

Deloitte.



WHAT INNOVATION REALLY MEANS IN ASSET MANAGEMENT
Survey outcome results

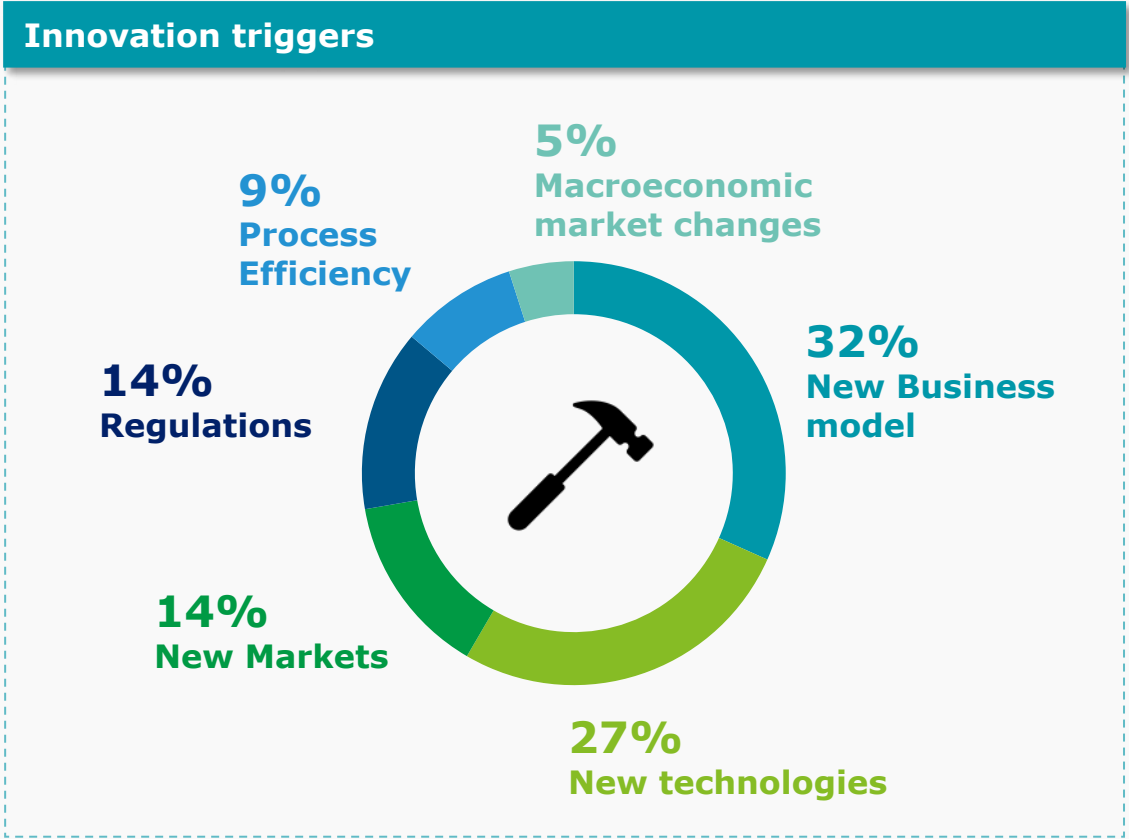
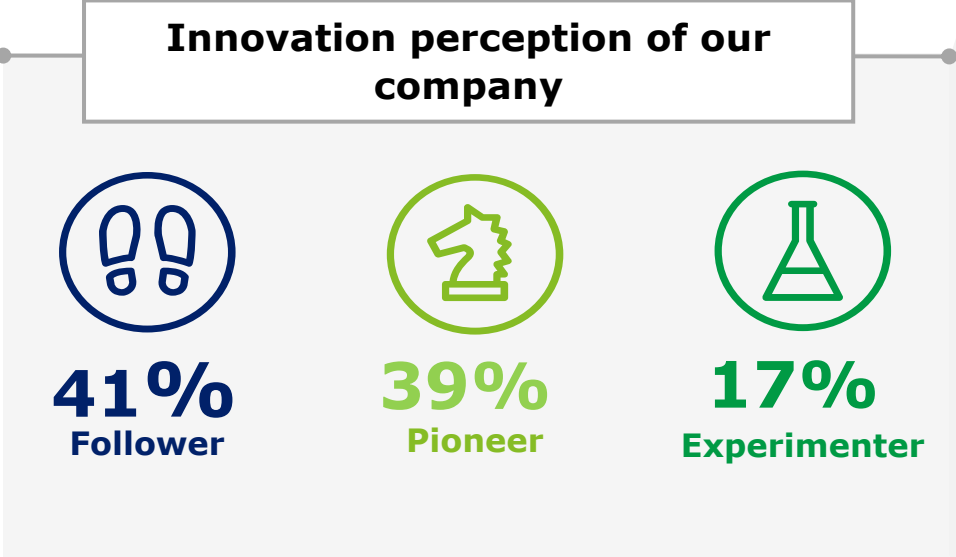


