



The State of RiskTech for Buy-Side Investment Managers

Webinar

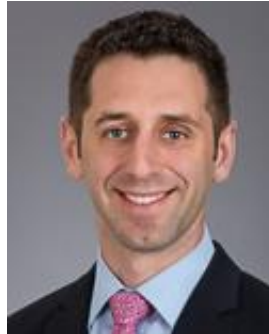


May 2, 2018

Today's Speakers



Dan Connell
Moderator
Managing Director
Market Structure & Technology
Greenwich Associates



Kevin McPartland
Managing Director
Market Structure & Technology
Greenwich Associates

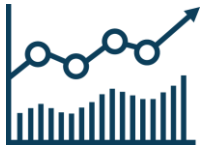


James Church
Vice President
Product Management
and R&D
FINCAD

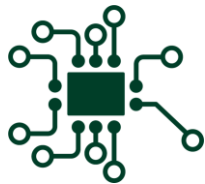
Market Structure & Technology

Our Market Structure & Technology practice examines the impact of regulatory changes, technology and economic factors on financial market participants

Market Segments



Capital
Markets



Market Data &
Analytics



Financial
Technology



Wealth
Management



Corporate
Banking

Areas Of Focus



Product
Usage



Market
Share



Market
Sizing



Electronic
Trading



Regulatory
Impact

Discussion Topics



Research Overview



Searching for yield, the buy side invests in RiskTech



RiskTech after the financial crisis, and RiskTech today



Legacy RiskTech is limiting fund growth and returns



RiskTech: Buy vs. Build



Understanding “real-time” risk

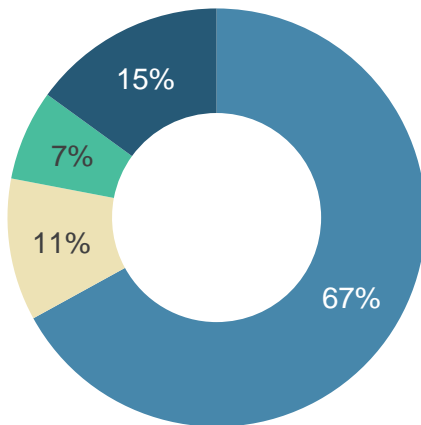


Audience Questions?

Research Respondent Demographics

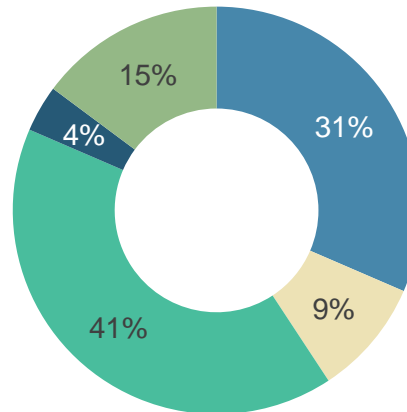
In the first quarter of 2018 we interviewed 54 institutional investors about their current and expected use of risk management technology

Firm Type



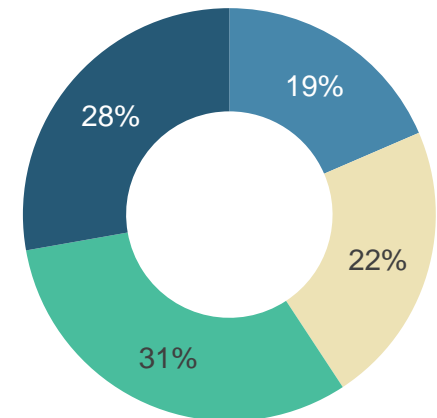
- Asset Manager
- Hedge Fund
- Pension Fund
- Insurance

Role



- Risk manager
- Quantitative Analyst
- Portfolio manager
- Trader
- Other

AUM



- \$100m to less than \$500m
- \$500m to less than \$1b
- \$1bi to less than \$5b
- Greater than \$5b

