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# **SEI Whitepaper: Wealth Management Industry Must Embrace Business Model Reinvention to Improve Enterprise Risk Management**

## **Unified Platform Outsourcing Solutions and Innovative Technology Enable Business Growth**

OAKS, PA -- (Marketwired) -- 12/09/13 -- As current business models in the wealth management space are faced with added risk pressure from expanding industry challenges, Enterprise Risk Management (ERM) has become critical in supporting a firm's business strategy and growth, according to a whitepaper released today by [SEI](#) (NASDAQ: SEIC). The paper, titled "SEI Insights: Risk Management -- A Strategy for Success," explores how outsourcing and technology can play a critical role in a wealth management firm's approach to ERM. The paper discusses the need for the wealth management industry to embrace a systemic business model change by using single, unified platform outsourcing solutions to improve risk management practices in an increasingly complicated environment.

"Managing risk is complex, and systemic awareness and mitigation are becoming vital to business growth as firms face increased regulations, evolving client demands, and heightened cost pressure," said [Al Chiaradonna](#), Senior Vice President, [SEI Wealth Platform\(SM\)](#). "Achieving success in this area will require more than simple stopgap measures. The wealth management firms that succeed in enterprise risk management will differentiate themselves by evolving their business models and finding the right balance between risk, cost, and value across their firm."

The paper examines the role of outsourcing and identifies the risk management benefits to firms in the wealth management industry who make the change. As discussed in an earlier paper titled "SEI Insights: The Legacy of Legacy Systems," wealth management firms can manage as many as 50 disparate legacy systems and equally as many third-party vendors. When a firm consolidates these systems by outsourcing operations, hosting, and infrastructure to a single unified platform, much of the risk is reduced through a single outsourced relationship. This type of strategic partnership allows firms to leverage the outsourcing provider's investment in ERM governance, as well as policies, procedures, and personnel devoted to ERM.

The paper also discusses the role technology can play by turning disparate data points into integrated executive information. Increasingly in need of better data and risk management technology, wealth management leaders would benefit from consolidated information that better enables business risk evaluation, and reporting to all levels of management through one consistent view. With many firms operating on multiple legacy systems with different data sources and little integration between them, the wealth management industry must embrace a more systemic approach through using a single, unified platform. As a result of housing information in a single location, firms can expect to experience more accurate information and reporting.

However, the value provided by improved risk management comes with perceived cost implications. While there are significant costs associated with implementing and maintaining risk management practices, the paper explores various areas of a firm's business that can have long-term cost benefits from improved enterprise risk activities.

"Firms are naturally worried about the cost implications stemming from focusing on improving enterprise risk activities, whether it's a negative impact to the bottom line, a strain on resources, or even limitations on the ability to innovate," AI continued. "However, they need to ask themselves whether they are taking a quick-fix approach to technology or investing in a long-term business strategy. Our research indicates that the additional expense associated with embracing a unified platform model can result in stronger long-term business growth."

The paper, published by SEI Executive Connections, is the second in a four-part series, titled "SEI Insights: The Future of Wealth Management," which explores four key areas outside of the financial industry that offer opportunities for transformation in the wealth management industry. The first paper examined the benefits of employing a unified platform to overcome legacy system issues, while the remaining two parts of the series will look at behavioral segmentation and advisor productivity, respectively. SEI Executive Connections is a community for bank executives and industry experts which provides business intelligence and opportunities to interact on banking topics and trends. To request a copy of the full paper, please visit [www.seic.com/RiskInsights](http://www.seic.com/RiskInsights).

#### ***About the SEI Wealth Platform(SM)***

The SEI Wealth Platform (the Platform) is an outsourcing solution for wealth managers encompassing wealth processing services and wealth management programs, combined with business process expertise. With the Platform, SEI provides wealth management organizations with the infrastructure, operations, and administrative support necessary to capitalize on their strategic objectives in a constantly shifting market. The SEI Wealth Platform supports trading and transactions on 104 stock exchanges in 45 countries and 33 currencies, through the use of straight-through processing and a single operating infrastructure environment. For more information, visit: [www.seic.com/seiwealthplatform](http://www.seic.com/seiwealthplatform).

#### ***About SEI***

SEI (NASDAQ: SEIC) is a leading global provider of investment processing, fund processing, and investment management business outsourcing solutions that help corporations, financial institutions, financial advisors, and ultra-high-net-worth families create and manage wealth. As of September 30, 2013, through its subsidiaries and partnerships in which the company has a significant interest, SEI manages or administers \$529 billion in mutual fund and pooled or separately managed assets, including \$219 billion in assets under management and \$310 billion in client assets under administration. For more information, visit [www.seic.com](http://www.seic.com).

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