Alessandro Mastrantuono
Director Investment &
Wealth Management LAB |
Deloitte



Marco Mione
Senior FinTech Specialist | *Deloitte*
Vice President | *SIAT*

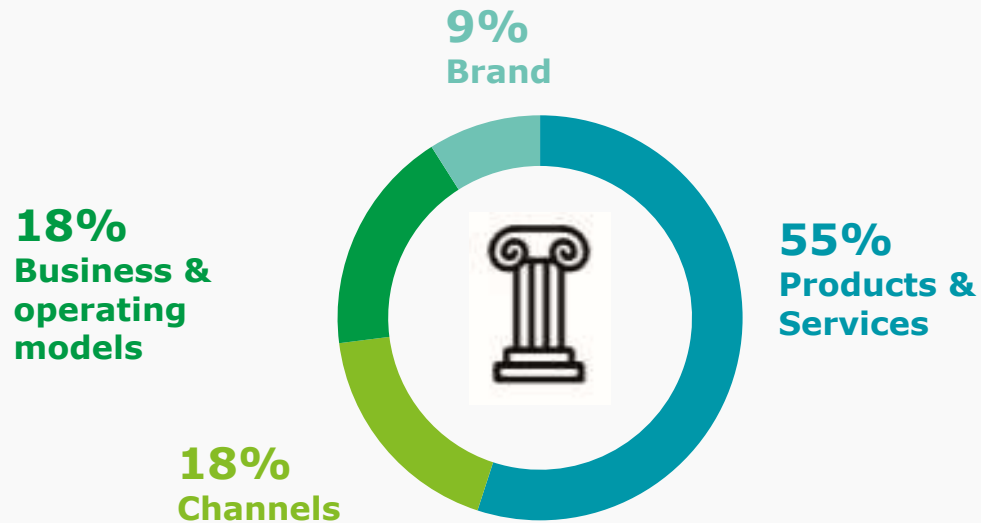
Asset Managers are conscious about innovation related opportunities



Asset Managers are coping with multiple challenges which sometimes produce diverging results. Investing in innovation is integral, but reducing cost is crucial to maintain profitability

Primary focus is on Products and Services innovation

Most types of innovation in asset management industry

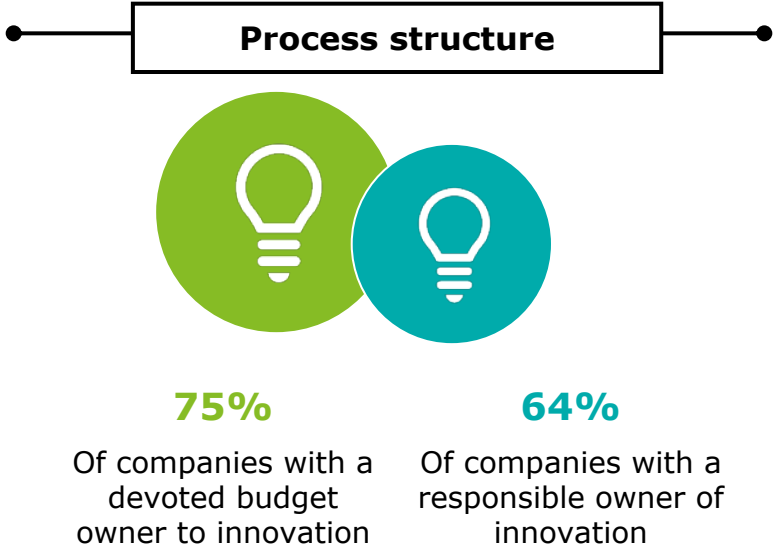
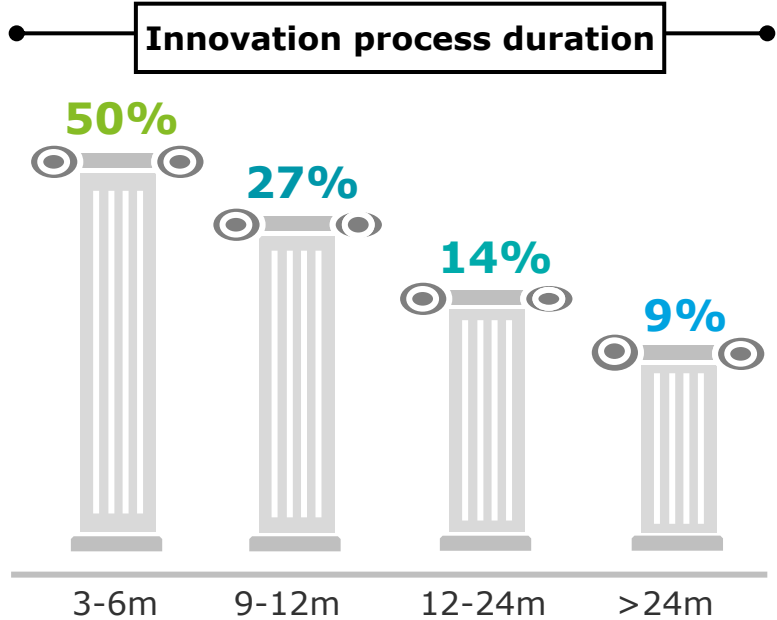


