

One operating model for asset management

Integrating the right levers to unlock enterprise value

Point of view – Part 2

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This is the second part of our analysis on asset managers’
transformation to unlock operational alpha

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Breaking down silos

In the first part of our point of view¹, we noted that the asset management industry has reached a structural inflection point. Persistent fee compression, rising operating costs, increasing product complexity and evolving client expectations have exposed inefficiencies that were long masked by market performance.

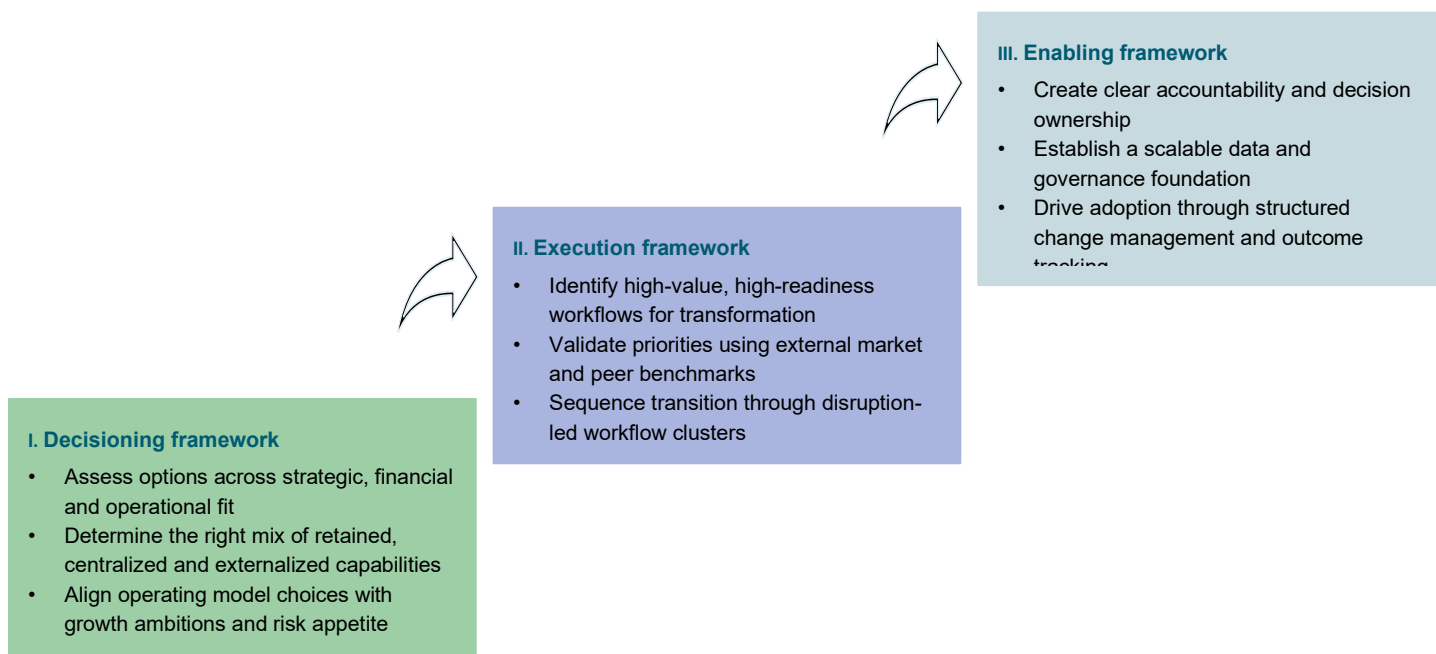
Furthermore, we highlighted that this challenge is no longer cyclical—it is structural, requiring a fundamental rethink of how operating models are designed and executed.

While asset managers have deployed transformation levers, such as outsourcing, automation and digital transformation, these initiatives are often pursued in isolation. This fragmented approach has limited impact, delivering incremental efficiency gains but failing to unlock enterprise-level value.

In practice, standalone initiatives tend to create new silos, fragmented ownership and duplicated effort, rather than a streamlined, scalable operating model. The core challenge, therefore, is not identifying the right levers but integrating them into a cohesive operating model.

