



LINEDATA GLOBAL ASSET MANAGEMENT SURVEY 2023

**North America
insights**

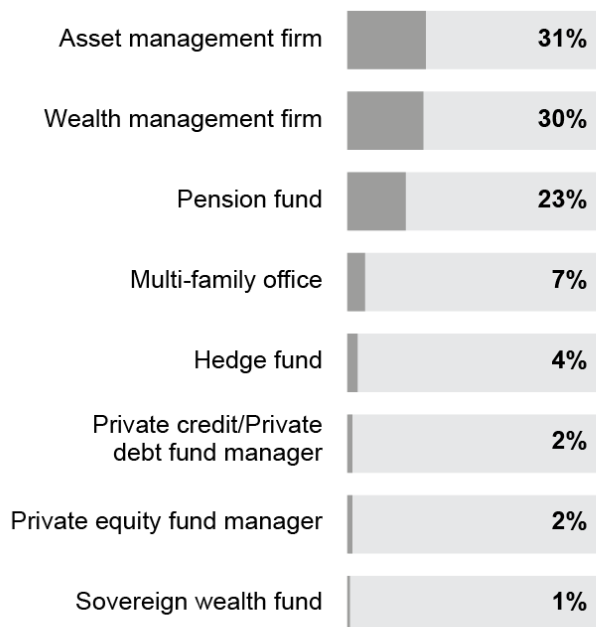


Linedata

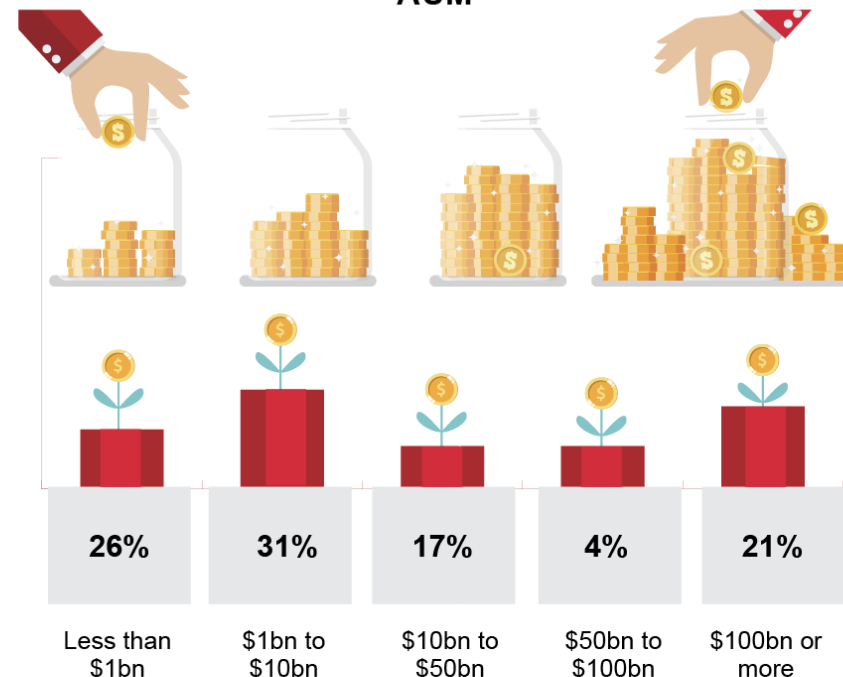
SURVEY DEMOGRAPHICS – NORTH AMERICA

We surveyed 100 buy-side firms in North America during February and March 2023 as part of the Global Asset Management Survey, which included 265 firms across Europe, North America and Asia. The sample represents views from senior decision makers across the front, middle and back office.

