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SEI Report: Growing Complexities of Asset Management Demand an Evolutionary Leap in Operating Capabilities

Study Cites Nine Challenges That Make Operations a Critical Factor in Business Success

OAKS, PA -- (Marketwired) -- 02/23/15 -- Investment organizations will need sophisticated operating capabilities that support their business strategies if they want to be competitive in an increasingly complex industry, according to the [SEI](#) (NASDAQ: SEIC) report, "[Evolving in the New Operational Frontier](#)." SEI's Investment Manager Services division is a global supplier of customized operating infrastructure and services to investment organizations representing more than \$13 trillion in assets under management.

"A number of trends make the asset management business far more challenging than it was a decade ago particularly with key trends translating into growing operational demands and challenges," said [Stephen G. Meyer](#), head of SEI's [Investment Manager Services](#) division and Executive Vice President of SEI. "Asset managers are now competing on their operating capabilities -- what they used to think of as 'the back office' has become a critical factor in their business success."

According to the report, investment organizations will need operating systems that are sophisticated, product-agnostic, and highly flexible to successfully navigate the industry's escalating challenges and deliver on business strategies. The report notes that many asset managers will require an evolutionary leap to achieve these high-level operating capabilities.

The business challenges and operational implications addressed by the report include:

- **Rising competition** -- to differentiate themselves in an increasingly crowded field, managers will need the operating infrastructure to support innovative products and deliver a superior client experience.
- **Complex investment strategies** -- investment organizations will need to evolve their infrastructure to handle a widening range of strategies, vehicles, and intermediaries; and, effectively manage the business across traditionally siloed product categories.
- **A proliferation of investment vehicles** -- once exotic vehicles are becoming more commonplace and managers are translating their strategies into different formats in line with marketplace demands. Managers will need expertise in unfamiliar vehicles as

well as infrastructure that enables them to manage their business across these product categories.

- **Growing compliance burden** -- managers who want a place on global distribution platforms must be able to navigate multiple regulatory jurisdictions.
- **Less favorable economics** -- managers who can gain scale and operating efficiency may be better equipped to offset the impacts of ongoing fee pressures and rising technology and marketing costs.
- **Amplified risks** -- integrated operating systems with robust, customizable analytics can help managers uncover risks that otherwise remain hidden in the intricacies of strategies, contracts, or transactions.
- **Heightened intermediary and investor demands** -- operating systems that lack flexibility will likely be unable to keep up with rising demands for transparency, personalized reporting, and high-touch client service.
- **Leveraging big data** -- advanced information management capabilities can help managers automate more functions, bring together a wider range of internal and external data streams, and turn data into business intelligence.
- **Managing technology** -- while data demands and cyber-security concerns are on the rise, studies show the industry's IT budgets have recently been flat or declining. To boost information processing speeds and take advantage of cloud-based capabilities, investment firms will need strategies and operating partners that provide a clear technology path for the future.

Download the complete report at: seic.com/newfrontier.

About SEI's Investment Manager Services Division

SEI's Investment Manager Services supplies investment organizations of all types with advanced operating infrastructure they must have to evolve and compete in a landscape of escalating business challenges. SEI's award-winning global operating platform provides asset managers with customized and integrated capabilities across a wide range of investment vehicles, strategies and jurisdictions. Our services enable investment managers to gain scale and efficiency, keep pace with marketplace demands, and run their businesses more strategically. SEI presently partners with more than 300 traditional, alternative and sovereign wealth managers representing \$13 trillion in assets, including 28 of the top 100 managers worldwide. For more information visit, seic.com/ims.

About SEI

SEI (NASDAQ: SEIC) is a leading global provider of investment processing, investment management, and investment operations solutions that help corporations, financial institutions, financial advisors, and ultra-high-net-worth families create and manage wealth. As of December 31, 2014, through its subsidiaries and partnerships in which the company has a significant interest, SEI manages or administers \$625 billion in mutual fund and pooled or separately managed assets, including \$253 billion in assets under management and \$372 billion in client assets under administration. For more information, visit seic.com.

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