

Technology on a trajectory:

why private markets need to
invest in intelligent automation



1 Introduction

Securing healthy returns on investments for clients is the priority for every wealth and asset management company. By focusing on better investment decisions and maximizing internal efficiencies, many firms have been able to achieve strong margins.

Yet with the turbulent economic and global outlook, that long period of success is more uncertain. The regulatory reporting burden for the private markets sector keeps growing. Plus, more established firms are being asked to implement digital programs so they can compete with new start-ups and provide clients with a richer blend of digital and in-person interactions.

So, what are the options for firms currently navigating the choppy waters of falling fees, rising debt and higher client expectations? And what role will technologies such as intelligent automation (IA) play?

Overall, there's an underinvestment in digital transformation with an overreliance on building in-person relationships. And this is supported by enacting business with inefficient tools such as spreadsheets and hand-written documents.

A new way of working for private markets

Given the pressures to grow, diversify and become more agile and transparent, these old ways of working will no longer be enough for organizations hoping to attract and retain high-quality clients and employees.

Firms need to examine how effectively work is organized and conducted across their organization. They need new ways of improving the client experience, boosting productivity and increasing profit generation. Many leading firms are already deploying intelligent automation across all areas of their business to achieve those aims, with high returns.

Next, we'll look at what intelligent automation is, how it benefits wealth and asset management firms and how they should prioritize business areas for change.



In a decade-long bull market, strong growth masked some underlying issues in the industry and many firms have not capitalized on the opportunity to expand margins through more scalable infrastructure and new business models.”

McKinsey, From tailwinds to crosscurrents:
Resilient growth in wealth management



2 The new realities for wealth and asset management firms

Despite record fundraising and the build-up of dry powder, firms face ongoing margin pressures. These are caused by a number of factors: higher interest rates, the end of super-cheap borrowing, regulation, greater competition, changing client expectations for lower fees and the need to optimize the value of portfolios.

Meanwhile, investors, Limited Partners (LPs) and General Partners (GPs) are looking for more granularity in reporting, which can create the need for real-time or near-real-time data. This is putting pressure on already stretched firms more used to monthly reporting and/or batch processing.

As a report from SS&C Intralinks and Private Equity Wire states,¹

“despite peak performance over the past year from most GPs, their investors still see room for improvement in areas such as better report analytics, access to better quality digital communication tools (regular virtual meetings and bespoke portals), standardized reporting such as Institutional Limited Partners Association (ILPA) templates and more in-person meetings.”

Firms are also dealing with a growing raft of regulations (especially in newer areas such as ESG and cryptocurrencies) across different markets — notably the U.S. and Europe — bringing private investing further in line with mainstream business sectors.

There’s a clear trend for firms to operate more transparently and to augment their ability to demonstrate how and why they took certain decisions with keystroke-level auditing.

“Transparency is no longer just nice-to-have, but an essential communication and data tool used by GPs to meet LP requirements; especially now that alternatives are attracting more attention from financial regulators,”

says the SS&C Intralinks report.



1. <https://www.intralinks.com/insights/analyst-report/ssc-intralinks-2023-lp-survey>

The need for growth

Other serious pressures are market consolidation and the need for growth through expansion and diversification of target assets and/or new geographical targets. If firms don't diversify and grow, they risk being acquired.

This is particularly problematic given the skills shortage, especially in hard-to-fill roles such as research and data science. To grow organically, firms need to attract talented professionals and enable them to deploy their high-value skills by retrieving, moving and formatting data carried out by technology.

New competition in the sector democratizes investment for new cohorts, creating yet more pressure for existing firms to provide a better customer experience. This is important for attracting new investors, especially those from the digital-born generations set to inherit significant sums from their baby boomer parents or grandparents.