Building on the first part of our point of view, we now shift the focus from identifying levers to designing and transitioning to the best-fit target operating model. This phase of transformation is not about doing more—it is about doing the right things. Asset managers must move from fragmented initiatives to an integrated operating model, guided by clear decision-making, disciplined execution and sustained enablement.

Three practical frameworks to guide the journey



¹ <https://www.crisil.com/content/dam/crisil-integral-iq/what-we-think/all-our-thinking/reports/2026/01/unlocking-operational-alpha-for-asset-managers/unlocking-operational-alpha-for-asset-managers.pdf>

I. Decisioning: Identifying the best-fit operating model

There is no universal operating model for asset management. Firms are shaped by different strategic priorities—from global expansion and product innovation to cost optimization, operational resilience and investment capability differentiation. These priorities are further influenced by scale, product mix, geographic footprint, asset class exposure and investment strategy complexity.

As a result, operating model design cannot be standardized. A model suited to a global multi-asset manager expanding into private markets will not necessarily serve a mid-sized public market firm focused on cost efficiency, process standardization and capability differentiation. Adopting the wrong model can create structural inefficiencies, increasing complexity, diluting accountability and limiting the organization's ability to scale.

The critical decision is therefore not whether to transform, but how to determine the operating model that best fits the firm's strategic ambition, financial realities and execution capacity.

The solution lies in a structured decision-making framework that evaluates operating model choices across three dimensions—strategic, financial and operational readiness. Each dimension reflects a critical lens through which operating model decisions must be assessed. Notably, these dimensions are independent—optimizing for one in isolation often creates trade-offs in others.

Strategic fit <i>Balance scale with strategic enablement</i>	Financial fit <i>Look beyond efficiency</i>	Operational fit <i>Process maturity and capability</i>
 <i>Operating models should not be designed purely for efficiency—they must enable growth, product innovation and differentiated investment capabilities</i> • Alignment with growth strategy • Support for product innovation • Preservation of competitive advantage • Geographic and business scalability • Strategic control over critical capabilities	 <i>The objective is to not only reduce costs but also create a structurally efficient model that releases capital for future investment and long-term value creation</i> • Total cost of ownership • Investment and transition costs • Expected payback period • Cost flexibility and scalability • Long-term value-creation potential	 <i>An operating model is only as effective as the organization's ability to execute it; this requires standardized processes, robust data foundations and integrated operational capabilities</i> • Process maturity and standardization • Data and technology readiness • Complexity of transition • Risk and control requirements • Capability and change readiness

The increasing complexity of investment strategies, cost pressures, regulatory expectations and technology dependencies require asset managers to adopt a combination of operating model constructs across the value chain. The decision is no longer a binary choice. Instead, firms should determine

- Which capabilities should remain closely integrated with investment teams
- Which workflows can be scaled through centralized hubs
- Which activities are better delivered through strategic external partnerships

