

# How AI and new data technologies are reshaping operations

Current market conditions are pushing asset owners and asset managers to reassess their operational efficiency to remain competitive and manage risk. Financial Investigator spoke with Gavin Evans, Head of Netherlands and Nordics at Clearwater, about how AI and new technologies may be of help.

By Joost van Mierlo

Today's asset owners are facing increasing challenges, greater regulatory scrutiny, shifting investment trends, and economic uncertainty. 80% of insurers are planning to increase their holdings to at least one class of private credit, according to Moody's. The need to accommodate new asset classes quickly is an example and the rise of private credit as a prominent asset class, coupled with fluctuating interest rates, has intensified the need for effective investment strategies and operational efficiency. Asset owners and asset managers recognise this. In a recent study conducted by Clearwater Analytics, respondents emphasise data standardisation (28%) and reporting (19%) as the most pressing issues. The sector is struggling to increase their margins, and current market conditions are pushing them to reassess their operational efficiency to remain competitive and manage risk.

Evans talks about the impact of new technologies on investment strategies among asset managers and asset owners. 'We've seen a significant shift in the insurance market. Our Dutch clients, for

instance, were early adopters of software as a service, SaaS, but despite this, there are still many asset owners who haven't fully leveraged the potential of these technologies,' he explains.

## The adoption of SaaS has surged in recent years. Why do you think that is?

'Businesses need to be able to react quickly to the changes that the market, the regulators and their clients demand. This is very difficult and expensive to do in an on-premise environment. It's what makes true SaaS so interesting as it scales so much better and provides rapid flexibility.'

The industry also faces a significant challenge as a substantial portion of the workforce nears retirement, with more individuals employed in the industry being over 50 than there are under 30. SaaS solutions help address this issue by reducing the need for extensive manual processes that require large teams to maintain and run, allowing organisations to focus on critical functions.

The next generation of employees will want to operate with advanced systems, and not with outdated tech. It served its purpose back in the day, but data management is more advanced.

Moreover, as market conditions and the speed of change are very different from before, the solutions must be too. As individuals we constantly change, so why do we expect technology to stay the same but deliver different results?'

## Is this a friendly way of saying they see an opportunity to cut costs? And what about the increased financial regulation, does that work to your advantage?

'While efficiency remains a primary driver, the enhanced capabilities offered by SaaS go beyond mere cost-cutting. They enable more accurate and timely reporting, which is essential these days with stringent financial regulations. In effect, they provide the ability to do more with the same or less resources, whilst also reducing the time to market for any required changes. The aftermath of various financial events has led to stricter accounting and reporting standards and regulation, necessitating tightly controlled and precise data across various stakeholders.'

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With a SaaS platform, it means you can use a single, golden source of truth for data across your entire ecosystem, to produce reports for your board, your regulators or your clients. You benefit from reduced operational and third-party license costs and have the ability to easily modify your technology to accommodate new investment or regulatory requirements without the need for a large project?

### Are there risks involved for asset owners handing out all this crucial information to a third party?

'The security and data sharing risks are valid considerations. SaaS solutions with advanced multi-tenant options allow clients to share market data securely, enhancing the accuracy and timeliness of information across the board. This ensures that all clients benefit from real-time insights into their assets, improving overall transparency and responsiveness.

As asset owners explore new investment opportunities, such as private markets and credit, SaaS solutions like Clearwater's provide instant access to data within the platform on over 1.4 million securities. This capability is invaluable for managing diverse asset classes and making informed investment decisions quickly and cost-effectively. Investing in a new asset class can be an onboarding process, instead of a software change project or major upgrade.'

### What are some of the benefits of a single source of truth for data, or of multi-tenant solutions?

'Despite improved reporting standards and tighter regulations, we see that the financial sector continues to face challenges with data access and transparency, as evidenced in the issues at Lehman Brothers and, more lately, Silicon Valley Bank (SVB). In situations like these, a board member or a client would want to know what their exposure is to SVB or Lehman Brothers across all investments. This information is needed instantly: accurate reporting and real-time data access are critical, especially in navigating such crises. The ability to quickly assess exposure to market events, such as geopolitical developments or sudden shifts in commodity prices, underscores the value of an advanced solution.'



## CV

### Gavin Evans

Gavin Evans is Head of Netherlands and Nordics at Clearwater Analytics with over 25 years' experience in investment management solutions. Along with a team of insurance specialists he helps prospective clients identify ways to modernise their operating models and improve their approach to investment accounting and data management. Over the years, Evans has worked with the leadership of many institutions to improve the efficiency of their operations and maintains extensive relationships with senior executives.

### Everyone is talking about artificial intelligence as a potential disrupting development. How do you look at that?

'Artificial intelligence, AI, is playing a transformative role. At Clearwater, AI is used to assist analysts with data reconciliation and insights, offering a valuable tool for enhancing decision-making processes. While AI can automate repetitive tasks, it is crucial to use it judiciously to complement, rather than replace, human expertise.

In summary, as the insurance market continues to shift, there is no question that embracing SaaS and AI technologies provides asset owners with powerful tools to enhance efficiency and accuracy, and strategic advantage. These innovations are not just about keeping up with changes, they are about leading the way.' ■

Clearwater Analytics is a global, industry-leading SaaS solution that automates the entire investment lifecycle. It's one of the fastest growing companies in the asset owner and asset management space in the past ten years. Each day, over 1,300 clients worldwide, use Clearwater's trusted solution to drive efficient, scalable investing.

To find out more about Clearwater Analytics visit [www.clearwateranalytics.co.uk](http://www.clearwateranalytics.co.uk)