All those types of innovation have the main purpose **to meet clients' needs and increase profits**; this is why **product & services innovation** is a natural process for asset managers.

Innovation means much more and the business and **operating model as a whole must be considered—including channels, processes and people, and rule compliance**

Innovations in Distribution Channels, Business and Operating model are also relevant (i.e. Customer Experience and Process Efficiency) for margin retention

On average, the asset managers innovate with a short-termism, with a focus on immediate returns on business results



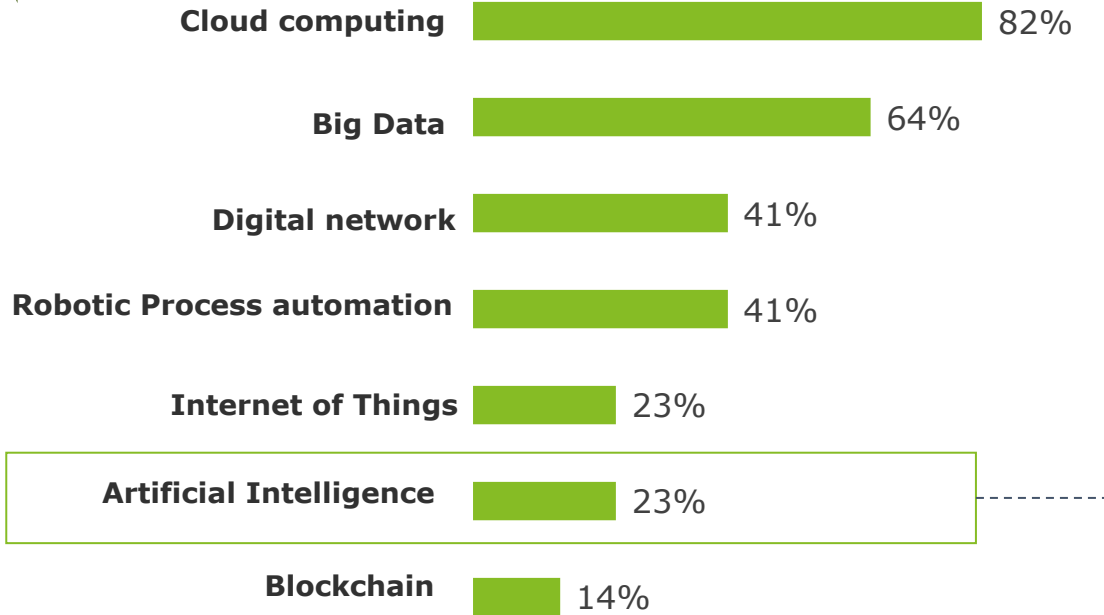
The **brief time** (less than 1 year) that asset managers **spend on innovation** suggests a short-termism with a focus on immediate returns on business results

A **dedicated budget**, as well as a responsible **owner of innovation management** show the growth of a more structured approach (declared by 50% of the companies)

