

Deploying the Right Tools for Success



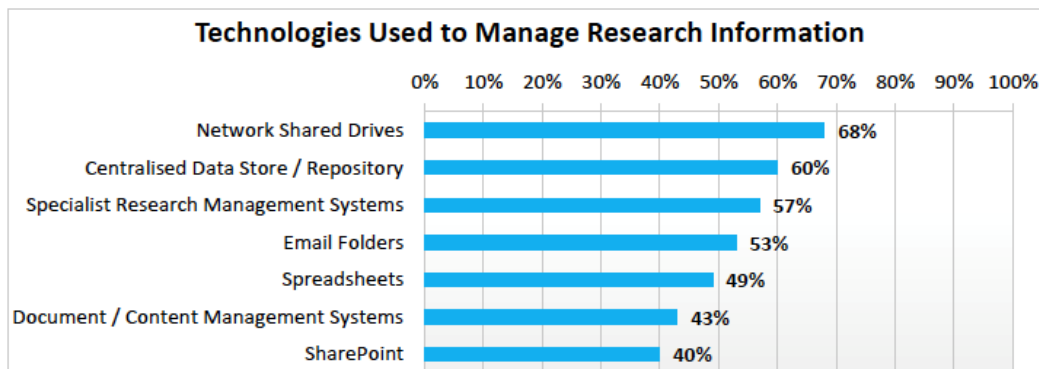
Deploying the Right Tools for Success

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The global financial crisis precipitated six tough years for the sector. In its wake, fierce criticism prompted industry bodies around the world to introduce stringent regulations requiring in-depth auditing. Data management systems that ensure complete corporate accountability are the answer.

Prior to 2008, financial services firms had already started investing in research management solutions (RMS) to improve the organisation and accessibility of their internal information. However, an inevitable period of cost-cutting forced many companies to scale back their investment and many projects were postponed. Now that IT funding is again on the rise, research directors are revisiting the idea of adopting wide-scale RMS systems into their organisations. The results of a research survey conducted by Cutter Associates in 2014 indicate that traditional forms of storage and dissemination of internal research, like network drives and email, are still being used across the fund management community.



Source: Cutter Research Member Survey February 2014

Therefore, the goal for many buy-side firms is to streamline the research process, improve the sharing of data and meet forthcoming new financial regulations aimed at forcing the buy-side to become more transparent.

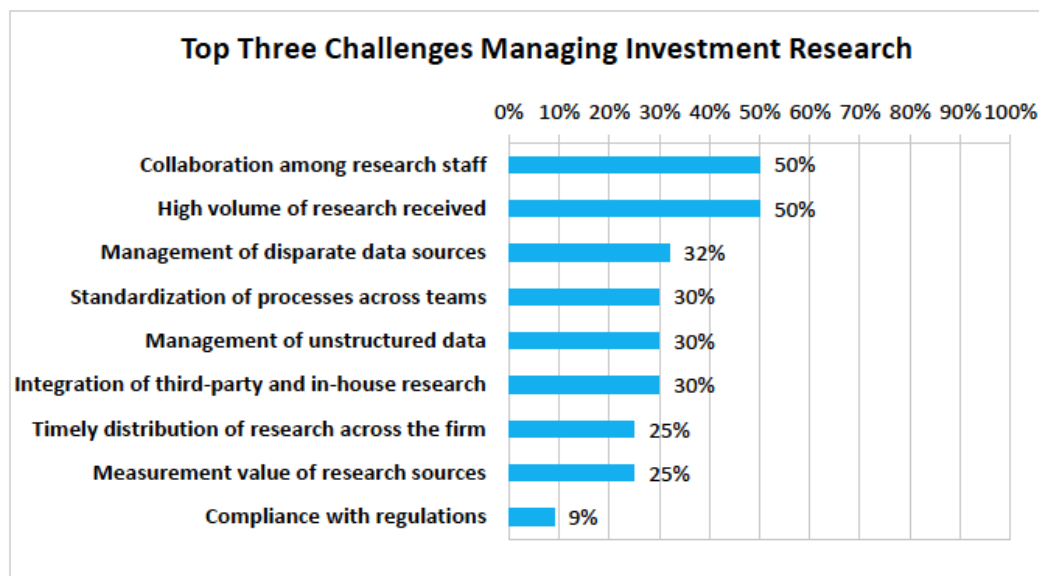
The financial crisis threw investment practices and internal buy-side and sell-side policies into the limelight. In 2008, only 22 % had a strategic RMS solution in place (Cutter Research Member Survey 2008). Since then, there has been an increasing need to justify all decisions to colleagues and investors. In order to show that practices are robust and compliant, asset managers need to prove they are taking advantage of the complete range of information at their disposal comprising analyst insights, recent market and transaction data and strong sell-side recommendations.

