

E-BOOK

Four Key Trends Reshaping Wealth & Asset Management

Financial Services



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Moving forward in the new normal in wealth and asset management

2020 is marked by much change and disruption to not only our professional lives, but also our personal ones -- across all industries and professions throughout the globe. The COVID-19 virus, suddenly and deeply, has changed everything.

In an environment where change is constant – and, at times, quite unpredictable and profound – how do we move forward productively?

As many of us are finding ourselves (quite suddenly) working remotely, the increased dependence on technology has never been more essential and dramatically underscored than it is right now and is likely to be well into the foreseeable future.

In this eBook, we cover a few of the key trends we're seeing evolve in 2020 in financial services. We hope you find this information useful as we, together, aim to move forward in this new world together.

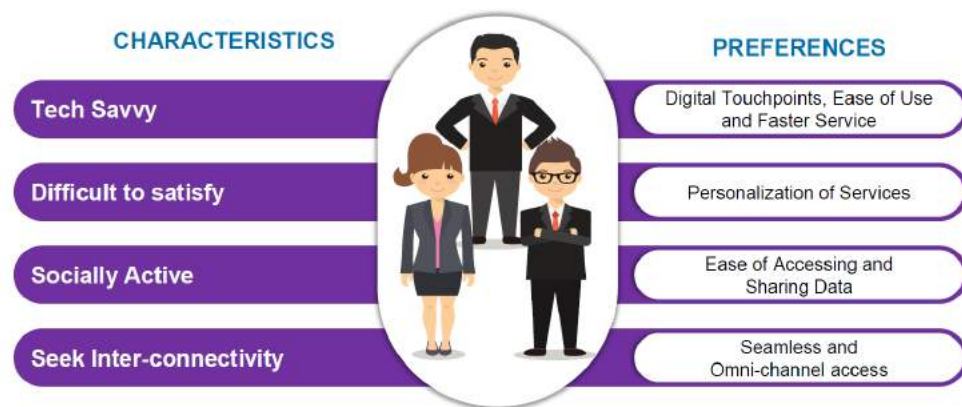


Generational ownership change is pushing new technology preferences and adoption

Millennials are defining the new workforce and digital strategy, and it's good for business.

In 2019, Millennials (those born between about 1980 and 2000) accounted for almost half of the American workforce. By 2025, they will make up about 75 percent of the global workforce.¹ With Millennials transitioning into leadership roles, a new wave of finance leaders are emerging, who want and expect information to be at their fingertips 24/7 – no matter where it resides – to make informed business decisions. In fact, 46% of family offices are transitioning to new leadership roles, putting more Millennials at the financial helm.² Understandably, cloud-based technologies offer the accessibility and flexibility that Millennials demand. Plus, added advantages such as prevention of data loss, enhanced security features, scalability, and of course cost savings from not having to purchase and maintain IT equipment.

Millennials trust and expect technology that will allow them to efficiently make better decisions. It's time to accept that change is coming to wealth management, and it brings higher efficiency and lower costs.



Cloud-based technologies provide the scalability, seamless collaboration, work flexibility, and frictionless updates that are basic requirements for the new face of the workplace and market.

¹ Capgemini and Family Office Exchange, "Global FS and Wealth Trends," 2019

² Capgemini and Family Office Exchange, "Global FS and Wealth Trends," 2019

The pace of disruption means digitalization is a fundamental need

More than just improving business functions, digital innovation helps finance leaders keep pace with the competition and stand out to core audiences.

The heart of digitalization is innovation. Why the push for reinvention and innovation? Major influencing factors include evolving customer expectations, cutthroat competition, pressure to streamline operations, and unpredictable market upsets (e.g., COVID-19).

Thanks to the rise of Fintechs and their solutions, a new and transformed financial services landscape has evolved. A new era of open APIs have enabled systems to quickly



and seamlessly integrate with new platforms and applications. Traditional investment firms with manual processes can transform themselves by using new technologies to meet ever-evolving market demands. These innovations help companies distinguish themselves as up-to-speed with new and emerging tools and technologies, many of which are designed solely to improve the customer experience and provide more streamlined sales and marketing communications.

From increased personalization to online customer support tools such as robo-advisors, capabilities around data collection and analytics are at an all-time high. Successful wealth management firms use technology to achieve a single, 360-degree view of the customer—connecting with existing clients and attracting new prospects at a faster pace and more effective rate of engagement than with traditional outreach methods.

It's critical to embrace digital adoption today—or risk being outranked by the competition or losing industry relevancy.

Identifying and embracing new and emerging technologies is just the start of the journey. Connectiveness of systems is a must. Ensure the valuable data in each system doesn't live in a silo, but rather leverage open APIs to allow valuable insights to flow seamlessly within your organization.

The sharing economy will be embedded across the financial system

The sharing economy is one of the fastest growing business trends in history, with investors dumping more than \$23 billion in venture capital funding since 2010 into businesses with a share-based model.⁵ And it's reshaping the financial services industry, whether wealth managers are investing in businesses that follow the model, or are adopting the model themselves to expand client reach.

