



Embrace Technology or Be Left Behind

Making Digital Transformation happen for Mutual Fund Industry

Rehan Qadri

UBL Fund Managers Limited

At any given time, most of us carry a smartphone, a laptop, and a tablet. Never before have we been more linked than we are today, and never before have we had access to information anywhere we go like we do now.

Technology has boomed, and the tech revolution is not stopping. Not only does it make tasks easier, but it also has the added benefit of reducing carbon footprints, allowing for more environment-friendly, paperless, at-your-fingertips avenues to do just about anything!

What does this mean for the Mutual Fund Industry?

1. Information technology is changing the competitive landscape for businesses, and any company that doesn't embrace the tech revolution will inevitably be left behind in the race to becoming their industry's most convenient, user-friendly, and accessible option for customers.
2. But it isn't only customers who benefit – dramatic reductions in the cost of obtaining, processing, and transmitting information are changing the way we do business.
3. Information technology is revolutionizing complete value systems of businesses by automating routinely performed business activities. It also integrates silos within businesses and ensures a more integrated flow of information. Most important of all, though, is that the tech revolution is providing convenience through a multitude of channels for customers to connect with companies.
4. A business exists in the market for value generation, be it a profit or not-for-profit organization. To gain a competitive advantage over its rivals, a company must either perform its activities at a lower cost or perform them in a way that leads to differentiation and a premium price (more value). **Information Technology is the best catalyst for improvising the business value chain.**

How is IT changing the competitive landscape?

- It's changing entire industry structures and, in doing so, altering the rules of competition.
- It's creating a competitive advantage by giving companies new ways to outperform their rivals.
- It's spawning whole new businesses, often from within a company's existing operations.

How Asset Management Companies can join the tech revolution?

Outlined below are six key steps that asset management companies can use to get on track with the tech revolution and remain competitive..

Step 1: Strategically integrate the business with information technology

Making digital transformation is only possible if there is strong synergy and a logical link between tech and the core business strategy – i.e. a common vision. Since a great deal of investment goes into technology, the people who lead the IT functions must be equipped and capable enough to see technology from a business-growth point of view.



Step 2: Assess the information intensity of your business

After developing the tech-business alignment over a common vision, company's first task is to evaluate both the existing and also the potential information intensity and needs of the products and processes of its business units. This will help identifying priority business units for investment in IT. When selecting priority areas, remember the breadth of information technology - it involves a lot more than simple computing.

It is prudent to mention that information technology possesses an inherent risk that, if not managed properly using a security-centric approach, has the capability to cause access to too much information. Access to sensitive information must always be monitored, and very strong risk-averse, security-driven processes must be put in place – the tech revolution leads to convenience, indeed, but it must be accompanied with great consideration and responsibility.

Step 3: Visualize the impact of technology on industry as a whole

Senior executives should predict the likely impact of technological advancement on the industry's structure; they must examine how it might affect competitive forces. Not only are competitive forces likely to change, but industry boundaries may also change, so this process will be continuous.

In any industry, one of the major ways in which a company can alter the basis of competition in its favor is through aggressive investment in technology, forcing other companies to follow and positioning itself as the industry leader.

Step 4: Identify and rank the ways in which IT might create a competitive advantage

The base assumption must be that technology is likely to affect every activity in the value chain. Equally important is the potential for new links among activities. By taking a careful look, business executives can identify the value activities that are likely to be most affected in terms of cost and differentiation.

Obviously, activities that represent a larger proportion of cost, or that are critical to differentiation, bear closest scrutiny, particularly if they have a significant information-processing component. Activities with important links to other activities inside and outside the company are also critical. Executives must examine such activities for ways in which IT can create a sustainable competitive advantage.

Step 5: Investigate how IT might spawn new businesses

Executives should consider opportunities to generate new businesses out of existing ones. Information technology is an increasingly important avenue for corporate diversification.

Step 6: Develop a plan for taking advantage of IT

The first five steps should lead to an action plan to capitalize on the tech revolution. This action plan should rank the strategic investments necessary in hardware and software, and in new product development activities that reflect the increasing information content in products.

A solid tech plan linked with a business plan needs to be monitored at the highest levels of the organization, and corrective actions need to be managed in a timely manner.

What does it all boil down to?

Today, we carry out even the most mundane tasks online. Providing the convenience of safe access to their information anytime, anywhere is perhaps the most attractive feature for customers to have. Customers are rightly demanding the same level of online convenience for their hard earned money invested with Asset Management Companies. Don't fall behind – join in on the tech revolution and give your customers ease and the option to work with you in a greener, more environment-conscious way, all while reducing your bottom line too – it's a win-win!