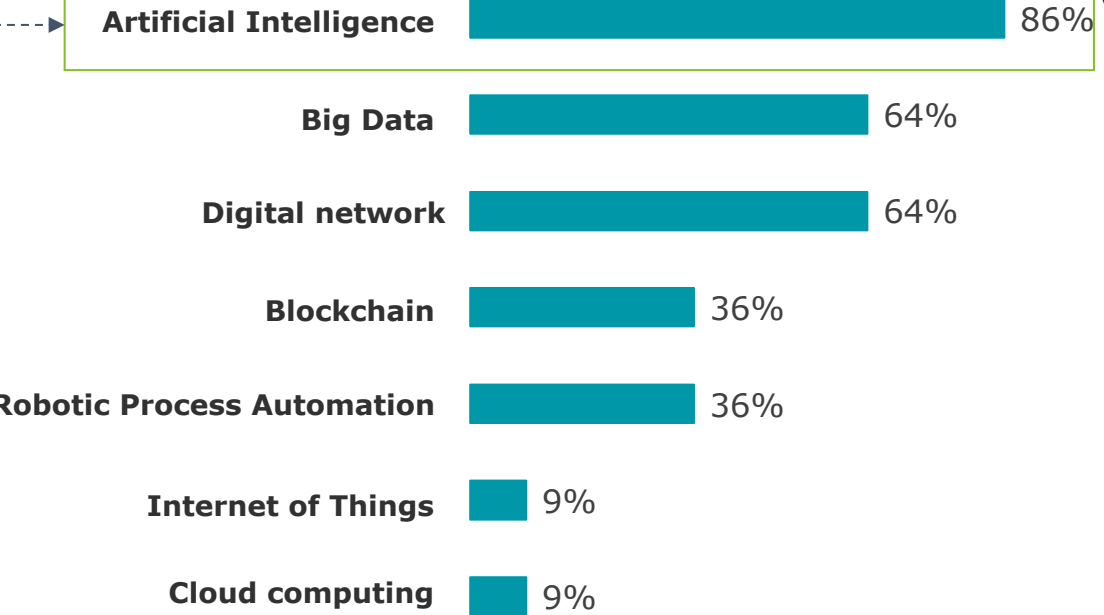
Rethinking the approach in a more effective way, which considers a long-term view, is crucial for Italian Firm to deliver transformation

Artificial Intelligence that leverages on Big Data is more than a trend in the asset management industry. It is already reality!

Preferred innovation implemented in the last two years



Preferred innovation implemented for the next two years



Evaluate potentiality on the Artificial intelligence and define how to start the AI Journey. Make the appropriate investments in talent and technology needed for the transformation ahead

To open up new possibilities and exploit the innovation outcomes, a wide approach is needed

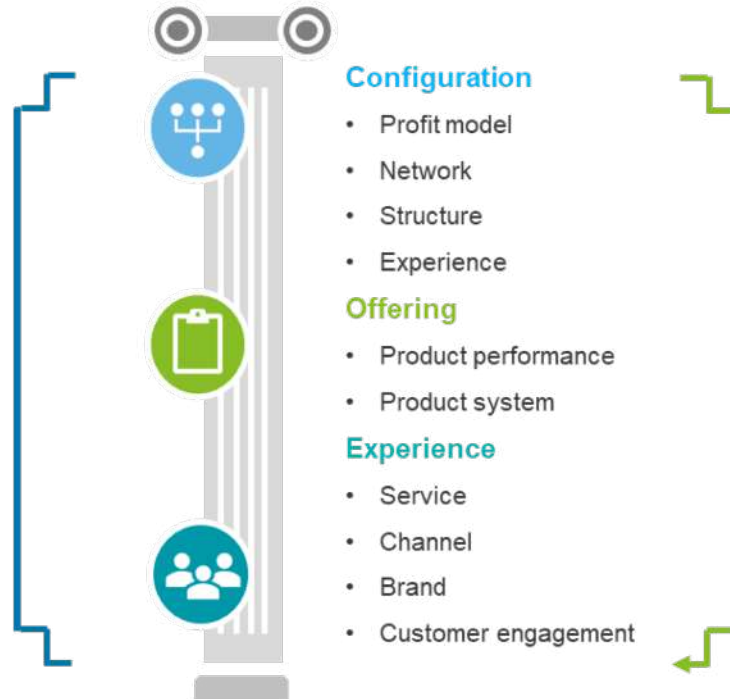
Core processes

Innovation strategy

- Guidelines
- Funding

Portfolio management

- Idea generation
- Design
- Prototyping
- Scaling
- Activation
- Monitoring



Supporting processes

Ecosystem management

- Sensing/Scouting
- Selection

Innovation culture

- Communication
- Engagement

Eminence

- External communication
- Events

Pillar of the approach

- ✓ **Innovation strategy:** definition of the strategy and methodological framework for innovation with KPIs to monitor
- ✓ **Portfolio management:** Adoption of a portfolio management approach that is linked to the innovation process
- ✓ **Ecosystem management:** monitoring of the ecosystem to acquire missing capabilities
- ✓ **Innovation culture:** Development of internal initiatives to spread a culture of innovation
- ✓ **Eminence:** Promotion and coordination of communities that facilitate cross-functional activities

A structured innovation framework considers all these basics types and suggests to select and combine some of them in order to set up the best innovation strategy and define the key project initiatives to realize the strategy