In just six years, the number of major investment companies that have now invested in RMS is more than half. They have replaced legacy data storage and analytics solutions to provide employees with facilities to search, store and analyse internal and external data in one location and in a clear and concise way.

As transparency rules focused on imposing greater accountability on the buy-side are introduced in the coming years, companies will need the ability to study their operations in granular detail. This shouldn't be seen as an inconvenience, but as an opportunity to refresh all aspects of IT infrastructure. Introducing modern solutions will allow companies to identify best practices and standardise operations to ensure the intellectual capital already present within the company is being fully utilised.

Traditional data storage and filing solutions have a wide range of problems. Finding all of the relevant information in a timely manner can be a vast task in itself, but even when the relevant information has been gathered, can its content and integrity be verified? Often the answer is no, as files saved on individual terminals and servers not linked to the central network cannot easily be linked to related data, subsequent events, current analysis and the record of the author's other investment choices and analyses.

Streamlining Processes



Source: Cutter Research Member Survey February 2014

In its latest member survey, Cutter Research found that the most common challenges facing professionals managing investment research were: collaboration among research staff, sorting through the vast amount of research information received, managing disparate data sources, ensuring consistency across teams and allowing the integration of third-party data with in-house research.

Hosted RMS software addresses these major challenges, streamlining the process of gathering data, improving analysts' ability to search archived data and reducing time-zone related latency. This ensures consistency across teams and allows for the integration of third-party data with in-house research.

For example, an employee in Japan can upload notes within minutes of leaving a meeting in Tokyo and immediately relay this data to experts in London and around the world. By combining these notes with archived records, proprietary

data, published information and current price statistics, the company's portfolio managers can make much more informed decisions.

As well as collating recent information, RMS offers detailed audit trails of where this information has originated. This gives companies the tools to illustrate their past performance in certain markets and in specific divisions. When provided to potential clients and for fund mandates, the ability to provide contextual details allows companies to differentiate themselves versus the competition.

In addition to seeking new business, managers may also need to fully justify decisions to their existing clients. RMS helps them explain why this selection was made and proves the choice was based on the best information available at the time.

The industry as a whole is in a stage of transformation, but some large financial institutions still have a long way to go. Many are only able to provide a complete audit trail for decisions by searching through data stored across a number of servers in several sites around the world. Having investment-critical data spread out and completely unstructured makes tracking the reasoning behind a decision extremely difficult and sometimes impossible.

Introducing a Single Vision for Success

Dispersed data doesn't only create problems with audit trails. Siloed information means vital data on investment-critical decisions is completely inaccessible to portfolio managers in other teams. In the world of international business, such an approach is outdated and does not allow a company to take full advantage of its scale and the wealth of expertise available within the organisation.

As institutions look closely at their teams' processes, some inconsistencies do exist, especially when individuals are not sharing their findings with their colleagues. Not only is data then not widely available, but when team members leave the company the information departs with them.

When good practice is in place across the organisation, critical insights are available to all relevant investment professionals. With internal research and its associated data easily accessible, analysts no longer have to duplicate work already done by other members of staff. Portfolio managers can make faster investment decisions and sell quickly when the target price has been reached. Policy managers can call a meeting and within thirty minutes have the complete analysis tools in front of them to apply policy if needed.

Using RMS systems that integrate into other buy-side facilities such as market data, target prices, newswire data and sell-side recommendations, analysts and portfolio managers can make more widely informed judgments at speed for portfolio holdings or investable universes. By adding context to the data, companies can increase their competitive advantage over those still using outdated data analysis solutions that are unable to react as swiftly to market conditions and outside influences.

Large institutions already using top of the range RMS solutions have a distinct advantage in the world of multinational business. Customisable lists and data gathering facilities allow colleagues around the world to share data and access a range of reports on stocks from any location or time zone. This allows teams to quickly update international colleagues at the start of their workday, making multi-time zone team conference calls more efficient as staff members are fully briefed in advance. RMS can then be used to record meeting notes to ensure important points are available for future reference, further enhancing the level of audit trails available to managers looking to track staff performance.

Good Practice Makes Perfect

The era of buyers making investment decisions based purely on sell-side recommendations is over. Managers looking to ensure that all staff follow approved company procedure need to look to deploy robust solutions such as RMS. This enhances a manager's ability to introduce a performance culture, assess individual teams and staff members to map out how decisions relate directly to portfolio performance and to identify where additional resources are required.