As Sara Gilbert, private markets director at SS&C explains,

“the global private markets will double in growth to \$18.3 trillion by the end of 2027². There is limited scope for growth in the institutional investor sector and one of the big drivers is going to be accessing the top-tier retail investors, which include smaller institutions like family offices, HNWI (High Net Worth Individuals) and ‘accredited investors’. This is going to bring some interesting challenges and the need for innovation to our clients. We are ready to partner with them to manage the demands of effective scaling in a rapidly growing and changing investor landscape.”

Gilbert already sees an increase in firms adopting hybrid models for products. They're a mixture of illiquid private market assets and more flexible alternative asset investments. The combination of a much larger market, more complex products and reporting and these hybrid models will demand the greater use of automated processes and artificial intelligence (AI).

Well-managed technology with a strong governance model is now the key to success in private markets. However, while reliance on ever-faster systems for processes such as trading or foreign exchange has grown massively in recent years, there's been a much slower adoption of systems able to improve front, middle and back-office performance.



2. <https://www.wealthbriefing.com/html/article.php?id=195811#.Y-oy8nbP3oB>

3 What is intelligent automation and how does it work?

Intelligent automation is one of the areas of technology leading asset and wealth management firms to meet their ongoing challenges. It's a broad concept with roots in business process management (BPM) and robotic process automation (RPA). It's designed to identify and remove inefficiencies such as slow turnaround times, lengthy handoffs and re-work caused by manual processing errors, organizational silos and increasing work volumes.



Unifying the workforce

By unifying the workforce into one collaborative force connecting people and digital workers, firms have the right resources in place for the right job. That means they can deliver the best outcomes for their customers and the business every time.

Intelligent automation involves the deployment of digital workers. It combines multiple automation techniques including BPM, which organizes and orchestrates human and digital workers, RPA, optical character reading (OCR), machine learning (ML) and AI to automate business processes and streamline decision-making across organizations.

Digital workers are trained to access the same systems as human workers, but operate 24/7, 365 days a year. They complete tasks in parallel rather than serial, avoiding the need for data within a process to be passed between different teams, systems and geographies. This minimizes handoffs and delays.



Automation has enabled the investment management firm Schroders to provide faster and more accurate investment decisions, leading to improved investment performance and higher returns for clients. This has improved client satisfaction and retention, enabling Schroders to maintain a strong market position."

Sometimes, the work must be done by a person; but AI- and ML-enabled digital workers are increasingly taking on more sophisticated and complex work, such as natural language engagement, to handle simple inquiries from a customer via chatbots.

Transforming journeys

Intelligent automation transforms journeys for customers and employees by connecting work at every level. It eliminates functional silos, aligns work to outcomes and reuses best practices and procedures.

Intelligent automation can improve any process within a firm involving structured, repetitive manual tasks currently undertaken by people. Digital workers operate without making mistakes, eliminating the time-consuming and costly corrections for already stretched teams. For example, digital workers are often deployed to populate client data into multiple systems during investor onboarding, carry out periodic background checks for client sanctions screening and investigate trade breaks to speed the reconciliation process.

This improves customer experiences by reducing errors, making documents available faster and speeding up processes that add friction to interactions between the firm and its clients, such as human intervention and time zone delays.

At SS&C, we're using Blue Prism digital workers to perform tasks whenever they become available, with no delays caused by global working hours. When teams start their working day, much of their routine work has already been carried out by digital workers. This means operational teams can focus on high-value activities such as client-focused work, analysis and extracting data insights.

As the global skills shortage rumbles on, it's important to adopt modern working practices – driven by technology – to attract and retain the best employees. SS&C Blue Prism's digital workers operate across front, middle and back office processes, returning time to your people to do what they do best.

The volume of digital workers used can also be scaled up and down to suit changing workloads. Even for the most junior accounting role, the time for hiring and training new employees to operate at full productivity can take three to four months. But with intelligent automation, an additional team of digital workers is fully operative to meet peak demand in a matter of hours.

As Schroders states:

“SS&C Blue Prism is being used to automate a variety of processes, including client onboarding, compliance checks and trade confirmation. By automating these tasks, Schroders has been able to reduce errors, improve turnaround times and free up staff to focus on higher-value activities that require human expertise.”