Organization type



AUM

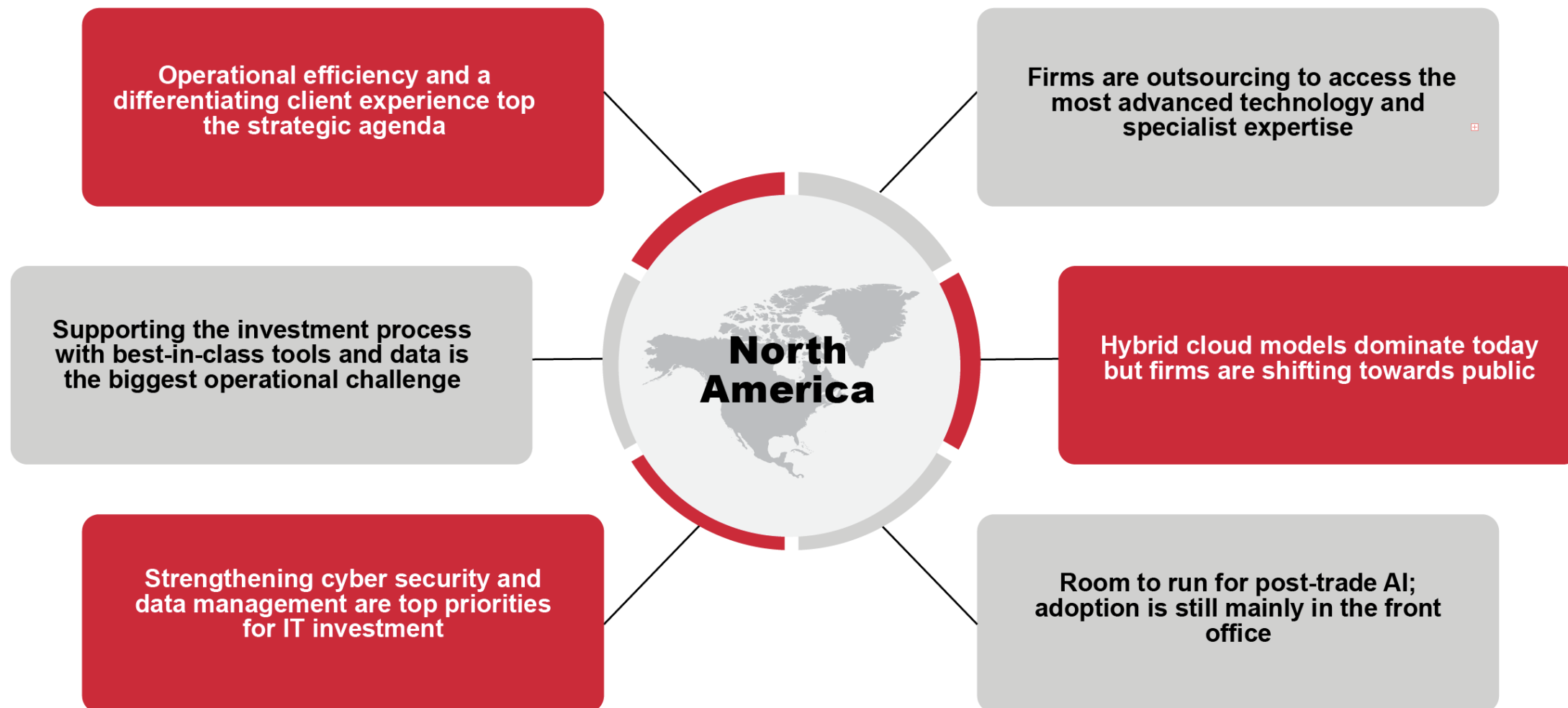


Data may not sum to 100% due to rounding

Function

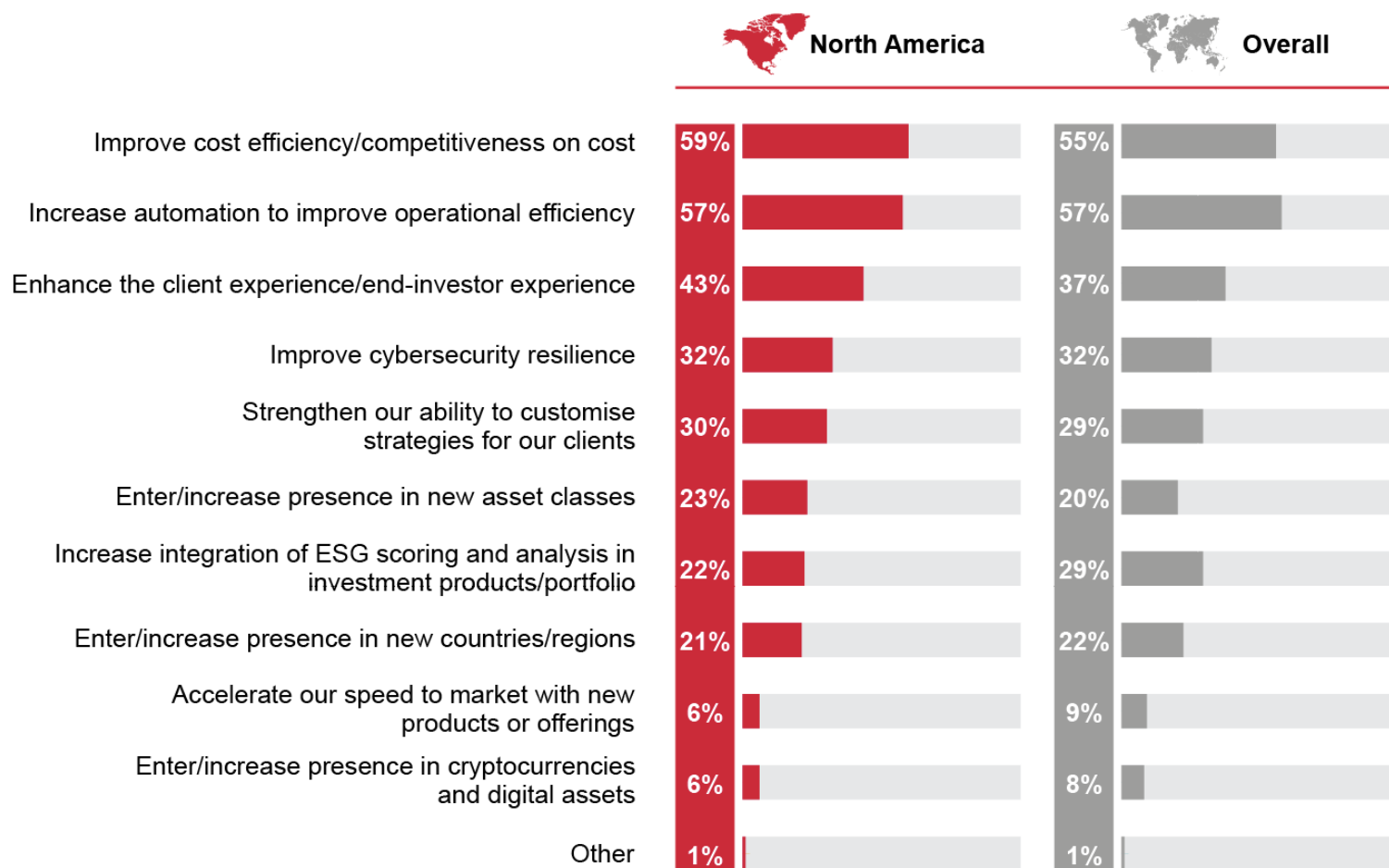


NORTH AMERICA INSIGHTS



OPERATIONAL EFFICIENCY AND A DIFFERENTIATING CLIENT EXPERIENCE TOP THE STRATEGIC AGENDA

Organizational priorities to drive business growth and performance

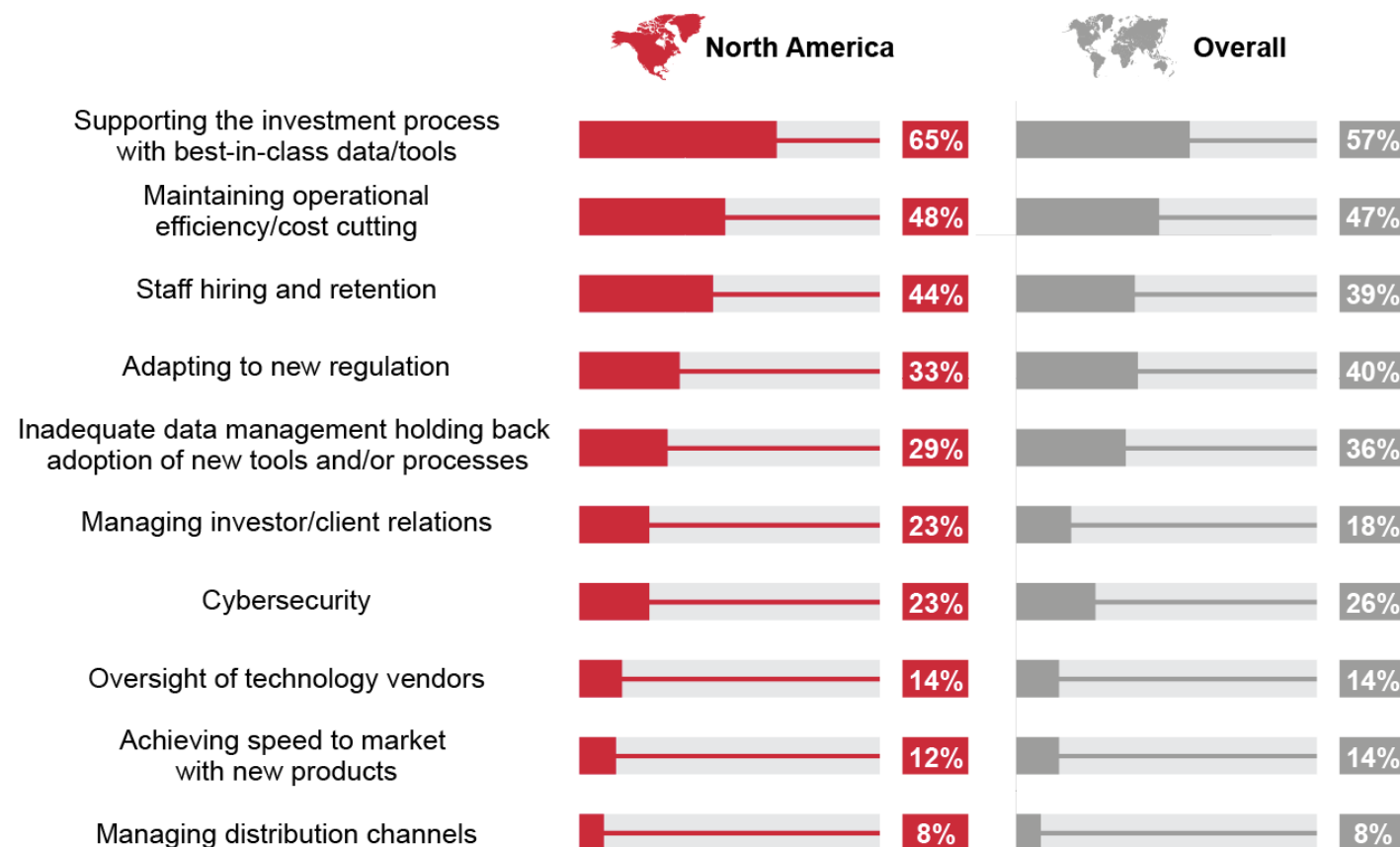


% Rank 1 + 2 + 3

- North American firms are seeking ways to get leaner after falling markets hit management and performance fees last year. Cost-cutting