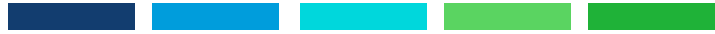


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CX Forum Peer-group research How asset managers segment and tier their clients

November 2020

GenieShares

Proud to share our hopes and
dreams with our local community
www.genieshares.com

Asset management CX benchmarking

Exploit CX

or don't be surprised

Bargaining power has shifted to clients ...
CX has become **THE differentiator**

Unreliable differentiators

- Product performance ✗ *Market over-supply*
- Pricing ✗ *Price-taking*
- Brand ✗ *External events*



Headwinds

Reliable differentiators

- Client experience (CX) ✓ *Controllable*
- ✓ *Commercial*
- ✓ *Incremental*



Tailwinds

What can you do about it?

Measure it



CX Maturity Benchmark

Evaluate

your internal CX capability

Compare

Measure, compare, and predict
your clients' experience



CX Touchpoint Benchmark



Asset Management CX Forum

Engage

with the industry CX community

**This a CX Forum
R&D project**



CX is here to stay

Your clients are consumers in the B2C economy.

This is driving demand for CX from your B2B asset management firm.

Our focus on benchmarking means we have **no conflict of interest** when we work with clients

We are proud to share our hopes and dreams with our local community

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Summary

Definitions

- **Segmentation** – subsets of clients (e.g. insurers, pension funds, central banks) based on their needs, common interests, and behavioural criteria. It enables an asset manager to sub-divide a market and, through client journeys, to align itself with their needs.
- **Tiering** – the relative prioritisation of clients, e.g. strategic vs. core. Its aim is to ensure sales and servicing teams neither over- nor under-invest in relationships as they pursue opportunities and defend against risks.
- They work together and a large organisation will likely need both.

Key findings

- ~80% of firms tier and / or segment their institutional clients, of which ~30% pointed to gaining strategic value from the arrangements.
- The firms gaining strategic value employed multiple approaches but displayed two common features: 1) they keep it simple, and 2) they enforce it.
- 18% of firms pursue alignment through segment-specific client journeys

Implications

- With only 18% aligning experience (journeys) to needs (segments), it appears the industry may be limiting the effect of segmentation by conflating it with tiering.
- Providing different client journeys to (unsegmented) tiers creates problems because a client's attractiveness is not an indicator of its needs.
- This approach, therefore, creates a risk of misalignment between the client journey and the client's needs. This is important for two reasons:
 - From the perspective of CX, your alignment with what your clients want will drive their impression of your value.
 - Where there is misalignment customisations will follow, along with their associated costs and risks.



Segmentation and tiering sit within the CX strategy building block of CX



18 firms created a directionally-valid dataset

Aberdeen Standard Investments	Invesco Fund Management
AEGON Asset Management	J.P. Morgan Asset Management
Allianz Global Investors	Natixis Investment Managers
Ashmore	Royal London Asset Management
Aviva Investors	Schroder Investment Management
BlackRock	State Street Global Advisors
BNP Paribas Asset Management	T. Rowe Price
Columbia Threadneedle Investments	The Asset Management Exchange
Dimensional Fund Advisors	Wellington Management International

Firms are gaining strategic value from tiering

Of the ~80% of firms that tier and / or segment their institutional clients ...

Tier	6% Tier & segment	
	Segment	Neither
65%	12%	17%

... 30% pointed to gaining strategic value from it¹

Strategic value	Tactical value	No effect
31%	38%	31%

Why? What are they doing differently?

They keep it simple

Firms gaining strategic value			Remainder	
# of tiering criteria	# of tiers		# of criteria	# of tiers
Lowest	1	2	1	2
Most common	1	3	3	4
Highest	3	3	5	6

They enforce it

- Sales team assigns tiering; regional leadership approves assignments to the top tier
- A committee considers proposed customisations, if supported by BAU owners
- Business managers track sales and operational activity by tiers and review tiering assignments regularly

