

# Survey Results: Envision Big Think Mini Survey



October 2022

## INTRODUCTION & KEY TAKEAWAYS

For busy fintech executives, all those annoying trees keep getting in the way of the forest. The day-to-day demands of the business can get in the way of long-term thinking and strategizing about the challenges—and opportunities—presented by major technical innovations. That’s why we asked 60 securities processing and back office operations industry leaders to take just a few minutes out of their day to focus on the big picture and share their insights on important and disruptive technology trends in financial services such as seamless inter-app connectivity, artificial intelligence, robotic process automation, blockchain, and cryptocurrencies. We called it the Envision Big Think Mini Survey.

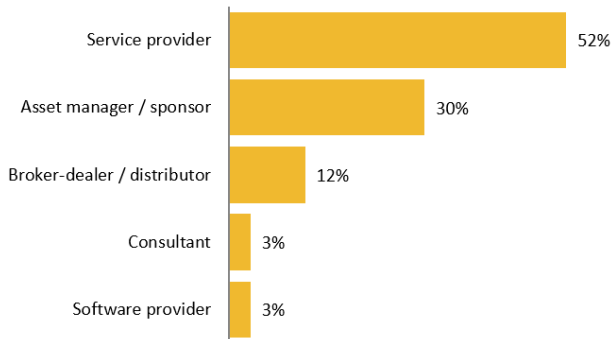
What we found was a discernable hierarchy in terms of what respondents think is most important today—with seamless inter-app data exchange and AI leading the way. We also noted a slight disconnect across all categories between the perception of how important a given trend is and the resources firms are devoting to pursue it.

## RESPONDENT DEMOGRAPHICS

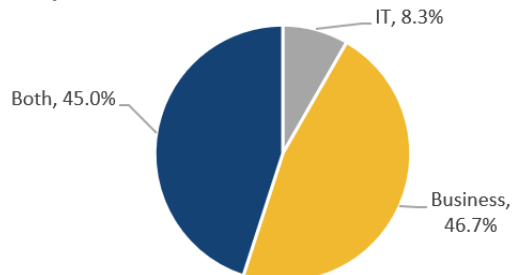
Respondents were from service providers (52%) asset managers and sponsors (30%), broker-dealers and distributors (12%), software providers (3%), and consultants (3%). With respect to respondents’ roles at their firms, slightly less than half selected “business,” with a similar fraction indicating “both” business and IT. A smaller proportion (8%) indicated IT but not business.

Most respondents were in their 40s or older, with a smaller fraction earlier in their careers.

