

Issue Six:
Q4 2017



Workflow

**KEY ISSUES FOR THE MIDDLE OFFICE IN
ASSET MANAGEMENT FIRMS TODAY**

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Future dynamics in asset management

Innovation in asset management: automation and scalability in the middle office.

Across our entire industry, people are talking about the constant need to innovate. Chief Innovation Officers are a new and growing position within asset management and service provider organizations. The need for innovation is real. It's based on the challenges and threats the industry face and the opportunities out there that can only be realized through new ways of doing things.

Asset managers and service providers have grown-up with various generations of technology, from spreadsheets and locally built apps to an explosion in growth of third-party vendor solutions. This has led to a dangerous amount of legacy 'technical debt' within firms, especially mid-tier and large asset managers. There is an opportunity now for these firms to transform their processes and levels of efficiency as they begin the replacement strategy with their technology.

Next generation platforms can help transform operations if they are part of a wider technology strategy. In many cases, in the drive for efficiency, cost control, better client service and market differentiation, technology is the strategy.

These are all areas that StatPro has focused on in recent years with the development within the Revolution platform. Being able to manage the growing volumes and complexity of data within the performance measurement, portfolio analytics, and risk management process is an essential part of realizing efficiency gains. How can these complex processes be automated and designed to run at scale? How can we free up resources to focus on more client facing and value add tasks instead of dealing with data management and analytics process issues? We believe our cloud-based solutions can help automate and scale the middle office. From data quality and in-depth analytics, to configurable analysis dashboards and an open Web API. We hope you enjoy this edition of Workflow and our collection of recent articles and blogs.



Neil Smyth
**NEIL SMYTH,
MARKETING &
TECHNOLOGY
DIRECTOR, STATPRO**

Scalability in performance and risk analytics

Why the cloud is the answer to true 'any analytics' scalability.

Growth in both data volumes for performance measurement calculations and complexity with risk calculations presents a double-header challenge for the middle office.

Not only do they have more granular data to process in the first place, but also the complexity of those calculations has increased exponentially. They need to do more, on a bigger and more complex scale, and faster than ever before.

In simple terms this means scalability and speed. If a system is bursting at the seams and cannot store more data or meet a demand for greater complexity at

a given point in time, it is essentially unfit for purpose. Today's systems need to accommodate large volumes of historical data and have the ability to crunch complex calculations, without needing huge overnight calculation windows.

A platform that provides this is the dream team of scale and speed.

[Read the full article](#)

THE MOON ON A STICK

"We live in a world where stakeholder demand and expectations are on the increase. They also want results in a specific format, from various angles, and in great volumes. Faced with such unprecedented demand, a system that slows down delivery is just not viable."

“To promote ethics and integrity and instill trust through the use of the GIPS standards by achieving universal demand for compliance by asset owners, adoption by asset managers, and support from regulators for the ultimate benefit of the global investment community.”

Are there benefits to being compliant with the GIPS standards?

An updated framework for the GIPS standards offers opportunities to streamline controls and apply the standards more broadly than the current structure of the GIPS standards allows.

This fulfils the GIPS mission “to promote ethics and integrity and instill trust through the use of the GIPS standards by achieving universal demand for compliance by asset owners, adoption by asset managers, and support from regulators for the ultimate benefit of the global investment community.”

GIPS 2020 provides the GIPS Executive Committee with the opportunity to reshape the GIPS standards with the goal of ensuring that the appropriate full and fair presentation for each investment vehicle is delivered to the respective client base, while leveraging

the information already being produced and broadening the application of the GIPS standards within the investment management industry. Most importantly, with GIPS 2020, the benefits of the GIPS standards can be experienced as widely as possible for the ultimate benefit of society.

[Read the full article](#)

STATPRO GIPS BREAKFAST BRIEFING.



The role of asset managers

BUY-SIDE RISK TRENDS HEADING INTO 2018

Asset managers are playing an increasingly important role in global financial services; with AUM closing in on that of global banking balance sheets, they are now, in many cases, as important to our system as the banks.

With that, asset managers are facing conflicting interests: expanding competition and shrinking profit margins. It is more important than ever for asset managers to focus on deriving the most possible value from all corners of their business, not least of all technology.