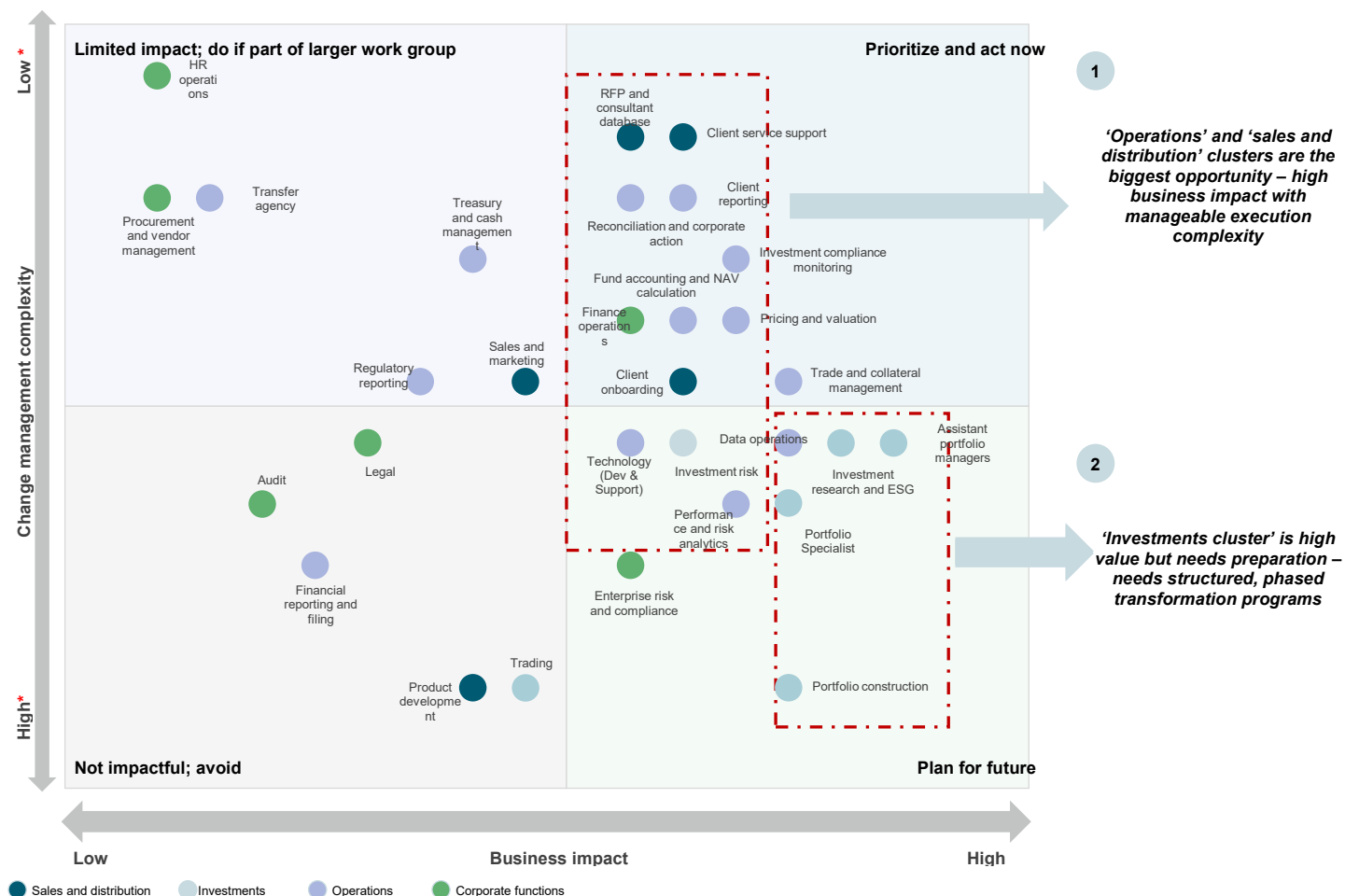
II. Execution: Defining and transitioning the right book of work

Most operating model transformations fail not because firms choose the wrong model, but because they attempt to transform the wrong workflows in the wrong sequence, through the wrong construct. This is where strategy often breaks down during execution. Firms may have a clear ambition for the future-state operating model, but without disciplined workflow-level prioritization, transformation becomes overly broad, slow and unwieldy. Enterprise-wide programs can create momentum, but they often lack the precision required to deliver measurable value.

The objective is to define the right book of work—one that prioritizes the workflows where value, readiness and market maturity converge. To achieve this, firms need to apply two lenses: an internal **workflow prioritization lens** and an external **peer lens**. The first identifies what matters most to the firm. The second tests whether the market has already de-risked the path.

Lens 1: Workflow prioritization

The first lens requires the firm to conduct a self-examination of its own operating environment. Each workflow should be assessed across two variables: (1) **business impact** – measures the potential business impact of transformation across cost, scale, revenue enablement, resilience and control; (2) **difficulty of change** – measures the effort required to transition the workflow, including regulatory exposure, technology and data dependencies, integration needs, process standardization, and organizational readiness.