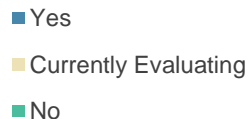
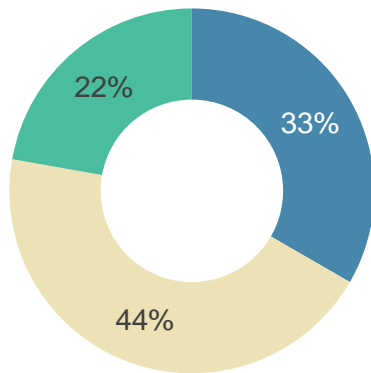
Source: Greenwich Associates 2018 Risk Management Study

Nearly 80% Of Firms Evaluating A RiskTech Change

Increased automation and flexibility to move into new markets at the heart of change decisions

Planning to Upgrade or Change Portfolio & Risk Technology in the Next 6 – 12 Months

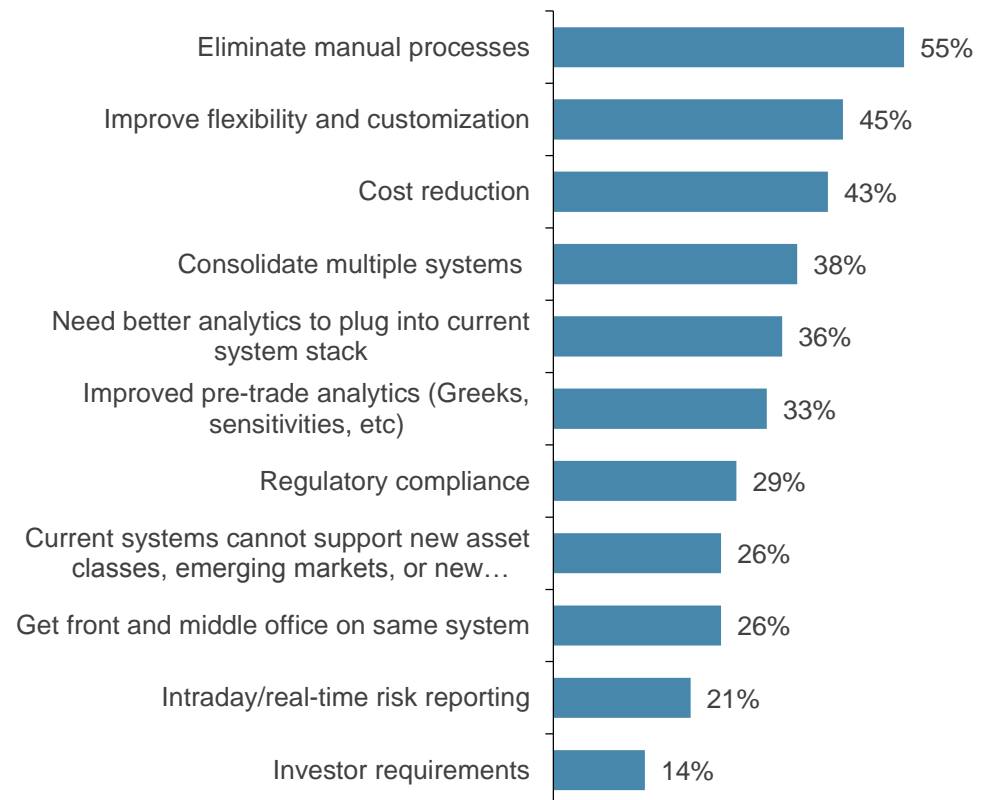
Total (54)