Many of the drivers in the asset management industry have changed and continue to change—investor behaviors, market structures and products, regulation—and firms are realizing that they will need to augment their operations to be successful. Though asset management has been historically cautious when adopting new technology, the barriers finally appear to be coming down.

[Read the full article](#)

StatPro Revolution Alpha provides seamless and intuitive risk reporting including stress testing, historical scenarios, and factor modeling.

[Download factsheet](#)



Better Risk Decisions

YOU HAVE A CLEAR CHOICE: INTEGRATE ROBUST RISK ANALYSIS INTO YOUR INVESTMENTS OR SURRENDER ADVANTAGES TO THOSE WHO DO.

StatPro Revolution Alpha

StatPro Revolution Alpha provides seamless and intuitive risk reporting including stress testing, historical scenarios, factor modeling, Monte Carlo and correlation analysis to simulate your portfolio's likely response to market events.

BENEFITS: STATPRO REVOLUTION ALPHA

- Transparent**: Bottom-up position risk analysis coupled with top-down attribution analysis
- Reliable**: Every day, we do the heavy lifting: data collection and clearing, risk calculations, and
- Scalable**: With over a thousand daily risk statistics, millions of correlations, and analyzing funds with
- Cloud-Based**: We have been in the cloud since 1999 and have learned a thing or two about how to do
- Rapid**: Our "clients first" approach with our 70+ data interfaces allows us to bring

“Though asset management has been historically cautious when adopting new technology, the barriers finally appear to be coming down.”

SEC puts liquidity estimation back in focus

As part of the SEC investment company reporting modernization rules published in October 2016, all open-ended US mutual funds and ETFs will be required to implement liquidity risk management programs overseen by their fund boards, with compliance beginning in December 2018. This includes reporting liquidity estimates for all fund positions, as well as maintaining a highly liquid minimum amount of securities and monitoring the level of illiquid securities.

This is a significant step up from the prior regulatory baseline set out for US funds in the Investment Company Act of 1940. In a nod towards the increasing breadth and complexity of fund products offered to investors (driven to a large degree by greater usage of derivatives), the SEC notes that prior to the modernization efforts:

'It was understood that redeemability meant that an open-end fund had to have a liquid portfolio.'

The SEC no longer believes that all managers share this understanding. The other core cited driver of the rulemaking is the evolution of technology, such as that of cloud computing, in which the SEC sees the opportunity to collect greater amounts of data in a more streamlined and standardized manner. In addition to ensuring compliance the SEC also anticipates that the data gathered will be useful to inform policy-making decisions as well as assisting investors in understanding and comparing fund liquidity profiles.

The SEC defines liquidity risk as the risk that a fund could not meet requests to redeem shares issued by the fund, without significant dilution of remaining investors. While implementing proper governance and procedures will need to be a key part of a fund's liquidity risk management program, here we focus on the quantitative estimation of how long, or at what cost, a fund's position in a security could be liquidated.

[Read the full article](#)



Combining data on liquidity estimation with a proper governance framework has the ability to put managers on a much more solid footing.

Cloud native vs cloud wrapped

HOW TO TELL THE DIFFERENCE AND WHY IS THIS IMPORTANT?

Cloud computing is changing the way we all consume and interact with technology. Whether this is at home with Netflix, or with devices such as Amazon Alexa, or at work, with cloud-based services like Office365, Salesforce or other specialist enterprise applications.

In business, cloud computing is an enabler; it creates strategic change in the way businesses of all sizes work with technology. In short a real cloud native service will make your life easier, more efficient and less expensive.

With all the benefits and hype that has come along with the word 'cloud', many companies claim to have "cloud" solutions when in fact they are merely hosted software services. How can you be sure that you will receive all the benefits of cloud computing, such as lower cost of ownership, zero maintenance, frequent product updates, endless and elastic computing power and more?

REAL-OR-FAKE

It's important to know the difference between real, designed for the cloud applications we call 'cloud native', versus quick fix migrations of legacy code that are called 'cloud wrapped'. In the rush for new clients, many vendors in the financial technology market skipped the hard work of re-building their applications and simply created crude web front-ends attached to legacy application architectures.

So, what are the key questions you need to ask to find out if a solution is the real deal when it comes to the cloud?