* Axis is inverted; most attractive workflows (high business impact, low change complexity) fall in the top-right 'Prioritize and act now' quadrant.

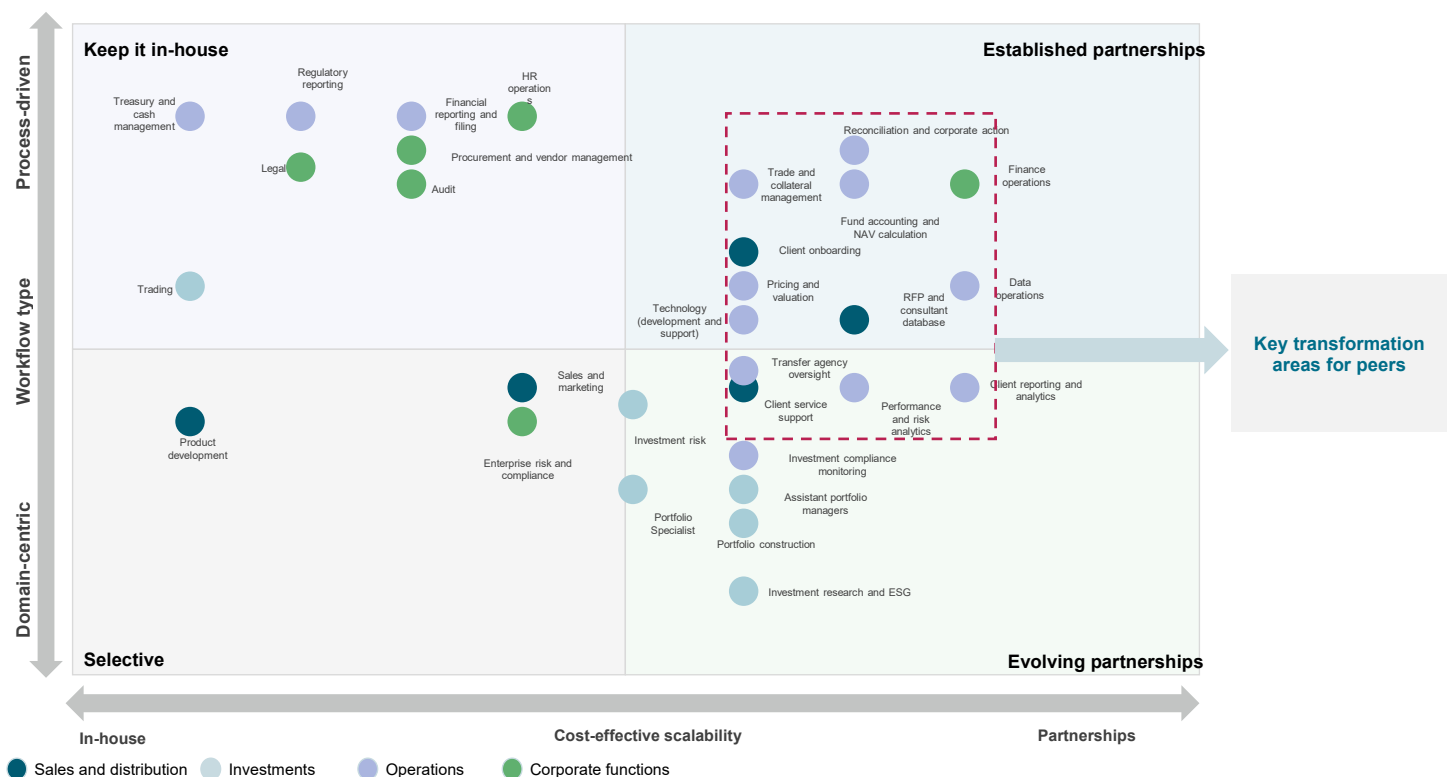
- The first wave is rarely glamorous. It often focuses on 'operations' and 'sales and distribution' clusters, where structural inefficiencies tend to be concentrated. These are also areas where process standardization, automation and external delivery models are typically more mature and easier to scale. These workflows can deliver a compelling combination of strong business impact and higher transition readiness, reducing costs, building execution credibility and creating the operational foundation required for complex transformation later
- In contrast, front-office activities such as research, portfolio construction and investment decisioning may carry significant strategic value, but they are often less suitable for immediate transformation. These activities involve greater levels of investment judgment, bespoke process design and direct linkage to investment differentiation