Source: Greenwich Associates 2018 Risk Management Study

Key Reasons for Making Changes

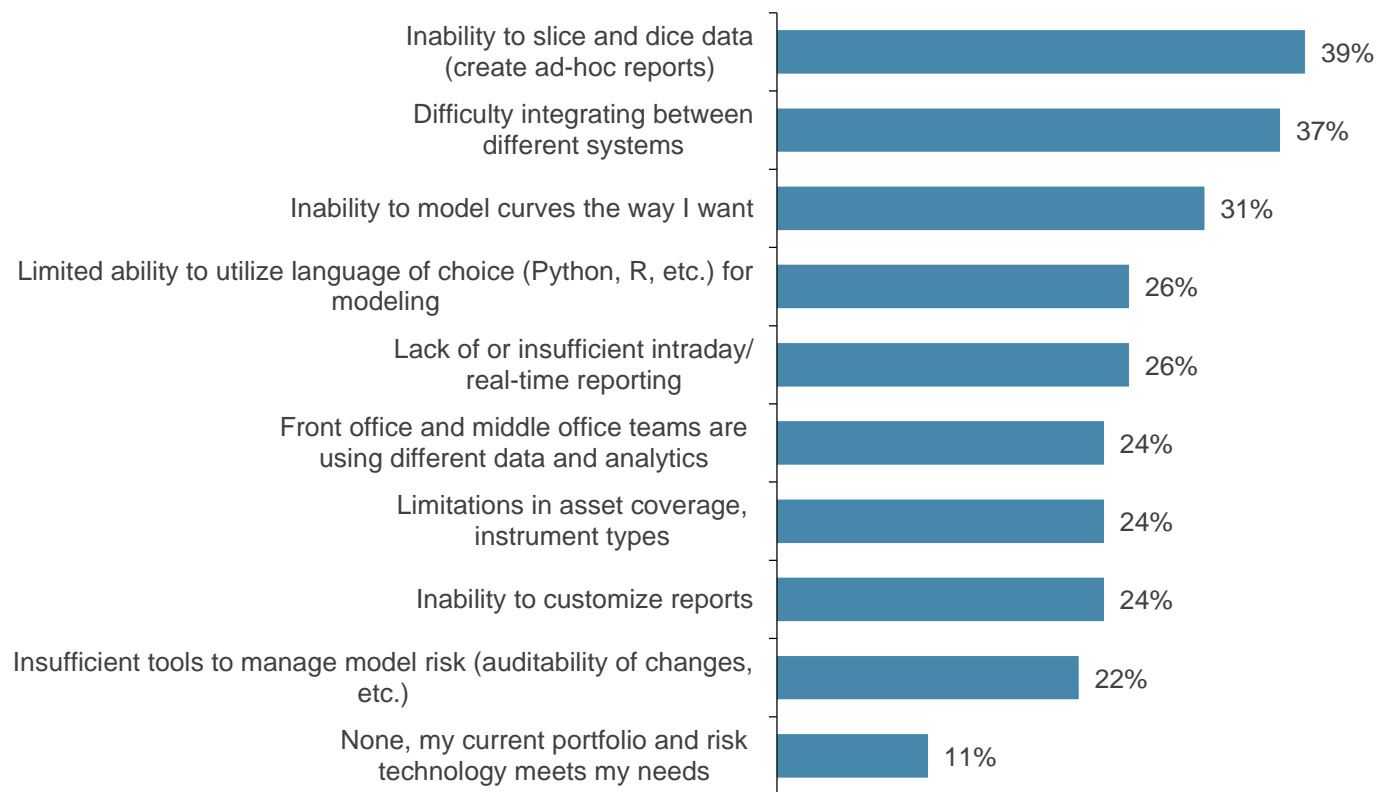
Total (42)