CIOs have found that RMS enhances their ability to drive productivity within their teams, because it reduces the time between idea generation and portfolio composition. This is because RMS provides a seamless flow of information and allows for a quick and thorough assessment of a single equity or sector group.

But as the Cutter Associates research suggests, adoption by all is critical to the success of any programme of implementation, "As with any system that enables the sharing of information, adoption is a critical factor. If users are expected to make full use of the system, they must see the benefits and know that the information they enter is read and used."

Having complete records at hand enables managers to identify the strongest analyst talent in the organisation and develop these individuals into the next generation of portfolio managers.

Accessibility to research when and where users need to is therefore a key factor in increasing the likelihood of widespread adoption. The odds of successful implementation across the board increase further still when the system can be configured to send automated alerts for new or updated research on topics or companies of interest to users.

Workplace standardisation and quality control also improves the company's ability to on-board new team members and to account for departmental changes, as procedures need to be the same throughout the organisation. With one tool, everyone has the same services, analysis, measurement and language, ensuring a consistent company-wide approach.

The level of internal analysis offered by RMS will also identify when research teams are making excellent decisions that aren't then being taken by portfolio managers. One of the key benefits of adopting RMS is the ability to classify and sort through the data available. Managers can put settings in place that can segment comments made by different teams as well as create long-term graphs and other visuals of relevant information such as buy, hold and sell recommendations, archived data, target prices and current market values. Each user can then prioritise information according to their workflow.

A criticism heard in some quarters from analysis of practices prior to the global financial crisis was the number of weak buy recommendations by sell-side professionals. With RMS, these recommendations can be tracked, excluded from any analysis, or limited to ensure only 'strong buys' are highlighted.

"Tracking the quality of research recommendations is becoming more formalised, with 80% of firms Cutter surveyed having some evaluation process in place," comments Cutter Associates, adding, *"As both regulators and clients take more interest in the investment process, we expect more firms to upgrade their processes for tracking quality and for critically evaluating all research."*

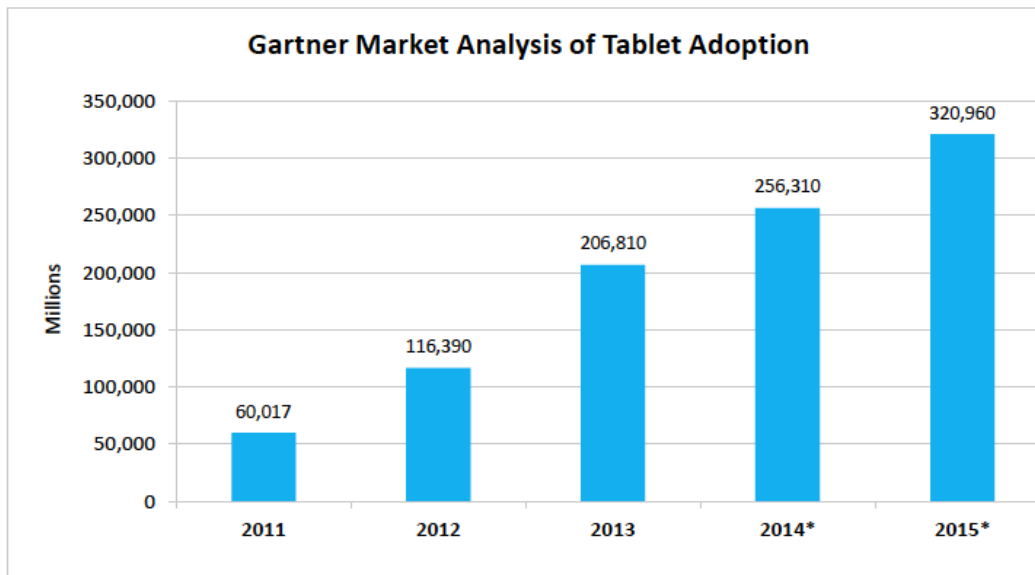
The key to successful financial services provision is being able to analyse the best data available to make the best decisions possible. RMS helps managers use internal data to analyse its own processes and ensures a best practice is used throughout the organisation.

A New Dawn in Finance

The rogue financier is no longer an option for companies – investors now demand reliability and robust accountability from their professionals. Technology can provide this assurance, but can also bring exciting new processes into finance to increase the quality of information available and provide a competitive differentiator to companies embracing modern innovations.

