Expansion Under Pressure

How leaders are realigning firms for strategic growth

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FOREWORD

Asset managers are operating under mounting pressure. Compressed margins, higher investor expectations and greater operational complexity are forcing firms to rethink how they grow and scale.

Research from SS&C and Ignites, an asset management industry news publication from the Financial Times, shows a clear shift. Firms are moving away from cost-cutting toward more deliberate, scalable growth models.

Follow-up in-depth interviews with 10 leaders from asset managers across the US, Europe and Asia revealed specific insights on how firms are shifting from managing constraints to building a model that is fit to scale.

KEY FINDINGS FROM

Expansion Under Pressure:

How asset managers are pursuing growth and achieving scale in a new era of constraint

- ✓ Prioritizing scale over cost
- ✓ Maximizing vehicle agility
- ✓ Targeting distribution
- ✓ Leveraging technology as an enabler
- ✓ Pursuing selective partnerships

Surveyed respondents include asset management professionals who have regional focuses in North America, EMEA or Asia/Australia. For more quantitative insights,read the white paper **here**.

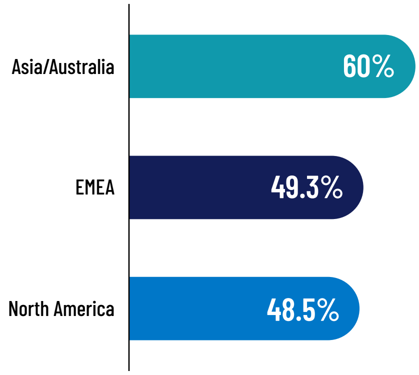
SCALABILITY OVER COST

Asset managers are repositioning their business strategies and the operational models that support them in pursuit of scalable growth, treating cost efficiency as an outcome rather than a driver.

After years of cost cutting and operational streamlining, many firms have already captured the most accessible efficiencies, and yet the demands of fee pressure, operating complexity and an expanding asset class universe have only intensified. Growth—particularly scalable growth—has become the more durable path to profitability.

An EMEA head at a global manager articulated the evolution: after under-taking significant operational work to manage the firm's cost base, the team reached a turning point. "Our priority has shifted to revenue growth," the EMEA head said.

"Ensuring scalability" was cited as the primary challenge that surveyed respondents faced when launching new products



Several leaders noted that cost reductions now arise naturally from broader transformation initiatives, rather than being pursued in isolation. A senior VP at a large US manager noted that the firm's efficiencies "are organic to the projects w e spin up and activate." Large-scale modernization efforts are fueling continuous, incremental improvements.

> **"Our priority has shifted to revenue growth."**
>
> EMEA HEAD, GLOBAL ASSET MANAGER

A US-based funds group president reinforced that margin growth comes not from cost cutting but from investing in products and capabilities.

VEHICLE AGILITY AND PRODUCT STRATEGY

Product strategy is undergoing its own shift. As investors become more sophis-ticated and precise, firms are rethinking how to meet their demands. Delivering proven strategies across multiple wrappers, rather than launching new products, is increasingly important.

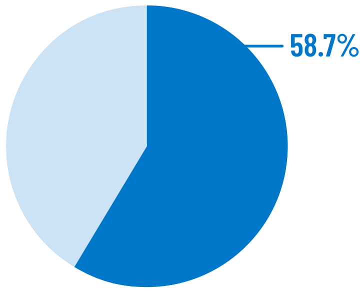
In the US, senior executives emphasized a deliberate vehicle-agnostic approach. If an investment strategy is strong, said one client services head, it should be accessible "in a mutual fund, an ETF, a CIT, a private fund or a 3c structure"—whichever combination aligns with client and distribution needs.

In EMEA, leaders highlighted a sharper focus on bespoke mandates and wrappers that support various asset classes. Several interviewees pointed to the growing importance of alternatives and hybrid public/private vehicles. They also noted that mutual funds—while still important foundations for some investors—are no longer regarded as the main engine of long-term growth.

APAC leaders followed this shift toward client-led solutions but are working with a rapidly expanding investor base. As the region's wealth grows, firms are adapting to a broader range of client needs—from mass affluent to more sophisticated investors—each requiring different access points and service levels.

While ETFs and tokenization are becoming more attractive, most firms see them as longer-term opportunities. For now, the focus is on meeting the needs of today's growing investor base and balancing accessibility, education and scale.