Current System Shortcomings

Flexibility, customization and integration are what is missing

Key Shortcomings of Current Portfolio & Risk Technology

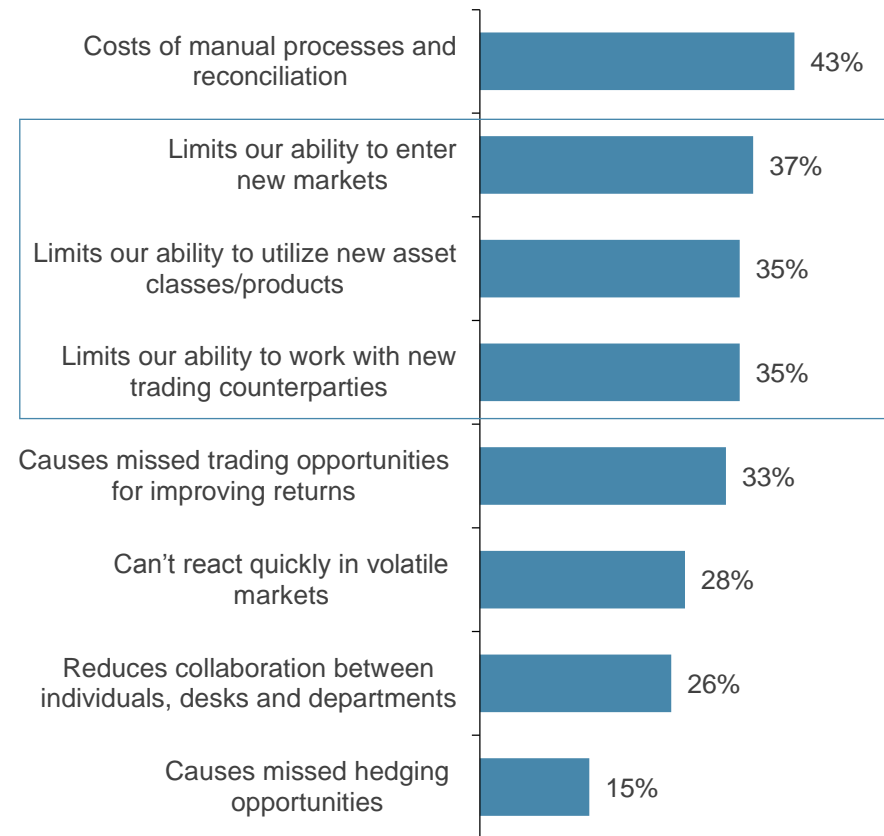


Source: Greenwich Associates 2018 Risk Management Study

RiskTech Spending Grew Faster Than Any Other Category

- Buy-side trading desks put 10% of their technology budgets towards RiskTech in 2017
- This equates to just shy of \$700 million spent by the front office alone
- As RiskTech is nothing new, having grown significantly in use since 2008, the investment is primarily to:
 - Enter into new markets
 - Utilize new products
 - Trade with new counterparties
- Current technology on the desks was seen as lacking the flexibility to meet those needs.

How Shortcomings Impacts Business



Source: Greenwich Associates 2018 Risk Management Study



Why Make a Change?



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James Church
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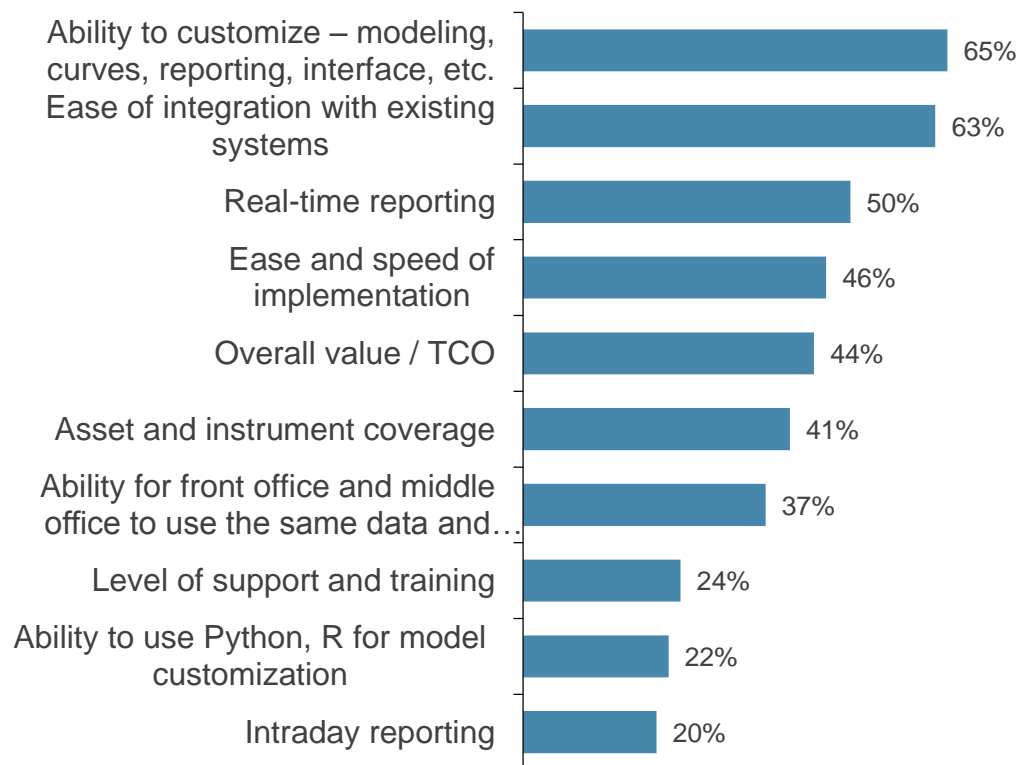