The workflow prioritization lens therefore brings discipline to ambition. It helps firms move beyond broad transformation intent and identify where the organization has the clearest right to act. By distinguishing between high-impact, high-readiness workflows and those requiring deeper foundational work, it ensures that the execution roadmap is both strategically relevant and operationally realistic.

Lens 2: Peers

The internal lens is necessary, but it has a blind spot. It cannot always distinguish between what is inherently difficult and what is difficult for a specific firm. This distinction is critical. A workflow that feels complex internally may already have been standardized, industrialized and scaled across the market. Conversely, a workflow that appears process-heavy may still be strategically sensitive or difficult to separate from the core investment function.

The peer lens looks outward. It evaluates each workflow based on two factors: the extent to which peers already externalize the activity, and whether the work is repeatable and process-driven or judgment-led and domain-intrinsic. This lens is valuable because it introduces external discipline into internal decision-making. It helps firms avoid treating firm-specific complexity as market-level complexity and prevents overreach by highlighting areas where the market has remained cautious for good reason.



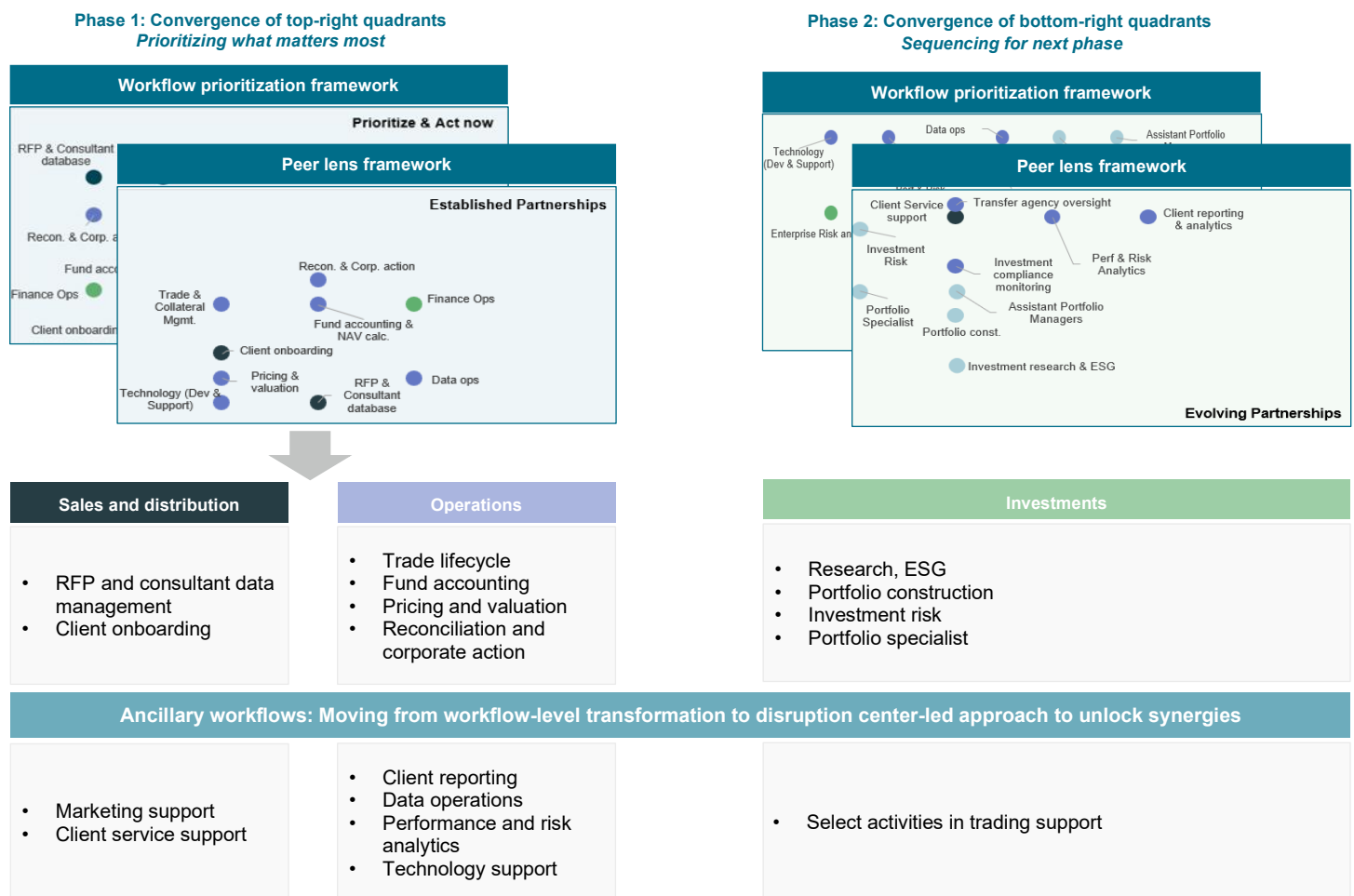
Workflows such as data operations, onboarding and transfer agency fall within the established external delivery territory. The provider market is mature, the operating patterns are well understood and the transition risks are limited. In these areas, firms should ask: if the market has already solved this at scale, why are we still carrying the burden internally?