initiatives and deeper automation are firmly at the top of their agenda to drive business results over the next 12 months.
- Our survey results also show a greater focus on the client experience among firms in North America than we see globally, as managers seek ways to differentiate themselves beyond just their product offering.
- However, ESG integration is less of a strategic priority in North America than it is in Europe and Asia.

SUPPORTING THE INVESTMENT PROCESS WITH BEST-IN-CLASS TOOLS AND DATA IS THE BIGGEST OPERATIONAL CHALLENGE

Biggest operational challenges

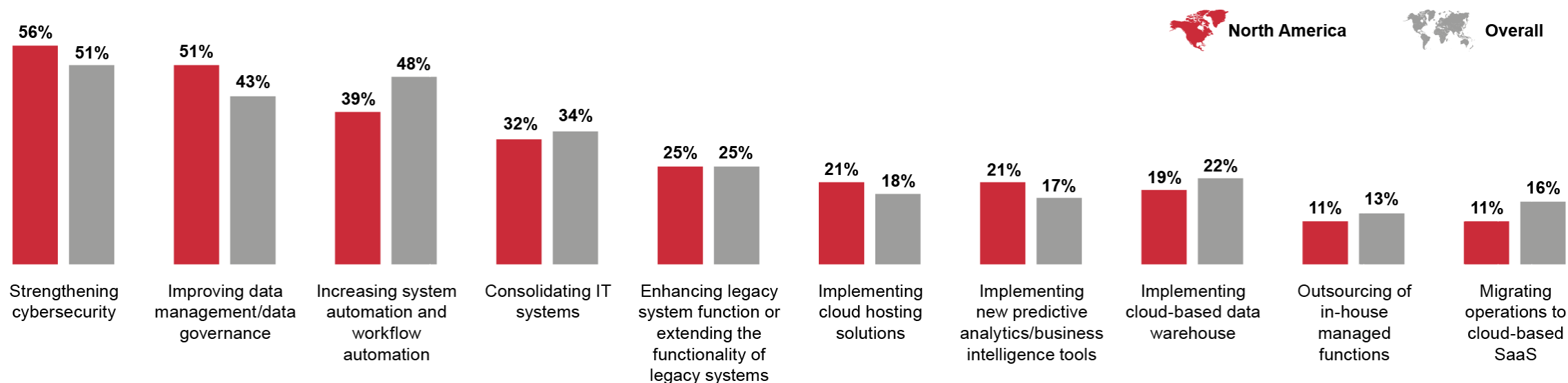


% Rank 1 + 2 + 3

- Almost two-thirds of North American firms say that supporting investment operations teams with best-in-class data and software tools is a top operational challenge, as managers strive to find an edge amid challenging market conditions.
- Adapting to new regulation is seen as less of an issue in North America than in other regions, however, with just a third citing this as a key operational challenge, versus 50% of European firms that say this.