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Ability To Customize, Integrate Top Requirements

Making the system your own, and modeling non-standard investments all increasingly critical

Most Important Criteria in New Portfolio & Risk Technology



Source: Greenwich Associates 2018 Risk Management Study



How RiskTech helps



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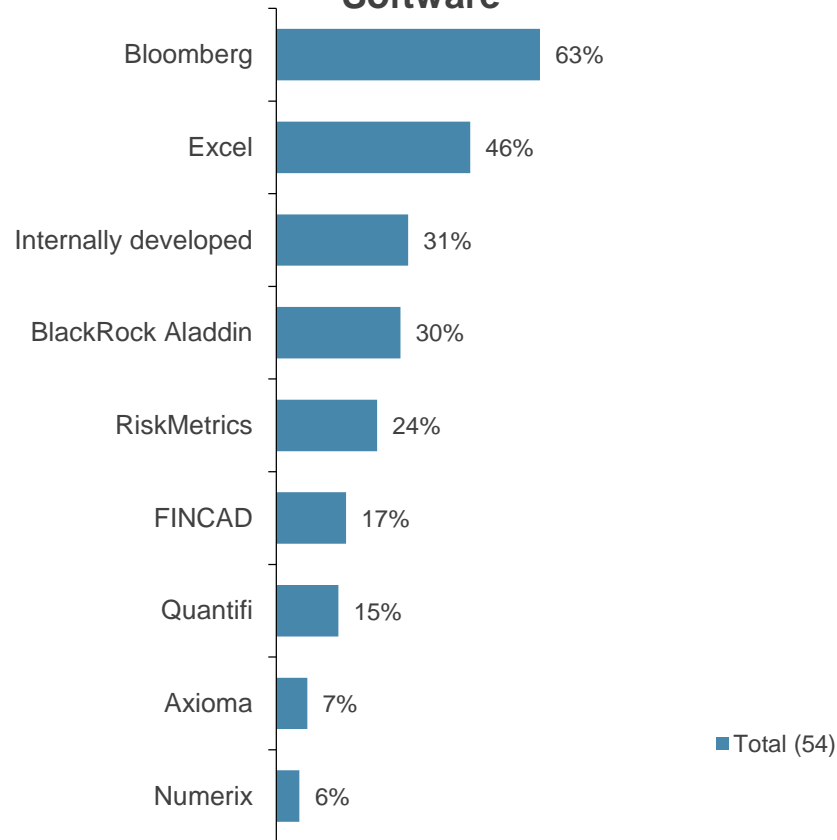


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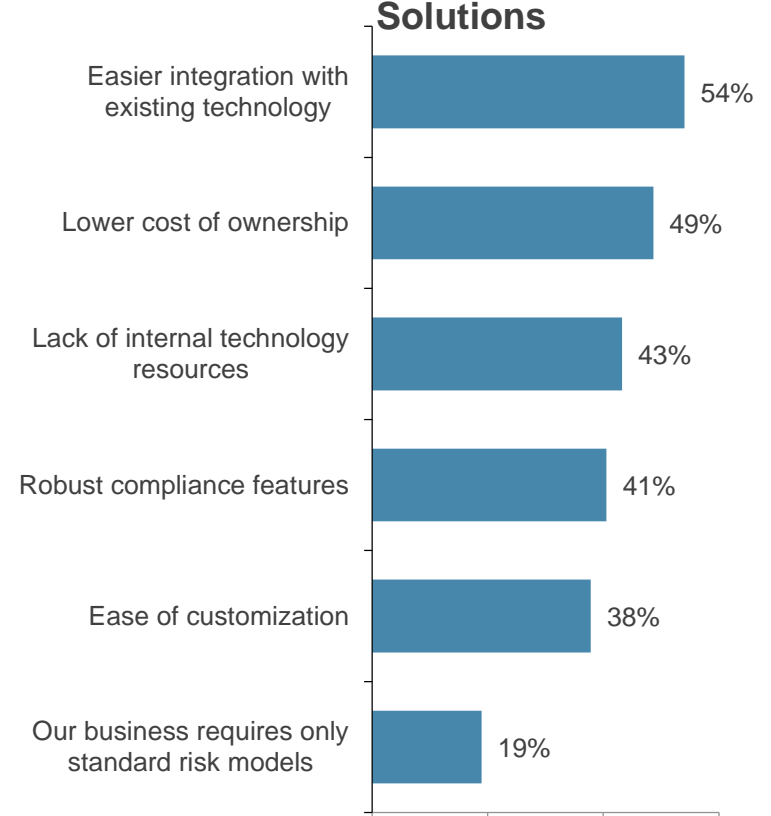
The Choice To Build Is Moving Out Of Favor

