 <i>K-PEC</i>	

<sup>1</sup>Excludes "private" REITs and BDCs (which are also non-traded but do not offer subscriptions, private placement only) <sup>2</sup>While there is no regulatory limitation on interval funds, most distributors limit to accredited investors  
 Source: Goldman Sachs Global Investment Research, Casey Quirk Analysis  
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# There are five key success requirements for driving growth in the alternatives retail market

<i>Success Factor</i>	<i>Description</i>
 <b>Clearly Defined “Rules of Engagement”</b>	<ul style="list-style-type: none"><li>✓ Clear rules of the road for when wholesalers should leverage specialized alternative product knowledge</li><li>✓ Tailored approach by channel (RIA, Wires, IBDs, etc.) and platform</li></ul>
 <b>Key Partnerships</b>	<ul style="list-style-type: none"><li>✓ Establishing key partnerships with platforms and advisors complements organic sales efforts</li><li>✓ Internal key account coverage helps align product pipeline with clients’ long-term strategic goals</li></ul>
 <b>Brand Recognition and Education</b>	<ul style="list-style-type: none"><li>✓ Leverage trusted brand to land products on platforms, form strategic partnerships, and gain traction with new vehicle offerings</li><li>✓ Investment in advisor and end-client education in private market strategies</li></ul>
 <b>Tailored Product Development</b>	<ul style="list-style-type: none"><li>✓ Ability to develop, market and fund-raise new retail-oriented vehicle types with lower investment minimums, greater liquidity and simpler tax reporting vs. inst’l products</li><li>✓ Ability to develop products targeted to specific segments/needs and with more attractive risk/return profiles</li></ul>
 <b>Long Time Horizon</b>	<ul style="list-style-type: none"><li>✓ The ability to demonstrate to strategic partners and advisors a long-term commitment to supporting objectives in the alternative product space</li></ul>

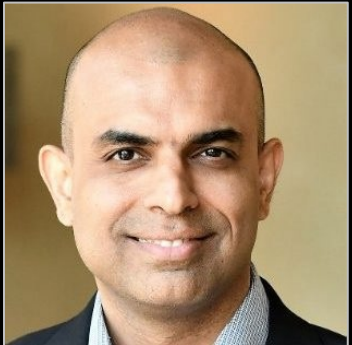




# Afternoon Networking Break



# Front to Back Platforms



**Ed Kapur**

Principal  
Deloitte Consulting LLP



**Sahil Kansal**

Senior Manager  
Deloitte Consulting LLP

# Industry Operating Environment

Firms are adapting their operating models in response to an ever changing environment

## The operating environment has evolved over last 10 years



Organic **growth rates slowed**, and **fee pressures** continued



**Passive and alternatives** became mainstream and **individual-led markets** drove growth



**Global uncertainty** and shifts to **virtual-driven** interactions have impacted markets and engagement models



**Winners have consolidated market share** and share common characteristics: faster profit growth, greater productivity per person, and higher spend on technology



**Cloud modernization, customized analytics** and consumption of **new sources** of data represented **initial adoption of next-gen technologies**