Scaling intelligent automation across the enterprise

Intelligent automation enables firms to reimagine streamlined operations. By improving the client onboarding process, along with compliance checks, firms can achieve a 75% reduction in turnaround times.

Organizations that scale successfully manage hundreds to thousands of SS&C Blue Prism digital workers across many areas of their business. They're firmly embedded into the culture, transforming how work gets done.

Crucially, firms can automate onerous research, reconciliation, auditing and reporting processes, thereby improving transparency and accuracy and always remaining compliant with regulation. Intelligent automation can provide keystroke-level auditability, so firms can demonstrate with confidence who took a decision, when it was taken and why.

75%

reduction in turnaround times

With the right platform, firms can build on initial standalone projects to deliver strategic deployment of intelligent automation across the entire organization. They're empowered to redefine the way they work, using predictive technologies like AI to anticipate future trends and build operational models that support emerging levers for growth, such as new investment products and services.



4 What are the top five use cases?

The following five use cases are already adding significant value to firms operating in private markets, including hedge funds, private equity and asset management. Their aim is to reduce the administrative burden on teams, transform the client experience and improve productivity. This empowers and retains knowledge workers by using them where people are best: critical thinking, generating insights and learning from their peers and stakeholders.

In a sector where clients expect continued white glove treatment, success will depend on the ability to provide access to the highest quality of services – from customizable reports, client dashboards and answering queries quickly, to faster turnaround times and less disruption in managing regulatory anti-money laundering requirements.

01 Investor onboarding

Slow investor onboarding limits fund growth potential and creates a cash drag for investors. Money doesn't move into the fund fast enough, so investors are more likely to drop out early in the process due to delayed onboarding.

The client services team responsible for onboarding can be supported by a team of technology-enabled digital workers processing key elements of a hand-written subscription form, extracting data and populating internal systems before routing workloads to manage the end-to-end onboarding process.

Using our business process management (BPM) tool, SS&C Blue Prism orchestrates the onboarding process using digital workers to execute and escalate tasks when delays occur. The client services team is only alerted when human intervention is required. Processes are accurate, fast and efficient, so everything is done right every time.

Reduced onboarding time by

75%

Using intelligent automation, firms can reduce investor onboarding time by up to 75%, while carrying out the due diligence and risk assessment

phase 10 times faster. They can reduce employee attrition rates by cutting the administrative burden and removing frustrating delays and bottlenecks from their workloads, giving back 20% of the time to investors.

A good example is MMC. MMC provided outsourced investment administration services to New Zealand's investment sector since 2005. They needed a more efficient way to manage the investor onboarding process since they were dealing manually with up to 300 applications a day. It was causing serious bottlenecks, so employees were working late nights and weekends.

Onboarding process with

100%

accuracy

The firm investigated the option of SS&C Blue Prism digital workers to act as a two-way transport layer between their clients' in-house platforms and MMC's systems, providing streamlined digital auditing. Today, regardless of the format in which applications are received, MMC has achieved a digital and streamlined onboarding process with 100% accuracy and significant time savings.

The securities trade and portfolio reconciliation process between an asset manager and various counterparties – as well as internally within the firm – is labor intensive, error-prone and costly. Too often, reconciliation processes are managed manually, creating mountains of unfulfilling work for investment teams. Month-end reconciliation cycles can result in day-to-day investment decisions being based on old or inaccurate data.

With digital workers, firms can add automation to the process of reconciliations so there's always an up-to-date picture of available investment funds, as well as near real-time data transparency for senior leaders and clients. For example, MMC offered a new service to one of their key clients, allowing them to “switch” funds from one account to another instead of buying and selling, and being out of the market when rebalancing portfolios back to agreed asset allocations. Reconciliations were handled manually at month's end, putting a huge strain on the team.

Today an SS&C Blue Prism digital worker handles the same process within five minutes. And at peak trading times, when trade numbers can top 600, the digital workforce can easily and instantly scale its capacity. This has helped MMC deliver even better services for their clients and improve their employees' experience.