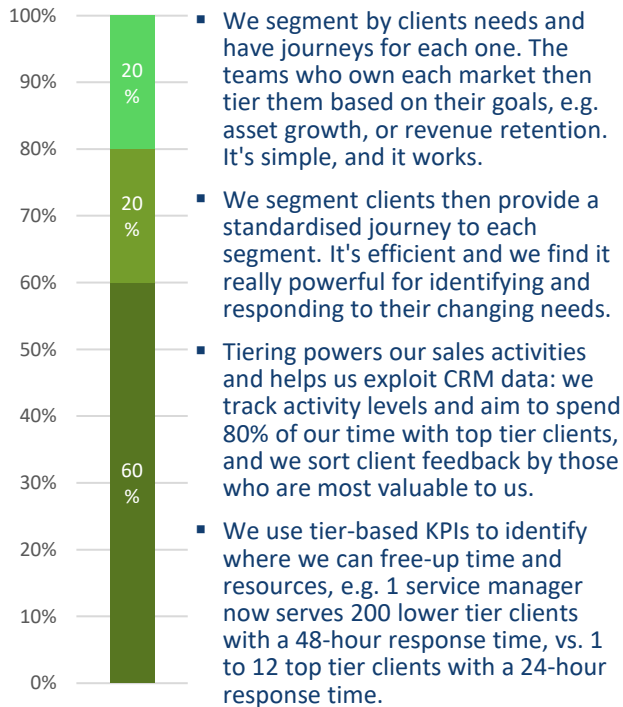


Your alignment with what your clients want will drive their impression of your value. Distinct from tiering, 18% of firms pursue alignment through segment-specific client journeys.

Multiple approaches to gaining strategic value



Strategic value	Tactical value	No effect
31%	38%	31%



Learn from others to get a strategic return on your efforts

2/3 firms that neither tier nor segment experienced negative effects



“

- We offer ‘good’ as standard and have discussion between adults for others. It’s not perfect, but it’s a journey of trial and error.
- Our organization has started to creak under the weight of bespoke processes that aren’t scalable and bring operational risks and costs.
- Fed-up and tired people who are constantly bombarded – not just client service staff, but also investment specialists and fund managers.

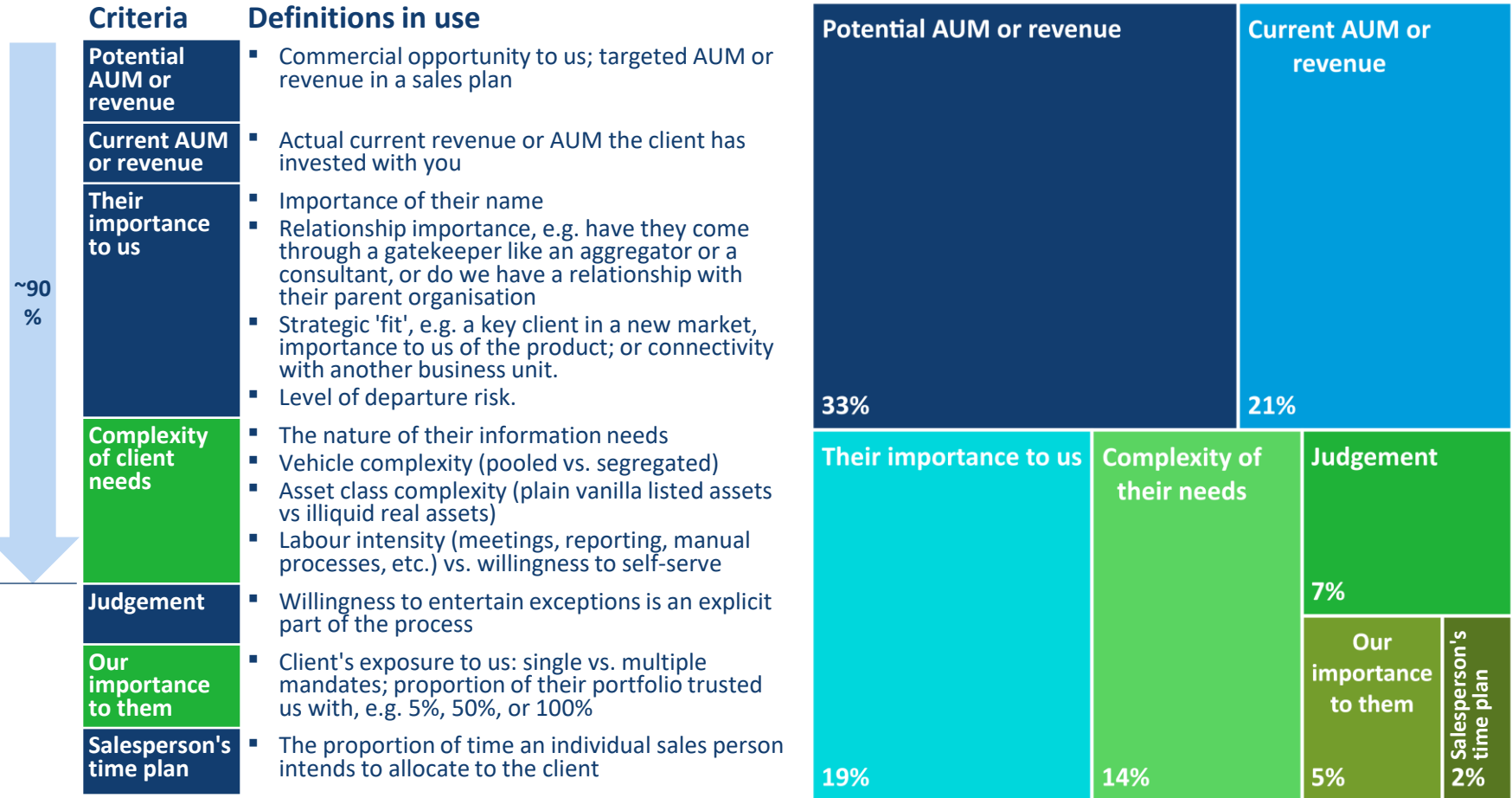
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A mix of criteria in use, that imply firms may be conflating segmentation with tiering