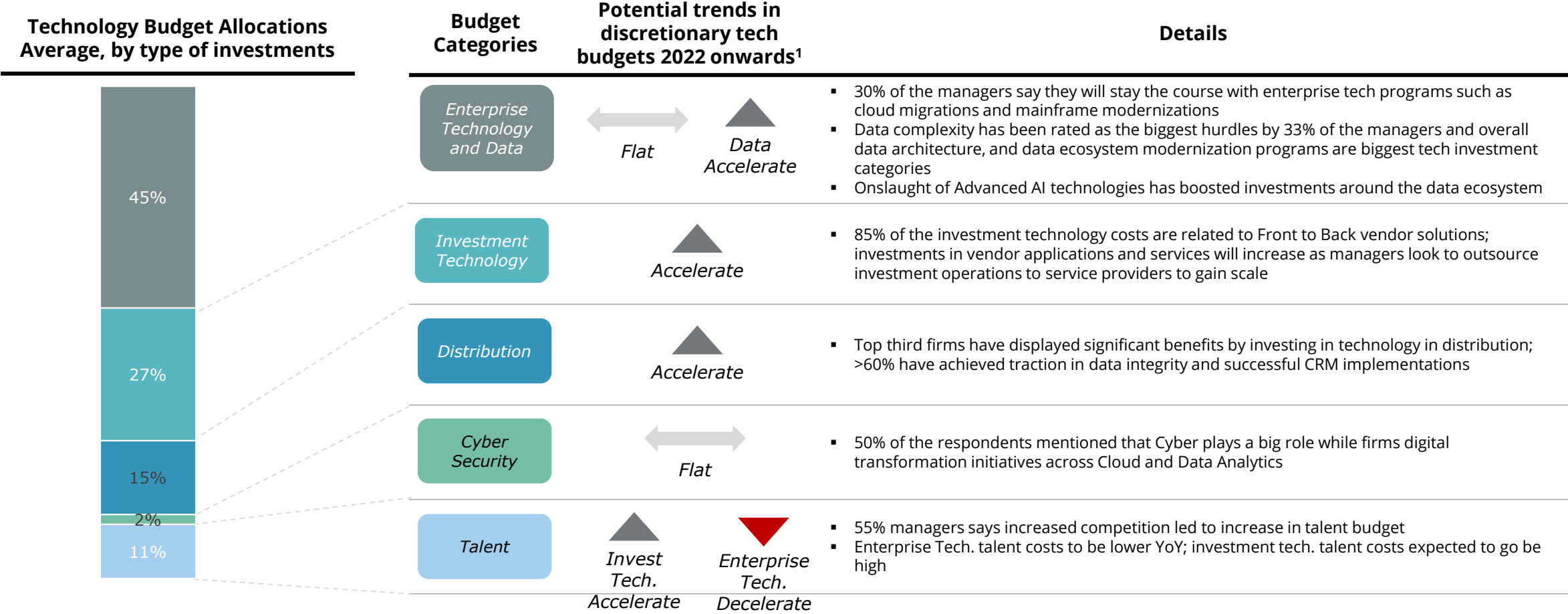
## Investment managers are evolving their Front to Back operating models to drive outcomes

### Desired Outcomes

- **Improved investments performance** through a unique investments value proposition
- **Investment capabilities** aligned to firm value proposition and investor demand
- A seamless and **best-in-class client experience**
- A **resilient and scalable operating model** that can adapt to evolving market conditions or firm priorities
- **Improved productivity** through unique talent models, use of third parties, and new ways of working
- An **optimized cost structure** supported by strong financial disciplines and accountability

# Accelerating and Sustaining Growth

While overall discretionary budgets are forecasted to be declining, there are areas where managers want to accelerate to sustain growth










<sup>1</sup> While there is anticipated deceleration in discretionary budgets in FY23-24, however, the absolute dollars are still higher than pre-COVID due to the positive returns in 2020-2021