STRENGTHENING CYBERSECURITY AND DATA MANAGEMENT ARE TOP PRIORITIES FOR IT INVESTMENT

- From an organization-wide perspective, cybersecurity and data management are the main areas of focus for IT investment among North American firms.
- In the US, new regulation from the SEC and the NYDFS, among others, is putting pressure on asset managers to not only have robust cybersecurity processes and technology in place, but to be able to document these. As both regulatory pressure and the sophistication of cyber attacks intensify, security initiatives will demand a significant share of IT budgets in the near term, though our survey also reveals that many firms are moving towards outsourced solutions.

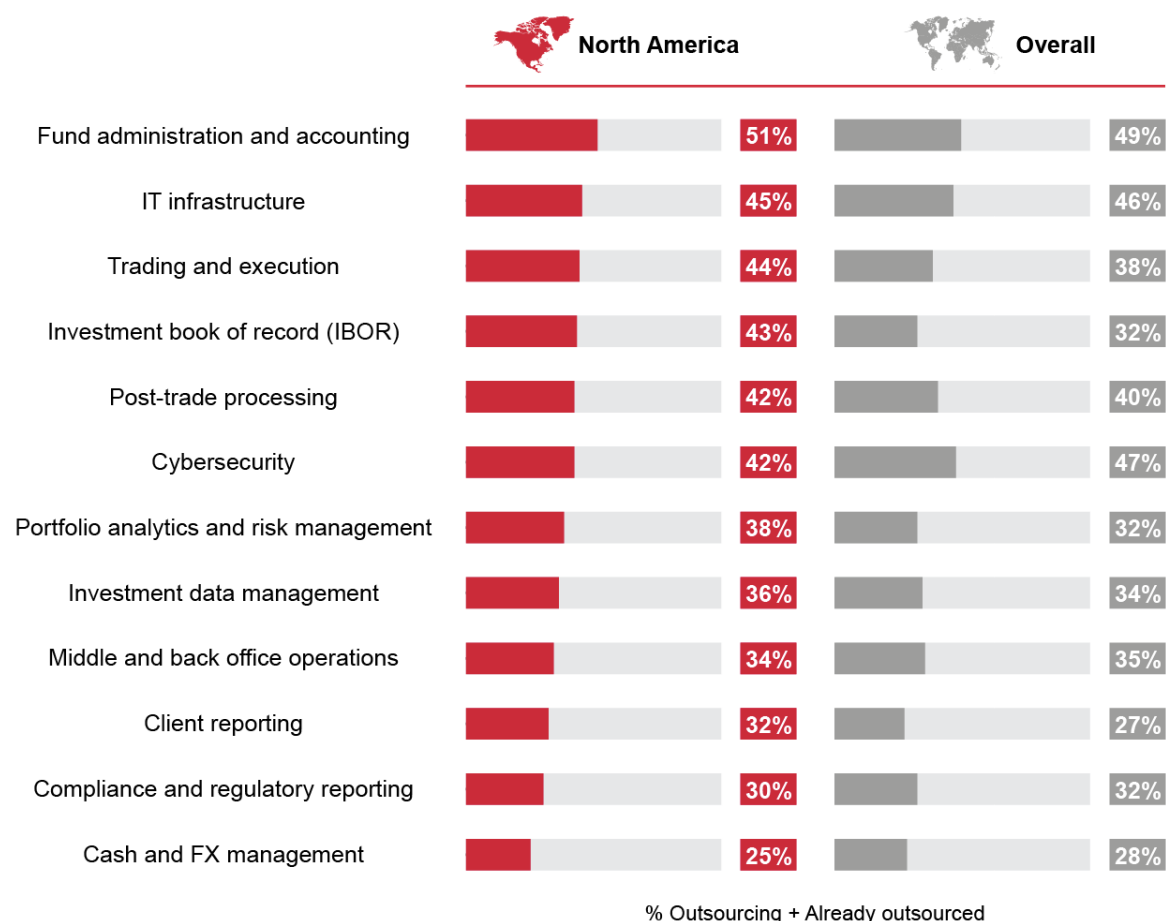


% Three answers allowed

Q8. WHICH THREE OF THE FOLLOWING IT INITIATIVES WILL YOUR FIRM PRIORITIZE FOR GREATER INVESTMENT OVER THE COMING 12 MONTHS?