Excel and other internally develop systems are increasingly difficult and expensive to manage and maintain

Currently Used Portfolio & Risk Analytics Software



Reasons for Using Third-Party Solutions



Source: Greenwich Associates 2018 Risk Management Study



Buy vs. Build



Kevin McPartland
Greenwich Associates

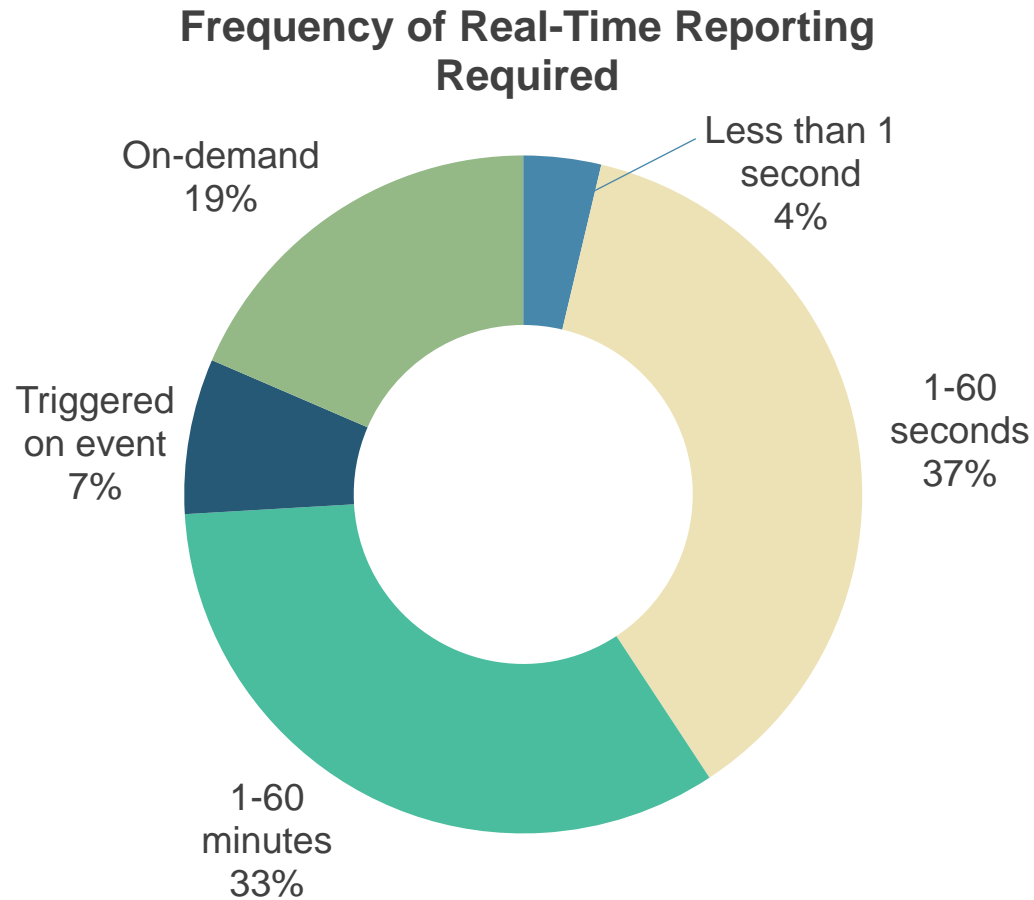


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Real-Time Doesn't Necessarily Mean Sub - Millisecond Updates For Most



Source: Greenwich Associates 2018 Risk Management Study



What Does Real Time Really Mean?



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Audience Questions?



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Questions/Contact Information



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