Analysts spend a lot of time relying on mobile devices, travelling to and from meetings. By deploying RMS facilities that are accessible on their mobile devices, analysts can add to the company knowledge bank the instant new information becomes available. Ease of use and accessibility on the road are features that users demand from an RMS system, which means the solution must be delivered on a platform that is readily understood and is already being embraced.

As tablets have increased in popularity, professionals demand the ability to make the most of their travel time by noting down their thoughts as they are on their way to and from appointments. Unfortunately, as tablet usage surged, many companies did not invest in technology with secure corporate tools to allow them to use these devices to their corporate potential.



The consumerisation of technology is taking place across a range of industries and there is now a strong demand from employees to use their own devices for business purposes. As a result, where companies do not have a robust strategy in place to provide approved applications, employees start using their own applications to keep notes which are not easily sharable nor connected to the main corporate database. This data is easily lost and in the majority of cases completely unsecured.

This is why some of the world's most forward-thinking financial services companies have turned to RMS solutions that are fully accessible from mobile devices. These apps enable notes to be submitted while in transit, opening up the possibility of colleagues utilising this information in real time. When it comes to investments, this data can be critical to a decision to buy, sell or hold.

Capitalising a mobile workforce can give innovative providers a real edge in the market. Data and analysis can be gathered quickly and acted upon by employees not just in their teams, but across the world. The next generation of finance company will be a truly international entity with employees able to relay information across teams and regions without the need for inconvenient multi-time zone conference calls and meetings.

This cannot be achieved if companies are only able to share data while in their offices. RMS brings the sharing of knowledge to a new level. The speed of information exchange combined with the easy accessibility of archived data, and up-to-the-second market values can empower the investor to make decisions with a level of accuracy never seen before.

Reducing Waste, Improving Margins

At its most basic level RMS is designed to help employees traverse data storage factors quickly and easily, however, RMS itself can also provide infrastructural efficiencies. It gives companies the tools to streamline communication within the organisation, increase the security of data and generate significant cost savings through hosted models for the storage of data.

Adopting a hosted model reduces companies' reliance on expensive infrastructure to maintain data storage facilities. By limiting the volume of data companies need to store themselves, the cost of real estate and ongoing energy costs are reduced. RMS systems can be purchased with unlimited storage facilities, solving the ongoing task of needing to find new sites to store data.

All information in the hosted centre is tagged with relevant information which can then be connected to archived information on the stock and current market data from alternative databases. Tagging is performed as the original archived data is uploaded and then on an ongoing basis as analysts upload new information to the database.

RMS: The Solution of the Future

While new regulations promise to present challenges to the finance community, modern solutions allow an institution to be compliant, agile and able to make auditable investment decisions.

Given the criticism some financial services institutions have faced in recent years, those who move away from sub-optimal legacy solutions and adopt comprehensive research management tools can earn a real competitive advantage. Using RMS tools, companies can show themselves to be trustworthy, forward-thinking enterprises that use all of the data available to ensure they make the best decisions for their investors.

The consumerisation of technology means employees are open to the adoption of modern systems. User-friendly interfaces and the emergence of 'Bring Your Own Device' has further eased the transition and now even the most traditionalist fund managers can see the value of smooth and all-encompassing RMS systems to aid their research and investment decisions, and create a thorough audit trail.

Companies who adopt RMS wholeheartedly are empowering themselves with the tools needed to excel in this new financial climate and will help the industry move forward. Those who remain dedicated to legacy systems are opening themselves up to criticism from their customers and risk being accused of standing by the ineffective processes that have been partly blamed for the financial crisis.

Now the opportunity is here to utilise streamlined technology. Customers who are familiar with RMS systems can select a provider to protect their interests and validate a decision quickly and reliably. Soon the adoption of thorough auditing tools will be a requirement, rather than an option. Those who have seized this opportunity early can begin to realise competitive advantages immediately to drive their company into 2020 and beyond.

RMS Benefits Everyone

Role	Benefit
C-level Executives	Improved company reputation thanks to thorough audit trail
IT	Data storage cost savings
Directors of Research and Team Leaders	Full visibility of employee decision rationale and performance comparison
Portfolio Managers	Access to widest range of reference data and analyst comment
Analysts	Ability to submit data quickly and easily, recognition of good decisions

Client Testimonials

“FactSet has definitely helped enable smarter decision making. I can clearly see the level of engagement by individuals and the team, where there may be pressure points, and who is doing the most value added research.” – Martin Currie

“If we can take it from anywhere and store it in FactSet, we do. FactSet makes it so easy to retrieve data and use it in reports. If it’s in FactSet, we can do anything with it.” – Delaware Investments