Domain-led work, such as research, portfolio construction and investment decisioning, remains in a different category. These activities are where judgment, differentiation and intellectual capital reside. The market has been cautious here because the risks are not simply operational; they go to the heart of the investment proposition.

The peer lens therefore does not tell firms to copy the market. It tells them where the market has already reduced execution risk, where caution is warranted and where internal conviction must be particularly strong before changing the model.

Convergence of the lenses

Neither lens is sufficient on its own. The internal lens identifies what is worth doing. The peer lens identifies what has already been de-risked by the market. When the two are combined, they create a practical roadmap for execution.



- Phase 1:** When a workflow scores high on internal priority and operates in a mature external delivery market, the answer is clear: move now. Reconciliation, fund accounting, onboarding and RFP/RFI/DDQ often fall into this category. These are phase 1 candidates because the business case is strong, the delivery models are proven and the strategic rationale for waiting is limited

- **Phase 2:** When a workflow has high business impact but carries greater complexity or sits in a less mature external market, it should be sequenced next. These are phase 2 candidates. The prize may be material, but the transition requires stronger change management, better data foundations, tighter governance and a more deliberate migration path before execution begins

In practice, firms should use these insights as a **diagnostic starting point and shift to a disruption-led approach**, grouping prioritized activities into allied workflow clusters that are operationally connected, data-dependent, or linked to a common business or client outcome. The framework defines where transformation should begin, while the disruption-led approach determines how change should be organized to unlock enterprise value. When re-engineered together as connected clusters, they remove structural friction across the value chain and create step-change improvements in cost, control, scalability, resilience and client experience.

The convergence of internal prioritization and external market maturity creates a practical roadmap for sequencing transformation. By grouping these prioritized activities into allied workflow clusters, firms move beyond incremental efficiency to unlock enterprise-wide synergies and true operational alpha.

III. Enabling: Making it stick together

There is a quiet graveyard of asset-management transformation programs that did everything right on paper. The cost analysis was sound. The book of work was correctly prioritized. The levers were the right ones. However, 18 months later, the savings had not materialized, the offshore team was firefighting and the business had quietly routed around the new process. The strategy did not fail but the change failed.

This is the part nobody puts on the steering committee slide because it is not a framework you can buy—it is organizational graft. However, it is also where the entire return resides. The decision and execution frameworks tell you what to move and when, while the enabling framework determines whether the change will truly take hold.