A similar approach is valuable when companies raise money through trade-syndicated bank debt. Before the application of intelligent automation, there was usually a delay in the manual settlement process, with clients facing reputational damage and even fines for missing cash settlement dates.

Today, a digital worker can download information from ClearPar, the industry's document repository for loan documents, and send them to SS&C systems to read, interpret and perform reconciliations. Finally, digital workers send packs out to stakeholders before the workday has even begun. Kamesh Shah, director of loans operations at SS&C says,

“90% of the team's loans closing work is done before the shift even starts. Work starts on exceptions.”

In addition, the average handling time for document processing has been reduced from fourteen hours to six, and the time to deal with audit queries has been slashed as digital workers name and archive documents with 100% accuracy.

Documents named and archived with

100%
accuracy

Managing trade breaks is a third example of how intelligent automation can reduce admin and improve accuracy in reconciliations. Failure rates on Day 0 trades generate errors that need to be investigated manually, putting teams under time pressure to fix them in a single shift. This introduces a risk of non-compliance, fines and fraud for late reconciliation and settlement, while the cost of manually resolving a trade break increases every year through wage inflation.

By automating the process, firms can use digital workers to investigate trade breaks before the daily shift starts, reducing the time needed to correct any problems. Operations teams can then focus on resolving complex breaks and ensuring deadlines are met.

To remain compliant with regulations across the world, firms need to implement watertight Know Your Customer (KYC) and Anti-Money Laundering (AML) processes or face serious financial and/or reputational risk. Within retail banking, intelligent automation is already established as a proven use of digital workers to take on the most time-consuming and resource-hungry processes they manage as part of KYC for new clients and ongoing AML checks.

We are now seeing a strong uptick in their deployment within wealth and asset management. Using digital workers to validate new clients – as well as continuing with regular KYC and AML checks – firms can achieve 100% accuracy and auditability, securing a 30%+ efficiency gain. The burden of conducting periodic background checks is lifted from the shoulders of compliance teams.

CASE STUDY

A large African bank had inadequate data on high-risk clients and lacked the ability to quickly review their accounts. Customer information was stored in multiple, nonintegrated banking systems hosting different product lines. When the country's central bank wanted to check up on anti-money laundering (AML) arrangements, it gave the local bank two months to conduct a detailed review of more than 24,000 customer accounts. Each manual review of an account took three hours, which meant that the bank would

need to hire an additional 375 people to complete the review in time. If it missed the deadline, it would face a significant fine. Using an SS&C Blue Prism digital workforce, the bank built a portfolio of evidence for each client using information sourced across all product lines and systems, significantly increasing efficiency and speed. Bank employees were freed to spend their time analyzing the data gathered and improving output quality. The bank met the deadline for account analysis and reporting and avoided a financial penalty.



04 Regulatory and Client Reporting

New regulatory requirements and increased regulatory scrutiny are growing in complexity and cost. Firms need to battle multi-jurisdictional requirements while ESG factors are an increasingly important focus for regulators. Firms need to meet rapid and unpredictable changes in regulatory frameworks by adopting an agile approach.

This is where having a single version of the truth, in terms of data, delivers one of the best returns on investment. No matter how regulators want to view data, firms can pull it into a specific format within a short period, knowing they can rely on its accuracy.

The same applies to regular reporting for clients. One of the biggest frustrations identified by LPs surveyed by SS&C Intralinks was having to deal with disparate LP dashboards with multiple logins. Other frustrations included analytics and bad experiences around access to reporting on-demand.

Digital workers are ideal for sourcing, accessing, ingesting and displaying data, and they reduce the time to complete manual reports within siloed systems.