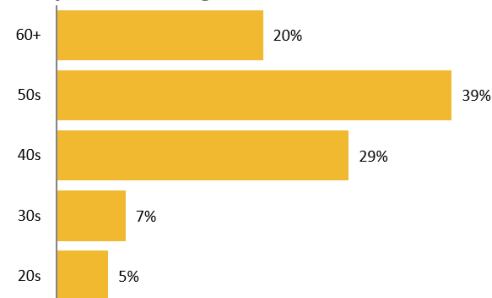
### Respondents’ type of firm



### Respondents’ role at firm



### Respondents’ age

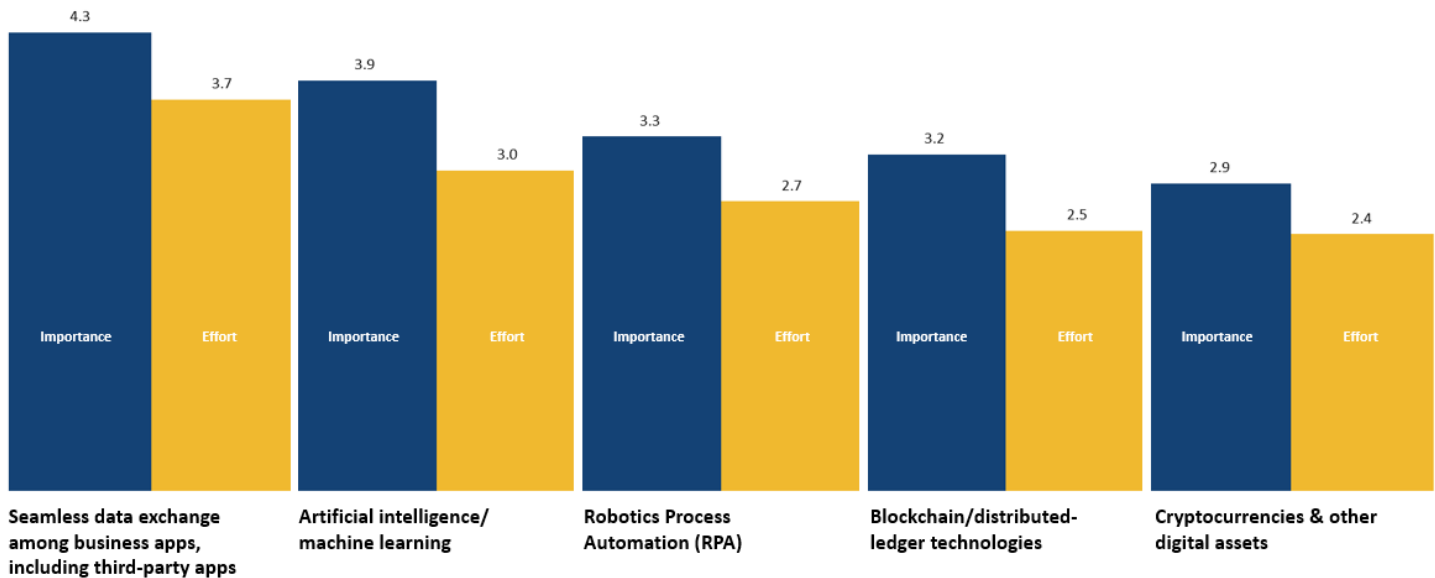


## TECH TRENDS: IMPORTANCE & EFFORT

The heart of the survey was an examination of respondents' views on the importance of five specific tech trends and how much effort their firm is expending in that area. They rated importance on a scale of 1-5, where 1 was "unimportant," 3 was neutral and 5 was "very important." Similarly, respondents rated their firm's effort on a scale of 1-5, where 1 was "none," 3 was neutral, and 5 was "significant."

The following chart shows, for each tech trend, weighted averages for both importance and effort.

**"Rate the importance of these technology developments for securities processing/back-office operations & how much effort your firm is expending in pursuing them."** (Weighted average; max. 5)



For all five trends, respondents rated importance higher than their firms' efforts, but the gap between importance and effort was roughly consistent across all trends. So, even as they might like to be doing a bit more to keep up with *all* the tech trends, respondents are at least fairly comfortable with the relative allocation of their firms' tech efforts in the different areas.

## TECH TRENDS: A CLOSER LOOK

### Seamless data exchange

An overwhelming 83% of respondents said seamless data exchange is important or very important. Their prioritization of seamless data exchange aligns with our own empirical observations in working with partners and clients. The closed off mainframe mindset that dominated the industry for decades is rapidly giving way to an emphasis on open data apps that play well together right out of the box. We agree: Open architecture and the ability to facilitate real-time data exchange with other business applications through modern programming languages and APIs is critical to creating business efficiencies and positive end client experiences and is on the verge of becoming table stakes for any technology provider that wants to compete in today's market.

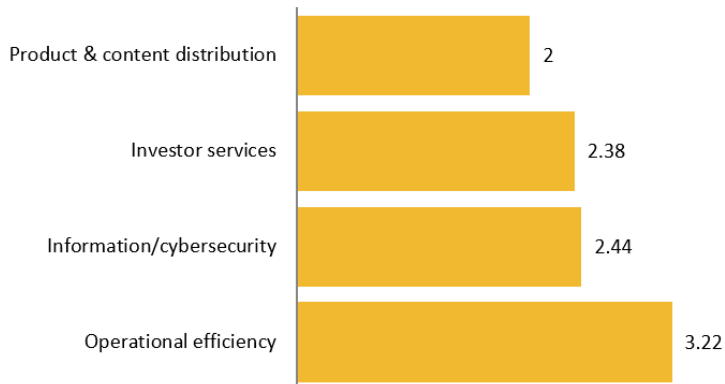
### Artificial Intelligence/machine learning

Close behind seamless data exchange in terms of priority was artificial intelligence and machine learning, with nearly half of respondents calling it "important."

AI and machine learning have seen rapid advances in recent years and organizations are coming up with innovative applications of the tech all the time. To probe this area further, we asked respondents to force-rank the areas where they predicted AI/machine learning will have the greatest impact in the next three years. Given respondents' business

focus, it seems unsurprising that “operational efficiency” came out on top with roughly 53% of respondents choosing it as the area that will be most impacted. Most anticipate “product & content distribution” as the area that will see the least change due to AI — 41% ranked it last out of the four options.

**Weighted average of four-item forced-ranking of potential AI/machine learning impacts over three years**  
(Max value would be 4 if all respondents agreed that one particular impact area was most important.)



While AI will certainly have an impact on improving operations and information security on the backend, we would urge market participants not to sell it short in terms of its potential impact on the front end too. We would submit that software that can anticipate investors’ needs and surface products and services to them at just the right time and in just the right way (including through natural language processing) may be equally transformational.