Across multiple operating model transformations, we consistently observe four barriers that slow adoption, create resistance and prevent benefits from being fully realized:

- **Limited awareness and trust in the future-state model**, leading to uncertainty about roles and responsibilities
- **Misalignment between executive sponsors and line managers**, where transformation is a leadership priority but not reflected in day-to-day operational decision-making
- **Fragmented ownership and accountability**, resulting in delayed decisions, duplication and inconsistent execution
- **Weak reinforcement mechanisms**, where teams gradually revert to legacy processes once the transition concludes

These obstacles are overcome by managing stakeholder resistance with the same rigor applied to the operating model, which is precisely what established change frameworks (Kotter, Lewin's rule and ADKAR) prescribe. Below are the four best practices that have helped hold it together for our clients, across the multiple transformations we have delivered.

Ownership before activity <i>Establish guiding coalition and address fragmented ownership and alignment</i>	Stabilise, then transform <i>Steady process before change to avoid workflow-level transformation overload</i>	Shared data foundation <i>Avoid operational friction and inconsistent execution</i>	Governance and oversight <i>Anchors change and prevent potential reversion</i>
			
Unfreeze – Prepare	Change – Move and embed	Change – Build foundation	Refreeze – Sustain
• Accountable owner per end-to-end workflow, not just for a part • Back the owner with real decision rights and budget • Appoint a senior sponsor to break cross-team deadlocks • Lock the service-level agreement, handoffs, and success measures before any task moves	• Document standard operating procedures (SOPs) and exception logic before you relocation/automation • Fix data quality first—automation only amplifies bad inputs • Run a parallel period to prove stability before full cutover • Sequence the levers, offshore to stabilise, then layer automation	• Build one governed source of truth; retire the shadow spreadsheets • Assign data ownership and quality rules, not just a place to store it • Train teams on the new tooling before go-live, not after • Expose clean data via application programming interfaces so downstream workflows reuse it	• Define metrics upfront – turnaround, error rate, cost to serve, etc. • Review them in a standing forum with the workflow owner • Wire a feedback loop so fixes flow back into the process and SOPs • Tie team incentives to the new metrics to prevent quiet reversion
From change management to outcome – RFP/RFI workflow transformation			
• Centralized RFP process with dedicated owner • End shared ownership across regions and functions • One accountable point of control and handovers were coordinated	• Mapped the workflow before moving it • Split repeatable content work from deal-specific positioning • Offshoring for well-defined work—no chaos inherited, far less rework	• Built a governed content library—written once, approved once, reused everywhere • Gave the team clean, reusable content to scale assembly	• Tracked turnaround, reuse and win rate with a feedback loop returning every approved response to library • Kept sign-off onshore • Ongoing process and content refresh

Connecting decisions, execution and outcomes

Across this report, we have moved from principle to practice: a decision framework to choose the operating model that fits the firm's strategy, economics and capacity to execute; an execution framework to identify the right book of work and sequence it with evidence rather than instinct; and an enabling framework to make the change actually hold.

Together, these frameworks address the question posed in the first part of this series—apart from where and how to cut costs, how to re-architect the operating model to scale intelligently, with clearer ownership, less duplication and a shared data foundation.

Yet a question now hangs over every one of these decisions—and it is the one we hear most often in client conversations: what does AI do to all of this?

This raises a genuine dilemma.

- If AI is poised to redefine which workflows are worth outsourcing, automating or reimagining altogether, then the sequencing logic in this paper is not static—it is a moving target. A workflow that appears to be a prime Phase 1 offshoring candidate today may, within a cycle or two, become an end-to-end AI-enabled process
- Does it still make sense to commit to a multi-year transformation, or should asset managers hold back and focus on integrating AI first, betting that it will rewrite the economics before a transformation pays back? Waiting too long risks allowing the firm to continue incurring costs that the strategies outlined in this paper could eliminate years earlier. Moving too quickly, however, risks hardwiring a model that AI may soon render obsolete

This is the question the next part of this series will tackle head-on—examining where AI truly alters the transformation calculus and where it does not, and how managers should approach the two so that today's operating model decisions and tomorrow's AI capabilities underpin, rather than undermine, each other.

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