



Investment firms rush to embrace digital innovation First movers gain performance benefits, others pay a steep laggard penalty

New York, NY - October 3, 2017 – The convergence of digitization, globalization, and consumerization will reshape the investment industry by 2022. For most executives, the question is no longer if the industry will go through a digital metamorphosis, but when and how they can ensure their organizations are not left behind.

According to a report published today by Roubini ThoughtLab, a leading global research firm, investment providers that go fully digital will see major gains: firms in later stages of digital transformation report increases of 8.6% in revenue, 11.3% in productivity, and 6.3% in market share. Digital laggards stand to lose \$79 million per billion dollars of revenue a year—and risk falling out of the race altogether.

[The new report](#), titled *Wealth and Asset Management 2022: The Path to Digital Leadership*, provides actionable insights into the industry's future. It is based on a survey of 1,503 investment providers from 15 countries, advisory panels and in-depth interviews with over 100 industry leaders and experts, and rigorous benchmarking analysis. The research was conducted in conjunction with a diverse coalition of sponsors, including Appway, Broadridge Financial Solutions, Cisco, eToro, J.P. Morgan Asset Management, Oracle, Protiviti, Sapient Consulting, and the Vauban Group.

The CEO digital imperative

The research shows that digital transformation is now at the top of the agenda for industry CEOs, who are facing escalating demands from investors and an anticipated \$30 trillion generational wealth transfer. The speed of change has been remarkable. While in ThoughtLab's 2016 investment industry study 24% of CEOs said that digital transformation was unimportant or slightly important, nearly all industry CEOs (96%) surveyed this year now view digital transformation as central to their business.

According to the research, 99% of investment providers are now in the process of digital transformation. About a quarter of firms are just beginning their digital journey, almost half are transitioning, and slightly over a quarter are maturing. Only 2.3% of firms emerged as digital leaders, defined as companies that have used digital technology to transform their processes, products, and customer interactions. Over the next five years, 20% of firms expect to be digital leaders, and a further 47%, digitally mature.

Investor expectations are changing faster than firms can react

Investment firms report rising demands for product simplicity/transparency (49%), anytime, anywhere, any device access (45%), robust cybersecurity (43%), and more innovative products (32%). But with Silicon Valley setting the pace for digital innovation, investment firms will struggle to keep up. For example, the survey shows that 80% of retail banks are now behind on smart beta; 71% of broker-dealers are not ready for fintech; and 50% of asset managers are not prepared for holistic goal planning.

"Investors no longer compare investment providers just against their financial peers, but against Amazon and Google," says Lou Celi, CEO of Roubini ThoughtLab and the director of the research. "They want the same level of customer-centricity, transparency, and ease of use that they have come to expect from the retail and technology sectors."

The hallmarks of a digital leader

To thrive in the coming industry shakeout, firms will want to position themselves as digital leaders. The research showed that digital leaders excel in seven key ways:

- 1. A digital vision and business case.** 97% of digital leaders identify future growth areas from digital innovation and 85% ensure close coordination between digital and business teams.
- 2. A cogent digital transformation plan.** 82% execute a full digital transformation of their business and 77% develop a properly staged road map to digital leadership.
- 3. A culture of innovation.** Digital leaders foster a culture of innovation (85%), encourage the cross-pollination of digital ideas (79%), and reward intrapreneurship (77%).
- 4. A customer-centric mindset.** Digital leaders are customer-obsessed. Our survey shows that 91% focus on analyzing customer expectations and 88% put the customer at the center of innovation.
- 5. An agile product development process.** Digital leaders in our study strive to shorten times to market (85%) and adapt products to meet evolving customer digital needs (82%).
- 6. Early adoption of advanced technology.** 94% harness analytics throughout their businesses, 88% have a range of fintech capabilities, and 85% have systems for tracking emerging technologies.
- 7. A digital team to drive change.** 94% of digital leaders provide digital business training, 79% create dedicated digital groups, and another 79% are creative in attracting and retaining staff.