New investment vehicles as a growth strategy



58.7% of surveyed respondents cited "creating new investment vehicles" as a growth strategy that their firm was prioritizing or implementing

REWIRING DISTRIBUTION

Around the world, distribution strategies are becoming increasingly targeted, as asset managers focus on channels and regions where they can scale.

In APAC, the rapid expansion of wealth is driving broader, more diversified distribution models. Traditional banking platforms are used alongside newer digital players and independent advisers, which reflects increasing demand for direct-to-consumer access.

"People want control of their own finances, and we definitely think that will continue," said an APAC head of operations. "We've gone into partnerships with banks, both digital and traditional, to provide for that direct-to-consumer market."

Firms are expanding partnerships to strike a balance across client types, channels and markets to build sustainable, resilient revenue streams. "We're trying to balance between individual and institutional as well as indirect and direct," said a leader at a Singapore-based firm. "Our objective is to have sustainable revenue, so to achieve that, we need to diversify and not depend on a single party."

Asset managers in North America are focused on depth over breadth. Consolidation among intermediaries has made distribution more concentrated, which is why firms are entering into fewer relationships but ensuring those few offer higher strategic value.

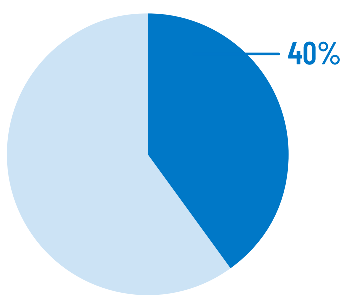
"We're using technology to make our distribution team more efficient," said one US head of funds. He added that his firm is "looking to go deeper with fewer distribution partners, rather than just having the maximum number."

> **"Trying to diversify your asset class mix or regions can put more pressure on your operating model to satisfy regulatory needs."**
>
> LONDON-BASED DEPUTY COO

How products integrate with advisor platforms will determine the success of this approach, which will reinforce the need for stronger alignment between distribution and technology.

EMEA lies between these two models. Leaders reported an increase in partnership-led distribution, often based on complementary strengths. "You're great on fixed income and we're great on private markets; let's come together and give our clients a bigger offering," one regional COO offered as an example.

Distribution and marketing improvements



40% of surveyed respondents cited "evaluating and refining their partners and platforms" as key priorities

Geographically, EMEA-based offices are expanding into emerging markets such as Latin America and Asia but are wary of the regulatory implications. "Trying to diversify your asset class mix or regions can put more pressure on your operating model to satisfy regulatory needs," a London-based deputy COO explained.

DATA AND THE EVOLVING TECHNOLOGY BACKBONE

As our earlier quantitative survey found, asset managers recognize that healthier margins and scale must not come from cuts alone, but from smarter processes that reduce friction, strengthen decision making and enhance client experience. Technology is the key enabler. Scalable growth requires a modernized technology stack that retires fragmented legacy systems, replacing them with more agile, adaptable models that use data to drive efficiencies. For best results and to truly optimize outcomes, however, technological initiatives that leverage data are recognized as the way forward.

As firms look to modernize and, in some cases, transform their operations, data infrastructure is at the heart of their decision making. "Technology plus data is where a lot of our attention is today," said a senior VP at a large US manager.

Likewise, a global head of fund and client services said his firm is focused on "consolidating data providers" and "building a strong foundation." Asset managers are `using that foundation to create capacity and innovate.

The senior VP from a large US manager prioritized establishing a single source of truth and unifying actionable data through cloud-based architecture to empower its data science group to launch AI initiatives.

The senior VP from a large US manager prioritized establishing a single source of truth and unifying actionable data through cloud-based architecture to empower its data science group to launch AI initiatives. Centralized, cloud-governed data improves control, reduces the risk of duplication and ensures processes are consistent across front, middle and back offices.

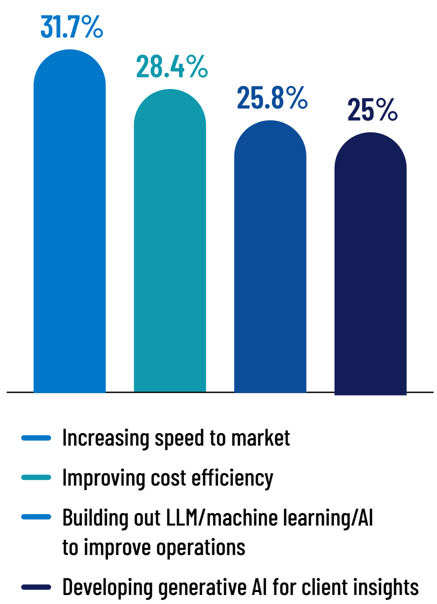
An APAC head of operations explained that cloud-based data makes it easier to unify data across a global company, allowing them to leverage APIs and access better technology without bearing the cost of hosting the data themselves.