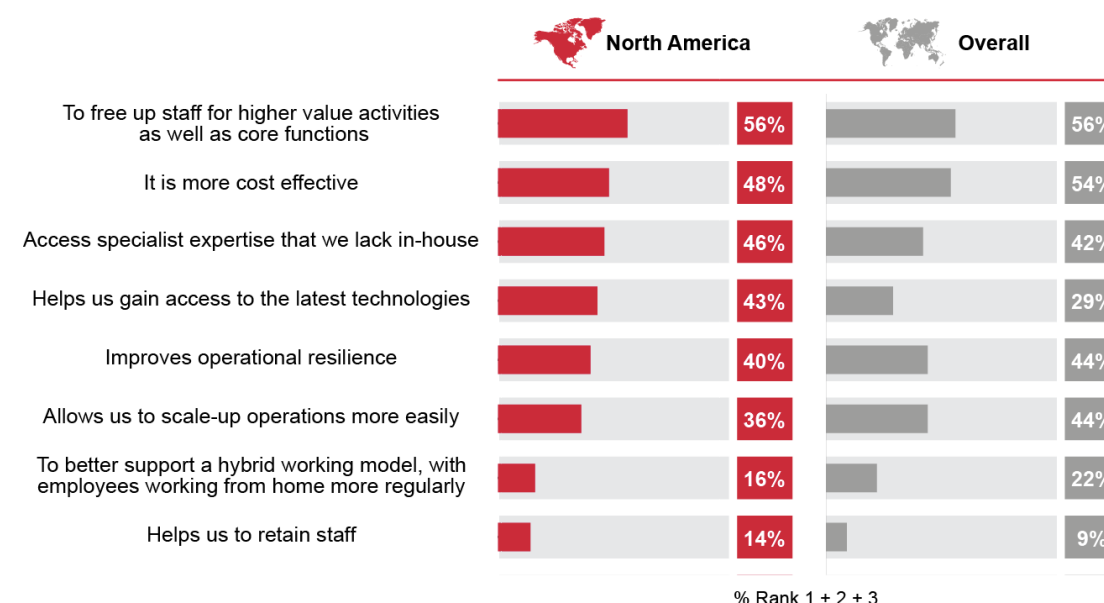
FIRMS ARE OUTSOURCING NOT ONLY FOR EFFICIENCY – BUT TO ACCESS ADVANCED TECHNOLOGY AND SPECIALIST EXPERTISE

Where firms are outsourcing or planning to outsource



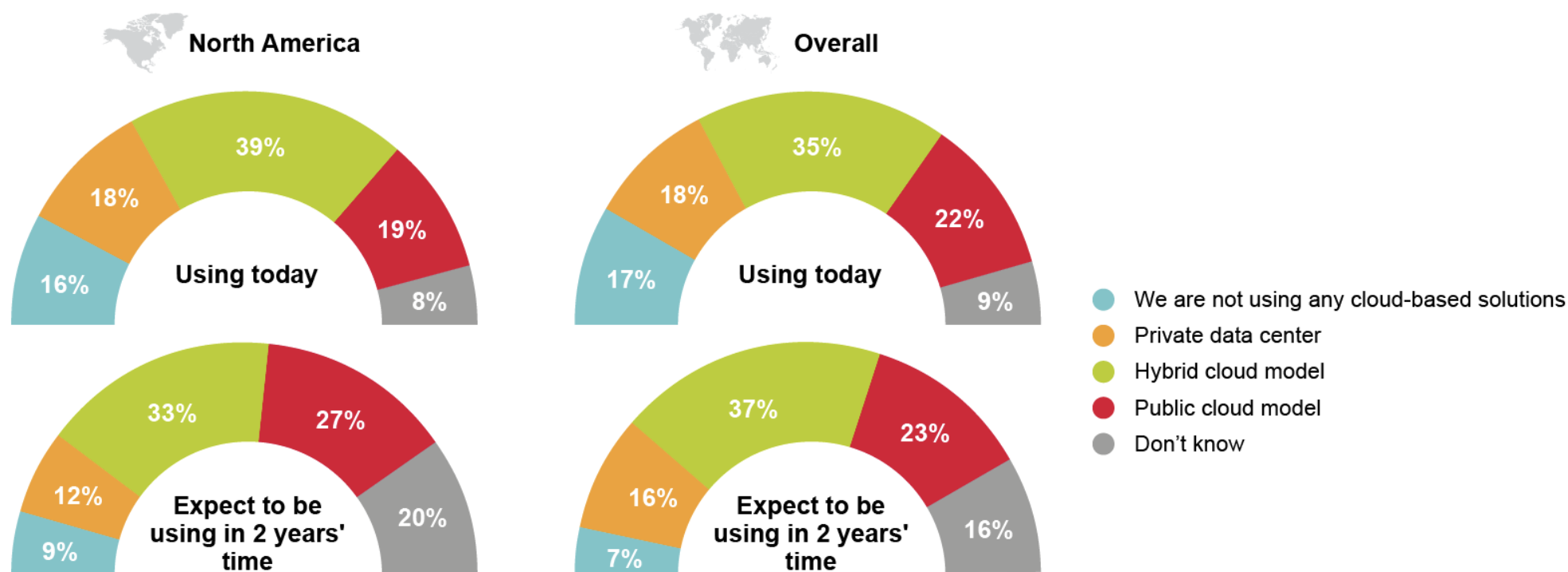
- North American firms are more likely than their global peers to be shifting towards an outsourced IBOR. And as in other regions, we see a significant number moving to outsource management of their IT infrastructure and cybersecurity.
- Outsourcing is viewed not only as a cost and resourcing play, but as a means of accessing the most advanced technologies in the market.

