



The digital alternative fund: A new era of investor service

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Alternative funds will need to get serious about embracing digital strategies and technologies if they want to attract and retain investors in the future.

Executives in alternative funds may be tempted to think, “We’re not an online bank or a consumer app. Digital doesn’t matter that much in our space.” Resist the temptation, because there is huge risk in this type of thinking. Digital strategy and technology matter in every industry, and the alternative asset managers that embrace this new normal will be in a stronger position to compete and rise to the future.

Let’s face facts. Digital is ubiquitous in our everyday lives, and it shouldn’t stop short when investors interact with their investments. The same investors doing business with you – browsing your portal, visiting your website, logging in to your app – are interacting with those digital-forward companies and services you think are in a different league. When your investors start comparing the customer experience they have with your firm to other services they use every day, you don’t want to come up so short that investors are left wondering if you’re investing in digital at all. This is a race you don’t want to lose.

And it isn’t farfetched to think of digital as a race. Research supports that those firms embracing digital are growing faster.

In 2017, FIS and Longitude Research surveyed more than 1,000 leaders from across the financial services landscape, with several hundred representing the buy side and asset managers. Using the FIS Readiness Index, we scored respondents on their activity across six dimensions, including digital innovation. Readiness Leaders – those representing the top 20 percent of our respondents – far out-score the rest of the buy-side industry when it comes to digital innovation, and those same Readiness Leaders are growing revenues and AUM faster than everyone else. If growing AUM and revenues matters, then digital should matter, too.

Still, more needs to be done. Only 14 percent of front-office executives across asset management feel they are “highly effective” at delivering digital and mobile services to investors.

With competition at an all-time high, a digitally empowered investor experience could make all the difference for alternative funds in pursuit of growth.

Alternative funds need to be hyper-focused on the investor experience, and leveraging digital is a key area to focus on:

- When an investor comes in to do due diligence, what will be their first impression? Take a hard look at your website and evaluate whether or not your digital “shop window” will inspire or jar investor confidence.
- When an investor needs information, how hard will it be to get it? Take a hard look at your investor portal and evaluate whether or not you are giving investors a smooth experience to getting the data and reports they want, whenever they want them.
- When an investor is looking for a customized experience, can you offer it? While customization may sound like a heavier lift for your operational teams, digital solutions can empower you to offer scalable self-serve-style options to your investors without draining your resources. With digital portals that give investors ways to visualize and analyze their information on their own, you take pressure off your team.

Don't overlook the importance of embracing digital strategies to enhance the investor experience. With competition at an all-time high and research showing that asset managers that excel with digital are growing faster than others, there's no time to waste. The era of the digital alternative fund is here. **Are you ready?**

About FIS

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