Staying ahead of the technology curve

The report shows that cloud platforms will become essential for driving digital innovation by 2022: about 59% of digital leaders will replace their legacy systems with cloud platforms. This will make it easier to embrace game-changing technologies, such as artificial intelligence, blockchain, robotics, cryptographic technology, and APIs, which are all poised for high growth among investment providers.

The report indicates that digital leaders are well ahead of others in creating a seamless customer experience. The majority are taking steps to adapt the channel mix to support their customers digital behaviors, providing easy 24/7 access through any device, and leveraging data and analytics to fully understand their clients' needs and behaviors. Digital client onboarding is fast becoming the norm: 43% of firms now offer it, and the number will rise to 69% by 2022.

The future of work

Investment providers are taking measures to ensure they have the right talent to drive their digital agendas and achieve a “bionic” model that seamlessly combines human advisors and automated solutions. Over one-third of investment providers believe that digital technology will improve decision making (38%) and productivity (36%), but at the same time it will require greater skills in key areas, such as innovation (35%), digital (33%), analytical (32%), and communication (32%).

The research shows that firms in later stages of digital maturity, including digital leaders and maturing firms, now spend 11.6% of their revenue on technology, and plan to increase that investment to 17% by 2022. While these investments can be large, the payback is even larger. Based on a five-year payback, investment providers on average see an ROI of 5.5% (of revenue) per year when they move from a beginning to a transitioning stage, and an ROI of 5% when they go from transitioning to mature.

“With digital expectations rising rapidly, and a new generation of digital natives in sight, the stakes are high. This is not just about ROI, it is about survival,” says Celi.

An executive briefing and full white paper are available for complimentary download at <http://www.roubinthoughtlab.com/wealth2022>

Background on the research group

About Roubini ThoughtLab

Roubini ThoughtLab is a leading global research firm that provides management thinking and evidence-based analysis to help corporate, financial, and government leaders cope with transformative change. Our clients include premier global consulting, financial, industrial, and technology companies. By applying advanced modeling tools, in-depth qualitative research, and high-level expert opinions, our firm offers actionable insights into industry and technology trends and their impact on the world.

Roubini ThoughtLab is a joint venture with Econsult Solutions Inc., a leading economics consultancy. With access to a global team of economists, industry analysts, and financial experts, our firm brings together macro-to-micro analytics with the ability to survey and interview executives, consumers, and policy-makers around the world. We provide our analysis in a variety of engaging executive formats, from global ranking and benchmarking tools to cost-benefit and economic impact models. For more information on Roubini ThoughtLab, please visit www.RoubiniThoughtLab.com.

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About Appway

Appway guides the leading financial institutions, both big and small, as they build sustainable and scalable solutions that quickly adapt to changing conditions. Headquartered in Switzerland with offices around the globe, more than 225 institutions rely on Appway to improve internal efficiencies, engage customers across all channels, and keep ahead of regulations.

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About Broadridge Financial Solutions

Broadridge Financial Solutions, Inc. (NYSE:BR), a \$4 billion global fintech leader, provides investor communications and technology-driven solutions for broker-dealers, banks, mutual funds and corporate issuers globally. Broadridge's investor communications, securities processing and managed services solutions help clients reduce their capital investments in operations infrastructure, allowing them to increase their focus on core business activities. With over 50 years of experience, Broadridge's infrastructure underpins proxy voting services for over 90 percent of public companies and mutual funds in North America, and processes more than \$5 trillion in fixed income and equity trades per day.

Broadridge employs approximately 10,000 full-time associates in 16 countries. For more information about Broadridge, please visit www.broadridge.com.

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About Cisco Systems, Inc.

Cisco (NASDAQ: CSCO) is the worldwide technology leader that has been making the Internet work since 1984. Our people, products, and partners help society securely connect and seize tomorrow's digital opportunity today. Discover more at thenetwork.cisco.com and follow us on Twitter at @Cisco.

