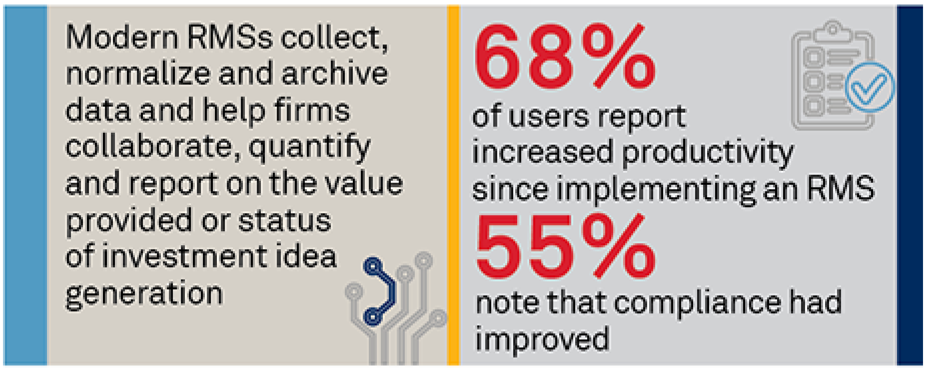
Research Management Systems: Powering Productivity for Modern Investment Management

May 25, 2021

Executive Summary:



Against a backdrop of expanding data sources, remote work and greater need for collaboration, the investment management industry is facing an urgent requirement to leverage modern tools to support investment process.

Both asset managers and asset owners are seeking solutions to their research management challenges. They now recognize that a modern research management process can help streamline data procurement, normalization and cross-referencing, while also standardizing workflows, enhancing compliance and improving team collaboration.

Asset managers benefit from the ability to share information and collaborate across teams. Asset owners, such as pensions or endowments/foundations, are also increasing their usage of research management systems (RMSs), as these tools help asset allocators streamline their manager due-diligence process and vendor tracking/evaluation.

RMSs have powered productivity for investment managers for many years, but rising complexity makes modern investment management tools a more urgent requirement.

While pain points have been solved and gains made, increasing complexity is on the horizon. Environmental, social and governance (ESG) and alternative data sources are increasing the data points used in the investment process and highlighting the need for better data management.

Today, most investment managers are dissatisfied with how alternative data is incorporated into their research management process. With hundreds of alternative datasets available, it's not easy. Moreover, the number of data types seems to be growing exponentially. While some data providers like FactSet and Bloomberg are working to make the data easier to use, new and previously undiscovered datasets seem to arrive monthly. Thus, while many asset owners and asset managers consider their current research management setup sufficient, increasing market complexity is producing new urgency.

More awareness of the technologically advanced systems in the market can help firms understand how they can satisfy these new pain points and help them decide whether to stay on their current system or make a possible upgrade. The urgency of managing alternative data as well as general dissatisfaction with document management are forcing asset managers and asset owners to consider a more modernized architecture and approach to systems. The availability of open application programming interfaces (APIs) and the importance of the ecosystem mean that legacy architectures are not always up to the task.

Upgraded tools are available and can offer better integration and flows across the value chain, including with order management systems (OMS) and portfolio management systems (PMS). Customer relationship management (CRM) integration is also not particularly strong across the industry, and more modern approaches can offer enhanced performance. But why stop there? If a firm has upgraded its OMS or PMS to a more architecturally savvy version, a logical next step could be to transform the RMS for an improved buy-side front-office experience.

Coalition Greenwich believes smart firms should not simply try to survive the growing list of data sources and requirements for remote work, but rather seek improved collaboration and integration with other tools in order to thrive with a more modernized approach.

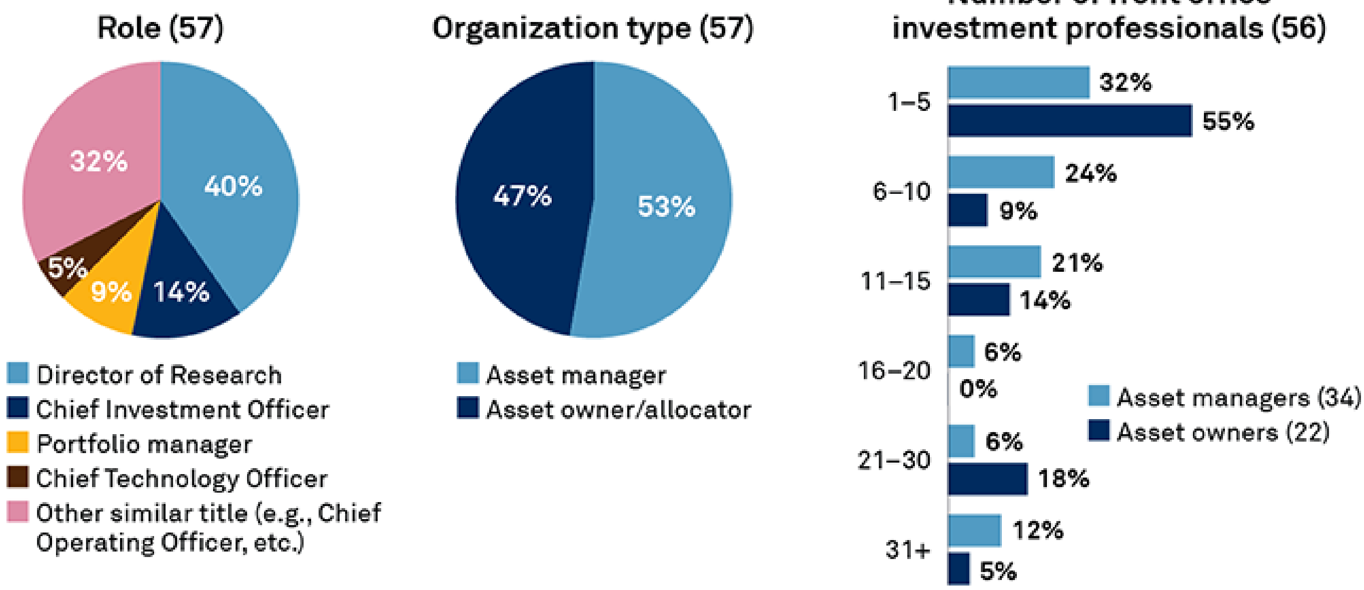
In this Greenwich Report, we look at the increasingly complex investment management process and analyze how firms are using RMSs to enhance both operational efficiency and competitive advantage.

Methodology:

Between February and April 2021, Coalition Greenwich interviewed 57 executives at asset owners and asset managers in the United States to better understand their research management needs and procedures, the pain points they face and the types of technology they use in this process. Respondents represented a variety of organizations, which are broadly categorized into 23 asset owners and 34 asset managers.

We spoke with investment professionals including Chief Investment Officers, Directors of Research, portfolio managers, Chief Technology Officers, and others.

Respondents



Note: Numbers in parentheses represent number of respondents.
Source: Coalition Greenwich 2021 Research Management Software Study

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