Additionally, AI initiatives, which rely on fast, consistent access to large amounts of data, are maturing around capacity creation, automating repetitive tasks so employees can focus on higher-value activities. "We're very much looking at how AI can support productivity, support people to take on more value-add activities," said one EMEA regional COO.

This modernization on the back end is also contributing to streamlined experiences on the front end. A Singapore-based senior leader described how his firm has revamped its retail client journey to prioritize enabling richer, faster experiences. Clients can now "log in and execute at any time they want" as "an additional tool to [their] existing service."

"We have kept the traditional way and added the digital one." The goal isn't to replace service models but to augment them—combining automation with expert advisory to enhance the client experience.

Surveyed respondents reported that their firm is seeking outsourced help to approach certain technology-related goals



The main challenge is implementing new technology effectively, which requires deep human oversight in terms of training, process design and change management. This ensures firms can translate their innovations into measurable outcomes that deliver value at scale.

As firms modernize their approach to technology, new emphasis is being placed on leveraging distinct expertise, whether it is found in-house or with key service providers. With clean, accessible data, firms can build out their AI capabilities and empower their employees. Experienced partners can help firms leverage new technology, embed it effectively into their operations and realize its full value.

SELECTIVITY IN OUTSOURCING

A new outsourcing mindset is emerging, expanding from solving internal problems to also unlocking external expertise.

A US-based global head of fund and client services emphasized that provider expertise has become the deciding factor when choosing a partner. Firms want providers that "cannot just deliver what we need today but are investing in what we will need tomorrow." This is especially true in a landscape where regulatory change, data demands and new technologies evolve faster than internal teams can always match. Leaders highlighted that strong partners help firms stay ahead, not merely keep up.

The question has shifted from "should this stay in-house?" to "who is the leader in this service or technology—and are they investing in it?"

Historically, client-facing or strategic functions were considered off limits. But as the above global head noted, the question has shifted from "should this stay in-house?" to "who is the leader in this service or technology—and are they investing in it?"

Leaders also described a move toward fewer but deeper relationships with third-party partners who invest in their core capabilities and have the scale to support a firm's own growth trajectory. Activities closely tied to a firm's investment strategy are typically retained in-house.

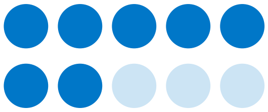
"Don't outsource your brain," said an APAC head of operations. But outside those areas, executives increasingly view third-party specialists as a way to unlock expertise and accelerate modernization.

"What's the secret sauce we absolutely won't give up? Ringfence that," said an EMEA COO of her firm's outsourcing matrix. "Then look at the outsourcing providers and what they're good at." She said that her firm is looking to outsource "non-core activities where a third party has great expertise and scale."

Executives highlighted that cost efficiency should be a benefit when choosing a partner, but it is far from the only consideration.

"Fundamentally, the third party has to do it better than we do. That can mean turning a fixed cost into a variable one; it can mean overall reduced cost; it can mean taking something non-strategic to us but strategic to our outsourced partner," said an EMEA head. "What's important to us is a long-term partner with longevity and commitment to the service. You want somebody who's invested in the service line."

Surveyed respondents indicate an openness to outsourcing



7 in 10 surveyed firms
expect to outsource at least one technology challenge

Collaboration is always key. "We want a relationship where we're providing feedback and they're taking it and improving," said a US-based funds head.

Outsourcing is no longer about simply relieving asset management firms of their problems—though that is certainly part of the equation. It is also about expanding their access to opportunities through deep expertise, modernized platforms and partners whose scale supports a firm's own.

CONCLUSION

Leading firms see the road to scalability as a continuous journey rather than a one-off project.

For many, that journey did not begin today. It began years ago with early data consolidation, platform simplification and the first steps toward more scalable operating models. Those long-term investments laid the groundwork for today's wider, strategic transition from cost management to intentional, scalable growth.

The firms that will succeed will balance efficiency with ambition—honing their core strengths, identifying which skills and channels to develop, and outsourcing intelligently to stay ahead.

ABOUT SS&C

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