[Read the full article](#)



The benefits of cloud native vs cloud wrapped software

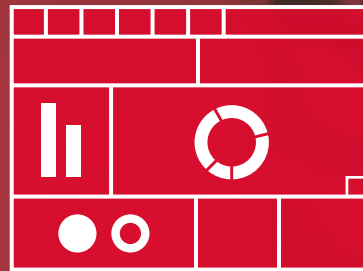
REALIZING THE BENEFITS OF TRUE CLOUD COMPUTING APPLICATIONS



Realize the benefits of true cloud computing applications.

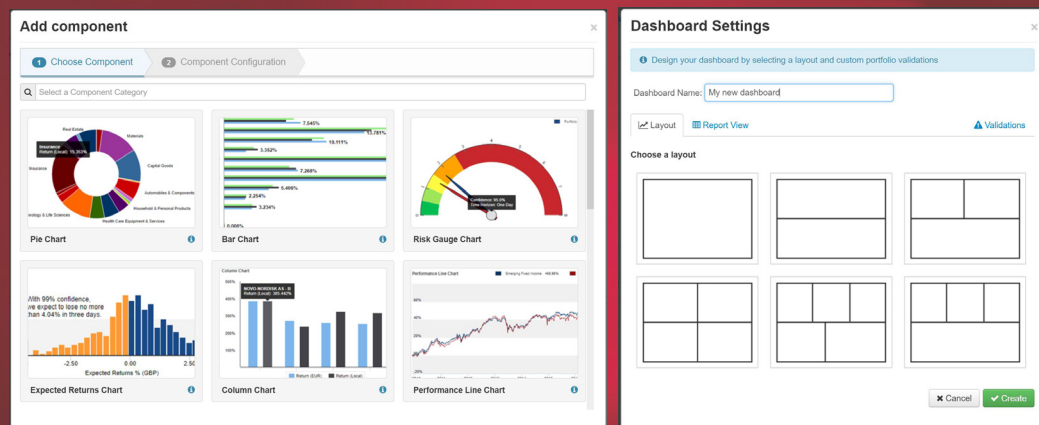
[Download white paper](#)

Configurable Dashboards



THE ULTIMATE IN USER INTERFACE FLEXIBILITY

Launching in early 2018, configurable dashboards will allow you to create custom user interface layouts and menu options for any user in your account.



ULTIMATE FLEXIBILITY

Create custom analysis dashboards for each user profile in your account and design dashboards showing the analysis that is perfect for any role. Dashboards can be organized into menus that you then add to user profiles. When members of that profile log in, they will see the menu structure and dashboards you have assigned them.

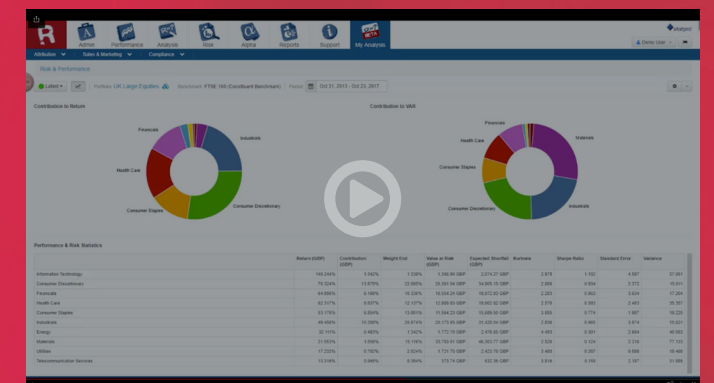
An essential part of any digital strategy is the ability to provide self-service portfolio analytics to any stakeholder and be able to demonstrate a mature performance and risk analytics process.

Clients of any size can now move away from the constant distraction of ad-hoc reports and provide a tailored user experience to anyone needing controlled but dynamic portfolio analytics.

CUSTOMIZED VISUAL DASHBOARDS

Providing customized visual dashboards for performance, attribution and risk analysis allows you to extend the value of Revolution to all stakeholders. This level of user experience customization allows you to provide self-service analytics across your business with complete control.

WATCH OUR PREVIEW VIDEOS



[Find out more](#)

Aaaaaaaaaaaaaay!
Woah, woah,
woah!
Nobody panic!



See how the story ends



**FEELING
DISCONNECTED?**

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