The sharing economy is taking root as customers are getting smarter about the options they have on the digital front and putting more trust into companies that emphasize the use of technology in service delivery.

"The sharing economy will be embedded in every part of the financial system... Instead of using relatively high-cost bankers to broker the connection between those who have and those who want, the disruptors are using technology to make the match: faster, cheaper, and maybe even better." - PwC

The bottom line is the sharing economy allows for more effective and efficient ways of delivering value beyond traditional methods, creating an opportunity to increase wallet share by democratizing wealth management through the adoption of digital capabilities.

What is a sharing economy?

In simple terms, the sharing economy refers to the exchange of assets or services between consumers, both peer-to-peer or business-to-business (e.g., Lending Tree, Venmo).

Before: Businesses had to spend thousands of dollars to purchase software that was then installed on their own servers.

Today: Businesses can tap into cloud-based software that doesn't require a massive upfront investment and is accessible online from anywhere.

The scale of the sharing economy is vast. McKinsey Global Institute estimates that in the U.S. and Europe alone, 162 million people or 20-30 percent of the workforce are providers on sharing platforms.⁶

⁵ BCG, Hopping Aboard the Sharing Economy," 2017

⁶ PwC, "Financial Services Technology 2020 and Beyond: Embracing disruption," 2019

Financial services converge on platforms

Partnerships and integrations provide a one-stop shop for investors.

Another movement underway is consolidating services to offer consumers a one-stop shop for all of their financial needs, from payments to mortgage loans to tailored financial advice.

Firms from Fintechs to major incumbents are expanding their universe of clients through partnerships that offer adjacent services. SoFi, which began as a peer-to-peer lender, recently partnered with established organizations to provide cash management and financial planning services. Likewise, Google and Citigroup announced a partnership to jointly offer a larger realm of services, seen as a beachhead to collect client data and a big incursion into wealth management.⁷

As firms partner to integrate a growing number of services in managed investing, lending, checking, retirement, and others, it will be ever more important for them to have the ability to aggregate, manage, and analyze the vast amounts of data that flow in.

This new ecosystem of services is well in flight in Asia. In a single mobile app, Tencent's WeChat has already established an encompassing ecosystem of services that span finance, social sharing, third party services (e.g., ride-hailing, food delivery), public services (e.g., booking doctors' appointments, applying for visas) and more – and which has amassed over a billion users.

Look for a true cloud financial management platform that flexes and scales with your organization. An open API is key and allows flow of information in partnerships or integrations with other business systems.



⁷ Investment News, "Morgan Stanley eyes 1 million wealth management clients from stock plans," 2020

Adapt through digital transformation

Technology continues to change everything. It heightens consumer expectations and competitive pressures which, in turn, drive wealth management firms to innovate better ways of delivering more value. While nearly all agree digital investments will help them achieve that goal and increase revenue, many still have critical gaps to be bridged.

- **TREND #1:** Expect an increasing technology adoption shift as tech-savvy Millennials will make up about 75 percent of the global workforce by 2025.
- **TREND #2:** Embrace innovation and technology to provide more value-added services to support sustained growth.
- **TREND #3:** Start to see much more activity within a sharing economy. As consumers trust technology more, they will increase use of peer-to-peer service models.
- **TREND #4:** Expect new business models to emerge, as partnerships and integrations provide a one-stop shop for investors, as well as consumers.



With the clear call to adapt or get left behind, how can you lay a path to digital transformation?

Moving forward productively with technology

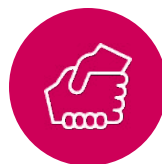
The underlying trait of successful and resilient businesses is they are ready to adapt and change. We get it though. Change can be hard and scary - even if necessary. This is why it's important to know where you want your firm to be in 1, 3, 5 years and then create a thoughtful strategic plan to help you get there. Maybe you start with automating your top three repetitive, manual tasks that have the most impact on your business (e.g., reconciliations, closes) and build from there.

In the digitalization journey, rather than altogether replacing traditional systems, we can incorporate technology to provide better services for all stakeholders. From a cloud financial management perspective, here are capabilities to look for today which can help your organization to move forward, productively.



Continuous Accounting

Using technology to completely automate all of the routine, but necessary, accounting activities, with the ultimate aim of eliminating "the close."



Continuous Trust

Making the best use of technology to test and validate data flowing through your financial system. This supports real-time visibility with real-time trust.



Continuous Insights

Freeing up the finance team from heavily manual work in compliance, audits and the month-end close so they can instead focus on more strategic initiatives.



My time is now freer to evaluate operations and evaluate investments. I can now spend more time working on investing funds rather than just tracking them and looking at history in our books.



Mike Dolence

Vice President of Operations, Pride Investment Partners

Would you like to learn more?

Empower your finance team with technology

Given the evolution currently happening in financial services, now is the time to incorporate digitalization and digital transformation into your finance and accounting processes. See how successful finance leaders are doing this today. Read the ebook CFO 3.0!



eBook

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