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About eToro

eToro is the world's leading social investment network, with more than 6 million registered users in over 140 countries and thousands of new accounts opened each day. eToro leads the social trading revolution through its community powered network, which enables every investor to see, follow and automatically copy the actions of other investors in real time. eToro's mission is to revolutionize the way people access the financial markets and make their trading experience more social, simple, enjoyable and transparent. By harnessing the wisdom of the crowd, every member of eToro's social trading network benefits from accelerated information exchange, knowledge sharing and the ability to quickly identify the best investment opportunities. With a wide range of award-winning mobile and web-based social trading tools, eToro appeals to every level of trading expertise, and provides an investment experience like no other before. For more information, visit us at www.etoro.com

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About J.P. Morgan Asset Management

J.P. Morgan Asset Management, with assets under management of \$1.5 trillion (as of June 30, 2017) is a global leader in investment management. J.P. Morgan Asset Management's clients include institutions, retail investors and high net worth individuals in every major market throughout the world. J.P. Morgan Asset Management offers global investment management in equities, fixed income, real estate, hedge funds, private equity and liquidity. JPMorgan Chase & Co. (NYSE: JPM), the parent company of J.P. Morgan Asset Management, is a leading global asset management firm with assets of approximately \$2.6 trillion (as of June 30, 2017) and operations worldwide. Information about JPMorgan Chase & Co. is available at www.jpmorganchase.com.

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About Oracle

With more than 420,000 customers and deployments in more than 175 countries, Oracle offers a comprehensive and fully integrated stack of cloud applications, platform services, and engineered systems. Oracle offers an integrated array of applications, databases, servers, storage, and cloud technologies to empower modern business. For most companies, flexibility is critical. Oracle provides a wide choice of software, systems, and cloud deployment models—including public, on-premises, and hybrid clouds—to ensure that technology flexes to the unique needs of a business.

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About Protiviti

Protiviti is a global consulting firm that delivers deep expertise, objective insights, a tailored approach and unparalleled collaboration to help leaders confidently face the future. Through its network of more than 70 offices in 25 countries, Protiviti and its independently owned Member Firms provide clients with consulting solutions in finance, technology, operations, data analytics, governance, risk and internal audit. Protiviti has served more than 60 percent of Fortune 1000® and 35 percent of Fortune Global 500® companies. The firm also works with smaller, growing companies, including those looking to go public, as well as with government agencies. Protiviti is a wholly owned subsidiary of Robert Half (NYSE: RHI). Founded in 1948, Robert Half is a member of the S&P 500 index. For more information please visit www.protiviti.com.

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About Robo Investing

Robo-Investing is an independent event and media business specializing in digital wealth and technology. It produces the annual Robo-Investing conferences and has developed an extensive network of practitioners from technology start-ups to asset and wealth management. Clients include leading consultants, financial institutions, digital platforms and fintechs. For more information please visit the website: www.robo-investing.co.uk.

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About Sapient Consulting

Sapient Consulting combines technical and digital expertise around emerging and enabling technologies with a deep understanding of how industries operate to enable meaningful digital transformation and business process modernization. We work with organizations across financial services, energy and commodities, the public sector, and healthcare, delivering strategy & consulting, technology services and industry oriented solutions. As part of the Publicis.Sapient platform alongside DigitalLBI and SapientRazorfish, we're the enterprise business and technology arm of a leading digital transformation network. With 5,000 professionals spanning over 20 countries, Sapient Consulting is a global force for digital and technological change. For more information, visit www.sapientconsulting.com.

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About Vauban Group

Vauban Group is a new type of global cyber security business. It was set up in the UK in 2015 to bring together technologies from new and emerging cyber businesses in the UK and elsewhere and to enable them to export into the global market. More importantly, Vauban is addressing the fundamental need in the market - how to bridge the vertical silos between the different vendors in the cyber security domain and to return control over their cyber environment to the people to whom it matters most – the customer. Vendor agnostic, Vauban's new platform will provide a plug and play environment in which existing and new technologies can operate side-by-side, creating an integrated and intelligent picture of each enterprise's cyber environment in real time.

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