Drivers for outsourcing



HYBRID CLOUD MODELS DOMINATE TODAY BUT FIRMS ARE SHIFTING TOWARDS PUBLIC

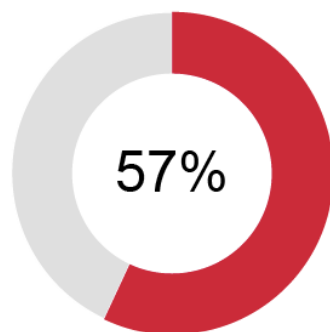
- 76% of North American firms are now using some form of cloud, with hybrid models dominating, as is the case globally.
- However, North American firms may be set for a faster shift towards public cloud models than their global peers, with 27% expecting public cloud to be their primary model in two years' time, up from 19% today, as more firms move away from private and hybrid models.



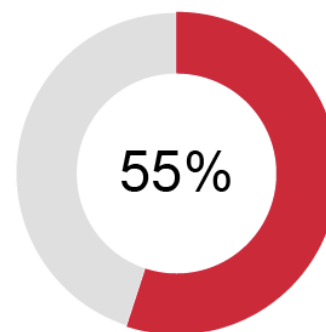
Data may not sum to 100% due to rounding

CLOUD-NATIVE SOLUTIONS ARE PRIZED IN A FAST-CHANGING LANDSCAPE

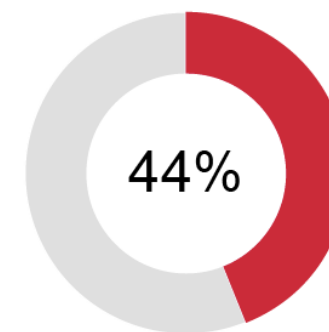
- The pace of digital innovation, and the competitive imperative to embrace leading edge solutions, is placing substantial new demands on asset managers' technology infrastructure. This is influencing the way that firms are thinking about their cloud strategy.
- For instance, a majority of North American firms now say that gaining access to cloud-native applications is just as important as cost benefits when they consider migrating systems to the cloud, and that cloud-hosting capabilities are central to vendor selection for investment management platforms.
- The cybersecurity credentials of public cloud are still a source of uncertainty for North American firms, but only 23% go as far as saying they lack confidence in its ability to meet their requirements.



The ability to host investment management platforms in the cloud is a very important factor when we are choosing a technology vendor.