Turnaround times improved by

75%

For example, a global financial services research and analysis company uses SS&C Blue Prism to collate ESG data from multiple sources and websites then, applying data modeling with the final output, showcases it seamlessly on the client portal. With live reporting demands and massive file sizes, downloading and file creation on a daily basis proved very time-consuming. This prevented the business from running reports at desired intervals, and the runs for various reports were scattered across the week. With automation, they optimized the whole workflow and enabled the business to get the critical information in accordance with timelines and minimal resource utilization. The client saved critical management time and re-purposed savings into other priorities, while turnaround times improved by 75%.

05 Investment research

More information about markets, socio-economic trends and organizations is available today than ever before. However, searching manually for the right data is increasingly time-consuming. This is particularly true of elements about climate change, where data sets are in short supply and insights into local market conditions – such as unpredictable weather systems – are not widely available.

Yet to deliver a return on investments (ROIs) to the firm and its clients, investment teams need to be as well-informed as possible about the true picture behind an opportunity. Analysts can spend between 50% and 80% of valuable time on data capture and entry which, in a ChatGPT world, is not ideal.

By training digital workers to source and gather information from online sources, firms can collect 80% more data and data sources. Freeing up time allows analysts and investment managers to perform

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In our wealth management group, we have eliminated 170,000 hours of work in the last 20 months. In addition, we realized \$5.3 million in tangible savings year over year.”

Leeds Building Society

their roles more effectively by providing analytics and insights while broadening and deepening research capabilities and increasing business scalability.

Investment company Schroders uses AI-powered analytics tools to extract insights from large volumes of data and automate the end-to-end process using SS&C Blue Prism. This allowed Schroders to make more informed investment decisions and identify investment opportunities that may have been overlooked using traditional methods.

5 Best practices and organizational considerations for scaling intelligent automation

Firms take varying approaches when implementing intelligent automation. There's a clear balance to be struck between tactical, siloed adoption at one end of the scale, and full-blown digital transformation at the other.

Tactical task-based adoption can engender a culture of individual, yet limited change that is difficult to monitor, govern and orchestrate. Few processes in modern firms are completely stand-alone and have an impact on adjacent workflows when they are eventually updated.

With approaches based on digital transformation, firms that are already facing pressure on margins may be reluctant to carry out a wide-scale change. It may not only be costly, but also have an impact on day-to-day business.

There's a sliding scale of implementation activities sitting between the two extremes of this continuum.

Where firms choose to begin depends on several factors, including:

- **Senior management buy-in and commitment** to adopting automation across the firm. This will determine the budgets available for an intelligent automation program, which will in turn drive decisions about which platform and which skills best fit the needs of the firm.
- Whether the firm decides on a **centralized or a federalized approach**. The former usually involves a central team or Center of Excellence (CoE) that governs activities and orchestration for different processes. The latter devolves more responsibility for development to different teams, working within a set of standards.
- The **cultural appetite** for an intelligent 'automated-first' strategy for the firm. Projects can fail to meet their full ROI potential if the benefits and opportunities of participating in an intelligent automation program are not evangelized.

Follow the four key stages

Wherever firms are positioned, there are some stages they all need to go through when initiating or accelerating an intelligent automation journey:

1. Use process intelligence and task mining to analyze process flows within the firm and understand how they can be simplified and standardized.
2. Plan how bottlenecks can be removed from processes with intelligent automation and digital workers.
3. Integrate outcomes from intelligent automation to strategic business goals beyond simple time or cost savings, and ensure the right reporting is in place.
4. Initiate an education and awareness program to communicate the benefits of intelligent automation to everyone in the firm and gather feedback for future improvements.

This analysis will yield a wish list of intelligent automation projects that a firm can prioritize and reprioritize according to changing business requirements.

At the same time, firms should put some time into selecting a proven platform that meets their needs. Factors behind their choice should include a platform's ability to scale beyond simple desk-based automations, to encompass all the processes flowing through an organization, its governance capabilities and its successful use by firms with a similar operating model and structure.

6 Conclusions

All indicators show that the wealth and asset management markets will continue seeing impressive growth over the next few years. Yet firms cannot rely on pure volumes of standard investments to become or remain leaders: they will only secure competitive advantage through differentiation and the ability to manage new types of clients.