Source: Deloitte Casey Quirk CIO/CTO survey, Deloitte Analysis, Deloitte 2023 Global Future of Cyber Survey  
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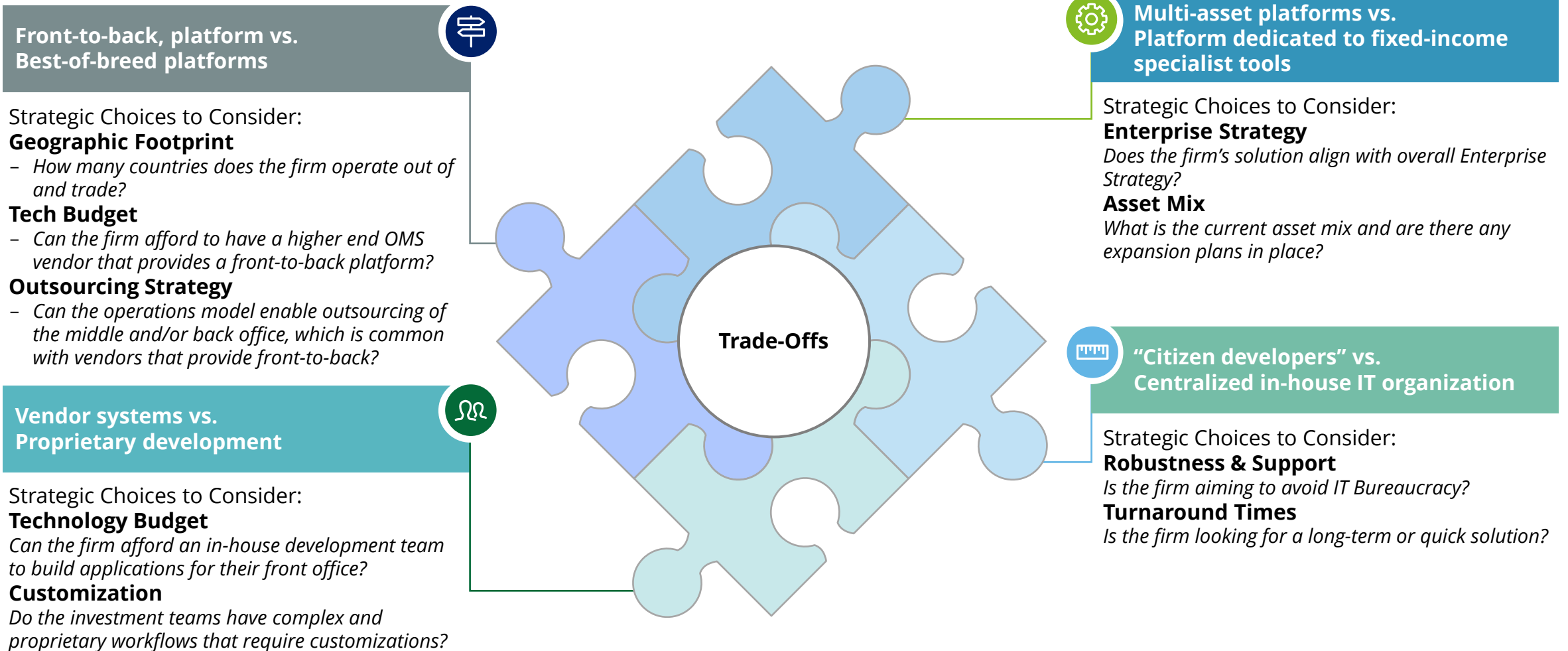
# Investment Lifecycle Challenges

Challenges faced across several key areas having critical business implications

Key Areas	Challenge Description	Implications
 <p><b>Manual Workflow</b></p>	<p>Despite tech innovation and enhancements in vendor systems, <b>manual workflows persist</b> in trading due to lack of integration</p>	<ul style="list-style-type: none"> <li>Understand where manual workflows can be automated and prioritize limiting those over time (not a singular one-time project)</li> </ul>
 <p><b>Execution Complexities With Multi-Assets</b></p>	<p>Multi-Asset electronic execution venues are standardizing and covering most security types; however, firms are <b>slow to adopt</b> Multi-Asset EMS and <b>manual trading continues to persist</b></p>	<ul style="list-style-type: none"> <li>Leverage advancements in user interfaces and increase number of connections to different brokers in EMSs</li> </ul>
 <p><b>Investment Data</b></p>	<p>Although firms can consume more <b>investment and analytic Data</b> than ever before, <b>data quality and license expenses</b> continues to be main hurdles for firms to have a data-centric operating structure that utilizes multiple data sources</p>	<ul style="list-style-type: none"> <li>Examine options such as utilizing outsourcing firms as a solution to data issues to offload operations costs</li> </ul>
 <p><b>Direct Indexing</b></p>	<p><b>Rapid asset growth</b> in both direct index products and model portfolio has firms lagging on aligning technology support to match the investment demand for these products</p>	<ul style="list-style-type: none"> <li>Entail specific workflow requirements for support</li> <li>Consider new types of risk and regulation monitoring</li> </ul>
 <p><b>Interoperability</b></p>	<p>With the wide variety of systems in Equity and Fixed Income, getting those systems to <b>communicate and work together</b> is challenging</p>	<ul style="list-style-type: none"> <li>Invest in the OMS as the 'hub' to integrate the various sources of information. Leverage open API's to build robust and flexible interactions between systems</li> </ul>
 <p><b>Front-to-Back</b></p>	<p>Full front-to-back investment platforms have tangible benefits, but can be <b>difficult to implement</b> and can be <b>time consuming</b></p>	<ul style="list-style-type: none"> <li>Explore flexible implementation options</li> <li>Make use of scalable pricing models</li> </ul>
 <p><b>Investment Engine</b></p>	<p>Strong desire to <b>consolidate and modernize</b> trading platforms used</p>	<ul style="list-style-type: none"> <li>Accelerated decision-making ability</li> <li>Improved decision-making abilities</li> </ul>