**Robotics process automation**

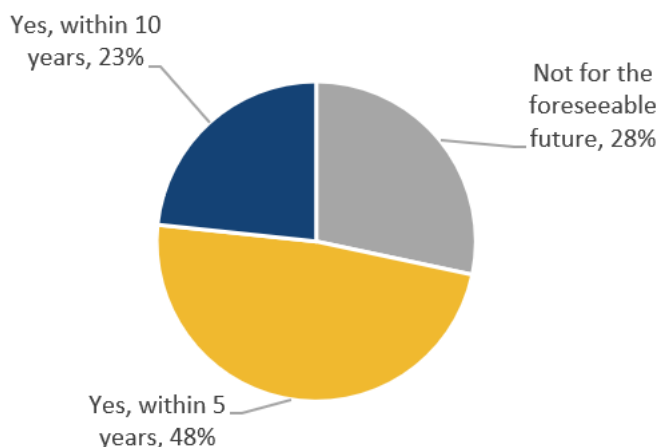
RPA was right in the middle of the pack in terms of priority for respondents—58% said it was either important or very important, while more than a quarter (27%) said it was either unimportant or only somewhat important and 15% were neutral—but we see a big role for it going forward when paired with AI, since many firms work on closed, legacy systems. Combining AI with RPA, especially optical character recognition, can provide a powerful solution to the challenge that was foremost on respondents’ minds—getting different tech platforms and systems to communicate and work together seamlessly.

**Blockchain/distributed ledger tech**

More than half (55%) of the survey takers said the blockchain trend was important or very important, while only a quarter rated their firm’s efforts as moderate or significant.

We drilled down further with a question designed to provide a read on the timing:

**Do you expect blockchain, digital tokens, real-time settlement or other distributed ledger-related innovations to transform your business?**



Put us in the sooner rather than later camp. We believe blockchain and other cryptographic enhancements will have a major disruptive impact on the industry. In fact, we expect to roll out two integrations in the next six months that support digital shares alongside current book shares.

One factor we believe is hindering a greater emphasis on the potential of distributed ledger technologies for securities processing and trade settlement is the slow pace of regulators to approve and/or regulate news offerings.

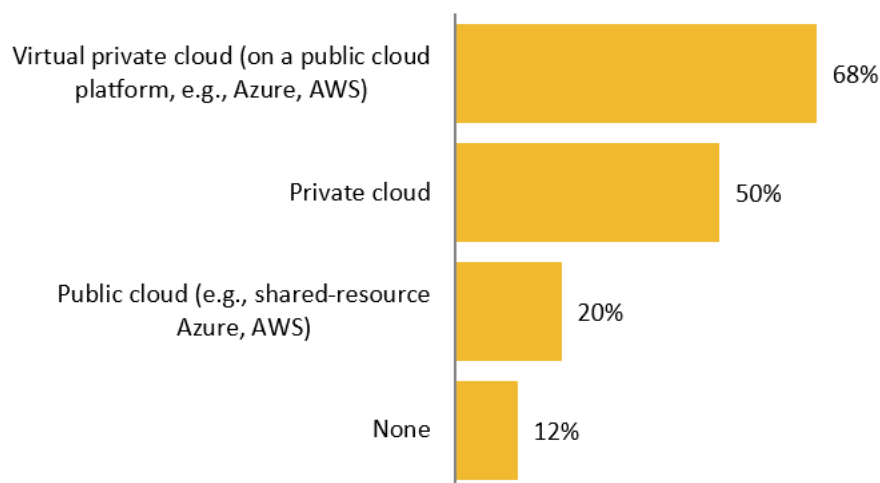
### **Crypto**

Some 45% of respondents rated cryptocurrencies and other digital assets as important or very important; 42% said unimportant or only somewhat important to securities processing/back-office operations; 13% were neutral. We think many respondents' skeptical view of the transformational potential of crypto may have been informed by the extreme levels of price volatility in the cryptocurrency market and lack of regulatory guidance when the survey was in the field; it's hard to gauge how important something might be in five or 10 years when its near-term viability is in question. And it's doubtful subsequent developments in the crypto market will have made the crypto-skeptical change their minds.

## **CLOUD ENVIRONMENTS**

We rounded out the survey with a question about cloud environments for investor data and found respondents to be keenly focused on security. Over two-thirds of respondents said they were most comfortable using a virtual private cloud hosted on a public cloud platform such as Azure or AWS. Housing investor data on a private cloud was a close second, with half of respondents indicating they felt more comfortable with that option. Fully public clouds were the least popular option of the three. Only 20% of respondents felt comfortable using them.

**For investor data, which cloud environments are you comfortable with? (select as many as apply)**



We've noted the development of an incredibly strong preference for working in the cloud in recent years and are unsurprised by the strong focus on security.

## **SUMMARY**

It's a worthwhile exercise to pause once in a while to tease out industry leaders' thoughts on the big technology shifts confronting the fintech industry and compare notes with our peers. Clearly they are thinking about these issues,

especially the ones that are already having an impact, like customer demands for seamless data exchange and AI capabilities that are already available to those clever enough to apply them in innovative ways.

And we're not overly concerned about the slight delta the Envision Big Think Mini Survey identified between the perceived importance of these trends and the resources firms are devoting to adopt to them. Glass half empty types might consider the disconnect to be reflective of a problem. We look at it as evidence of a constructive impulse to always be doing more to prepare organizations to compete in the future.