As Dr. Zeynep Hizir, director, EMEA at SS&C Strategic Solutions, explains:

“Private markets are ripe for disruption by intelligent automation, as the combination of advanced technologies and human expertise can unlock new opportunities and drive greater efficiency in this rapidly-evolving landscape. The sector is evolving and becoming more competitive, and the time to think differently is now.”

Without investing heavily in scarce resources, firms will struggle to take their place at the top table or take advantage of the changes in terms of the growth in retail investors and operational models. The volumes of data and complexity across multiple asset classes, together with the new levels of analytics and transparency required, will simply not be supportable by human-only skills.

The case for scalable intelligent automation enables firms to respond to these changes. The next stage is for wealth and asset managers to understand how it can be best applied to their firm, and how they can align their use of intelligent automation to their goals for growth.

To find out more about how SS&C Blue Prism can help with the next stage in your journey, contact us today at sales@blueprism.com

CASE STUDY

A global investment management company has used automation as a strategic lever for transformation in order to remain competitive in the rapidly changing market. Automation has been instrumental in driving innovation, improving operational efficiency, enhancing the client experience and empowering employees.

SS&C Blue Prism has helped with the automation of repetitive, manual tasks for various business functions globally. Common business use cases that the firm has leveraged SS&C Blue Prism for include automation of tasks such as account opening, trade settlements and regulatory compliance. This has resulted significant benefits through increased operational efficiency, improved risks management and cost reduction.

Through SS&C Blue Prism's capability to orchestrate automation across multiple platforms, the firm has been able to use AI and ML holistically to automate tasks such as portfolio management, risk assessment and investment analysis. This has resulted in improved decision-making, faster time to market and more accurate investment recommendations.

Enablement of employee empowerment is a key outcome through the use of SS&C Blue Prism. By automating repetitive, manual tasks, employees have been freed up to focus on higher-value activities, such as complex analysis and strategic planning. This has resulted in improved employee satisfaction and retention, and has also enabled the firm to attract new talent with the skills required to work with new technologies.

About SS&C

We specialize in providing support and solutions to private markets investment managers, streamlining operations and enhancing investment capabilities. Our team of experienced professionals has a deep understanding of private markets and we offer a range of services tailored to meet client-specific needs. We can help with everything from deal sourcing and due diligence to portfolio management and investor relations.

Our approach is based on a combination of advanced technology and human expertise, which enables us to deliver high-quality services efficiently and effectively. We leverage our extensive network of industry relationships and data-driven insights to help you identify investment opportunities and make informed decisions. Our clients benefit from our expertise and resources, while also maintaining full

control over their investment strategy and decision-making. Our services are flexible and customizable, and we work closely with each of our clients to ensure we're meeting their specific needs and goals.

Overall, SS&C has a wide range of solutions and services designed specifically for private market investment managers. Whether you're looking for software, data and analytics, investor relations or other services, SS&C can help you to optimize your operations and achieve greater success in the competitive and dynamic world of private market investing.

Blue Prism is part of SS&C and provides private market firms with an intelligent automation platform to automate and transform processes such as client onboarding and investment research.

Start your digital transformation journey by speaking with one of our intelligent automation experts. Click below and please indicate your industry or area of interest so we can best assist you.

Get Started

Contact Us

Email us at bpm-contact@sscinc.com to learn how SS&C Blue Prism can help your organization realize transformational business value with intelligent automation.



SS&C Blue Prism allows organizations to deliver transformational business value via our intelligent automation platform. We make products with one aim in mind — to improve experiences for people.

By connecting people and digital workers, you can use the right resource, every time, for the best customer and business outcomes.

We supply enterprise-wide software that not only provides full control and governance but also allows businesses to react fast to continuous change.

Exceed customer expectations, stay competitive, accelerate growth.

To learn more, visit www.blueprism.com and follow us on Twitter [@blue_prism](https://twitter.com/blue_prism) and [LinkedIn](https://www.linkedin.com/company/blueprism).