# Strategic Trade-Offs To Resolve Challenges

As Portfolio Managers and Traders encounter these challenges with evolving their platforms, they must also weigh the below trade offs based on the characteristics of their firms



# Front to Back Use Cases

Managers are prioritizing their budgets toward innovation and transformation spend

## Use Cases to Optimize the Investment Operating Model

### Functional Area

### Example

Front Office

- **Consolidation of OMS Platforms:** Standing up a multi-asset class OMS platform supporting end to end workflow – Portfolio Management & Analytics, Investment Compliance, Trading & Execution, Trade Routing, etc.
- **Integration of additional data sets** – ESG, risk/attribution, trading analytics, etc.
- **Research Management Systems** – adding RMSs to streamline the research process

Middle and Back Office

- **Lean Investment Operations** with focus on high value functions (Sec Lending, Collateral Mgmt) while leveraging service providers for others (Trade Mgmt, Corp Actions, Reconciliations etc.)
- **Automation of in-house functions** by leveraging new workflow technologies such as Low code No code and upskilling workforce to be more tech savvy
- Generating **metrics and KPIs for Investment Operations** to optimize operational performance

Investment Data

- **Refreshing the data strategy & architecture redesign** with outsourcing as an emerging option
- **Single authoritative source(s) of investment data** to eliminate redundancy
- **Personalized client engagement** powered by data and predictive analytics

Technology Operating Model

- Pivot towards **Agile frameworks** to increase pace of change
- Accelerated **move to cloud and use of managed services** to alleviate operational pressures and tech debt
- Rationalize management spans and layers; **define succession planning** for critical roles/functions

# Closing

Firms who need to work to advance their technology platform. These key questions need to be considered when evaluating trading technology solutions:



Are you appropriately leveraging **strategic partnerships** and **vendor relationships**?



How does your organization's **trading desk / front office interact with the data organization and treat data as an asset**?



Are the **data and technology organizations optimally** enabling / supporting your **business priorities**?



Are your **Portfolio Management teams and Trading Desks** organized for staffing and workflow efficiency?



Does your **near-term strategic vision** include exploring **emerging technologies (e.g., Generative AI)**?



Are you trending towards **in-house development vs. buying**, and **leveraging next gen technologies** for front office applications?



Does your organization have **disparate systems**? How are you managing for **multiple asset classes**?





# Breakout sessions

**South Boardroom:** Amundi US, Champlain Investment Partners, Charles Schwab Asset Management, Diamond Hill, Eventide Asset Management, Fidelity Investments, Franklin Templeton, MFS Investment Management, Polen Capital, Pzena Investment Management LLC, State Street Global Advisors, Virtus Investment Partners

**Facilitators:** Amanda Nelson, Tyler Cloherty **Notetaker:** Nicole Brito

**North Boardroom:** Barings, Golub Capital, Invesco, Manulife, MetLife Investment Management, Neuberger Berman, New York Life Investments, Nuveen, Thornburg Investment Management, Inc.

**Facilitators:** Kevin Gallagher, Kira Mikulecky **Notetaker:** Austin Brand

# Closing Perspectives



**Amanda Nelson**

Principal

Casey Quirk

Deloitte Consulting LLP



# Networking Reception



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