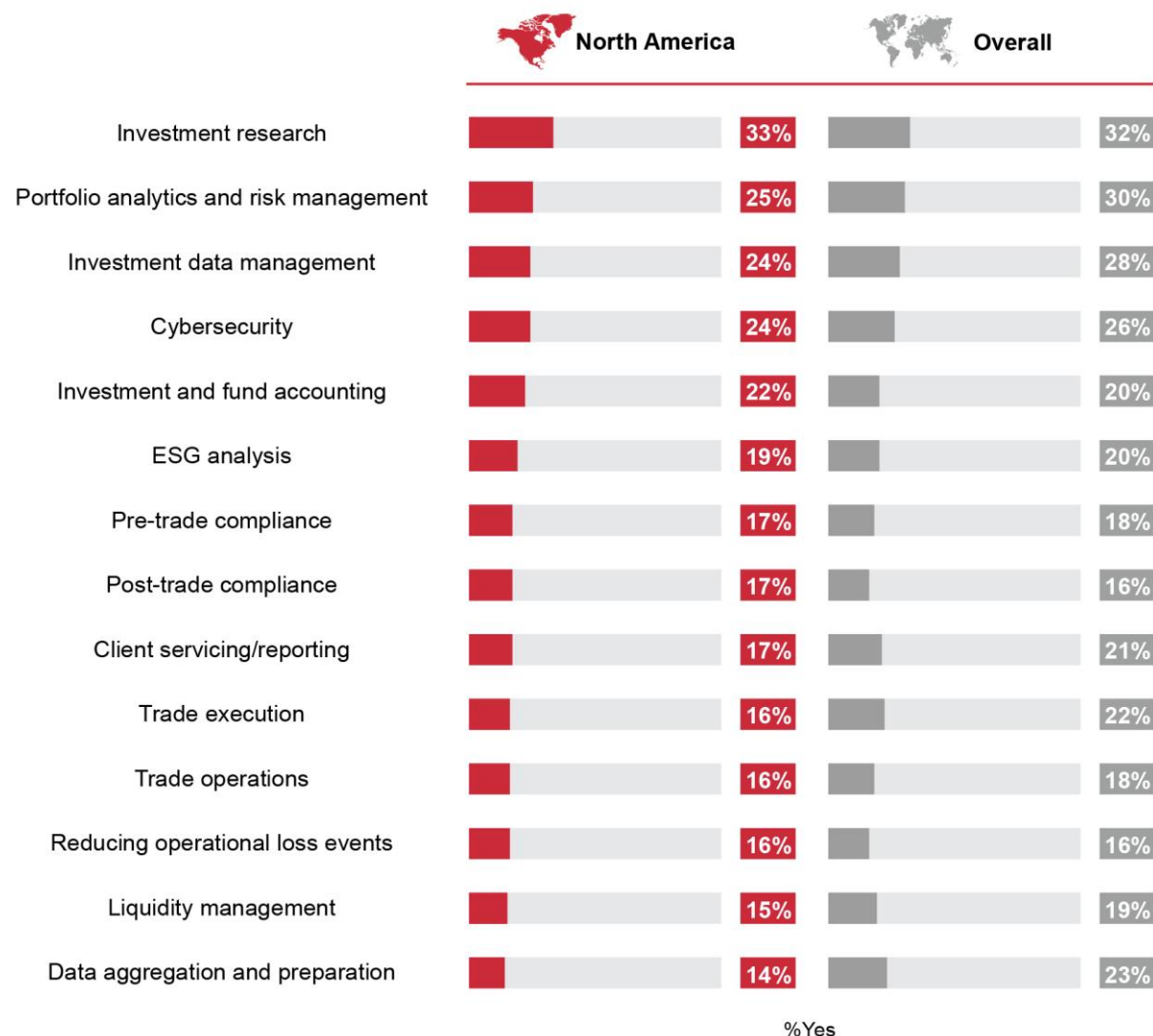
Gaining access to cloud-native applications is as important as cost benefits in motivating my organization to adopt cloud technology.



I am confident that public cloud solutions can deliver the levels of cybersecurity that my organization demands.

% Agree (Strongly agree + Somewhat agree)

OPPORTUNITY EXISTS FOR AI TO SOLVE POST-TRADE PROBLEMS; MORE ADOPTION IN THE FRONT OFFICE



- Our survey results paint an interesting picture of current AI adoption.
- In North America, as we see globally, the use of AI tools has been concentrated in the front office, to support investment research (33%), portfolio analytics (25%) and investment data management (24%).
- However, up-take has been slower across middle and back-office functions, with less than one-fifth of firms having implemented AI in areas such as post-trade compliance and operational risk management.

ABOUT THE SURVEY

This is the 11th edition of Linedata's Global Asset Management Survey, a study that tracks how the industry is adapting its technology and operations to support growth and performance.

We partnered with CoreData Research to survey 265 senior decision-makers from buy-side institutions across North America, Europe and Asia during February and March 2023.