▪ There was a mix of criteria in use depending on the firm's objectives, e.g. asset growth, or revenue retention

▪ Some firms empowered teams to choose different criteria in different markets

The four most common criteria represented ~90% of responses



How firms have implemented their decisions

Strategic value	Tactical value	No effect
31%	38%	31%



- Standard client journeys meet the different information and regulatory requirements of different segments.
- Defined service levels for each tier, e.g. dedicated relationship manager, performance attribution services, portfolio analytics, access to the investment team, tailored insights, bespoke reports, query response time, events and training.
- Staff are trained in the different service levels and a client's tier is easily available management information
- We have standard service offerings for new clients. Legacy clients still receive a multitude of bespoke services that we will let run off.
- We have standard offerings but, somehow, we still agree to using the client's template for some reports, or delivering them physically.
- We still agree to too many customisations, but we are getting better at using or editing an existing standard to meet their needs rather than create bespoke templates.
- We've never been too prescriptive because we're trying to grow our business.
- We have recently begun migrating clients to standardised service offerings
- Service teams 'just say yes' and we recognise the problems this arises

A forum like no other

The industry's CX community



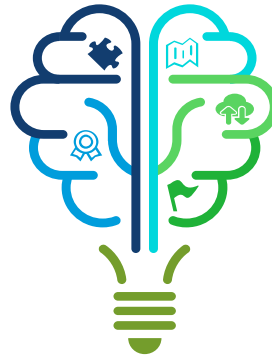
"Very valuable for understanding the industry direction." Head of Client Services



The Asset Management CX Forum

- As an industry, **asset management was a late adopter** of CX so the ways firms can exploit it have been under-researched and this has led to misunderstandings.
- The Asset Management CX Forum is fixing this problem by providing the **industry-level R&D function** needed to help asset managers catch up with other industries on CX. This results in better experiences for investment clients.
- Who will you mix with at the CX Forum? At the latest count in March 2021, member firms comprised **8% of the top 400** asset managers in the world.
- They represent the **innovators and early adopters of CX**. Many are 'blue chip' global firms.

 The CX Forum is **Accomplish's gift** to the industry



Examples of CX Forum R&D

- **Both of the industry's CX benchmarks came from CX Forum working groups:**
 - Evaluate your internal CX capability
 - Compare your external 'effect' on your clients' behaviour
- **Impact of COVID-19 on CX in the industry**
 - How did investment clients' needs change?
 - How did asset managers respond?
 - What does this mean for CX's direction of travel?
- **Digital CX for B2B clients** – what digital services were firms giving to B2B clients and what were their plans for the future? What effect do these services have on CX, and how were firms tracking engagement?

Not a talking shop

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