Accelerating AI Adoption in Asset Management Requires AI-Ready Data

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There is genuine excitement among asset management firms over developing AI and Generative AI (GenAI) use cases to optimize their businesses.

While a few AI-driven processes, such as trade optimization and portfolio rebalancing, are well established, asset management firms are now exploring the potential for moving more AI initiatives from prototype into production, including GenAI use cases.

According to a recent survey titled **Front Office Support Model conducted by Cutter Associates[1],** almost 60% of investment management firms stated their reasons for evolving operational and technology support for the front office was to drive or support innovation. These include initiatives such as strategically implementing or experimenting with AI and other technologies to improve efficiency, better support decision-making, and improve reactions to market conditions. Investment management firms are also prioritizing enhanced analytics across the front office, including self-service capabilities and ad hoc reporting, according to the survey.

> **According to a survey conducted by Harvard Business Review Analytics Services, "91% of survey respondents agree that democratizing access to data and analytics is important to the success of their organizations."[2]**

Challenges to Innovation

For asset managers looking to achieve their AI innovation goals, data remains a major focus. Data quality is fundamental to AI initiatives and usable analytics, as is data discoverability, use of common data sources, data availability, and proper permissioning.

Roadblocks such as data silos and teams creating their own data and analytics lead to delays in developing AI capabilities and gaining insights that support decision-making. These roadblocks include using their own data stores and data marts with little to no collaboration or centralized oversight, and lack of modern data integration and data management tools. Siloed data stymies AI and GenAI initiatives.

AI and analytics initiatives require data that is high quality, understandable, accessible, and secure, but respondents in the Cutter survey noted that legacy architecture, data issues, and instrument complexity are all challenging their ability to meet business users' demands for innovation and take advantage of new technologies such as AI.

Achieving high-quality, trustworthy, accessible data to drive innovation is impossible without a flexible and scalable data architecture paired with a robust support organization, proper oversight, and governance.

Firms' Top Front-Office Support Challenges

Challenge	%
Legacy architecture & technology	43%
Data access & data silos	43%
Ability to produce accurate & timely self-service analytics	40%
Data governance & data quality	40%
Lack of technical support resources with business knowledge	34%
Impact of instrument complexity	31%
Scaling to support new business & strategies	23%
Top of the house/total portfolio view	14%
Developing a sound strategy for AI	11%
Hiring/retaining investment professionals with technical expertise	9%
Legal & regulatory compliance capacity/expertise	6%

Source: Cutter Research Front Office Support Model member survey, August 2024

Legacy Architecture and Technology

Legacy architecture and technology cost firms in numerous ways. It hinders their ability to:

- pivot and adjust to different investment strategies and asset classes

- ingest new datasets quickly

- integrate with other solutions

- scale operations and AI initiatives

- implement data-dependent initiatives such as AI and self-service analytics

Some of the legacy technology may be vended, but more often it is proprietary applications that firms have built and supported for years.

Maintaining and enhancing custom solutions requires a considerable amount of investment and technical resources. Firms often end up with an enormous amount of technical debt and face difficult decisions around the path to modernization.

> According to EY research, "Despite the positive gains, companies' data infrastructure is becoming a bottleneck. 83% of senior business leaders said their organization's AI adoption would be faster if they had stronger data infrastructure in place, and two-thirds (67%) admit their lack of infrastructure is actively holding back AI adoption."[3]

Data Challenges

In Cutter's survey, firms cited several data challenges slowing innovation, including data discovery and data access, data silos, data governance, and data quality. Additionally, an InterSystems survey[4] of asset management firms finds that 54% of firms are challenged by data errors and 41% of firms state their IT or data teams spend between 25-50% of their time servicing data requests from the business.

Certainly, a firm's ability to improve data challenges is tightly tied to having a flexible, scalable, modern platform, especially one that enables firms to onboard new datasets quickly, support new data types (such as unstructured data), and support new data integration technologies.

Data silos and multiple data hubs obstruct data discoverability and access. They increase complexity, are inefficient, and can lead to issues with duplicate data because firms do not know they have the data in multiple places.

Addressing data challenges is a critical initial step to improve analytics, implement AI initiatives, and support innovation. Democratizing access to data allows users across the organization to build analytics, yet firms also must invest in the right support and guardrails to ensure users know how to properly use data.

Tackling issues of data trustworthiness, accessibility, and quality is essential for a firm to become more operationally efficient and ensure the front office has the data and analytics it needs to make data-driven decisions faster.

Keys to Supporting Data for Accurate and Timely Self-Service Analytics

- Knowing who is responsible for the data and whom to call if analytics creators and consumers have questions.

- Having an updated data catalog to allow users to easily find the data they need and understand appropriate uses for it.

- Giving users trust in the data with data lineage and quality indicator metrics.

- Establishing proper security and permissions to ensure appropriate data usage and to protect sensitive data.

- Aggregating data across various internal and external sources in real time to support self-service analytics.

Strategic Initiatives to Support Innovation

Every asset management firm is unique, and while they may have similar goals, such as being agile and supporting innovation like AI initiatives and self-service analytics, how they choose to get there will differ depending on the size of the firm, type of assets managed, culture, expertise, current data architecture, and data management processes and procedures.

Some firms—mostly larger firms with larger budgets and IT staff—can afford to build and manage a complex data platform. It is expensive, time- and resource-consuming, and more likely, only practical for larger firms such as those with over $500 billion in assets under management (AUM).

Smaller- to medium-sized firms may not want, or do not have the capacity, to build and manage their own data platform. For them and for larger firms that determine they do not want to take on the technical debt of building their own data platform, there are ways to strategically use managed solutions. Managed solutions are different from outsourced data management. Done properly, managed solutions can provide the high degree of customization offered by a build-your-own approach, with the simplicity and reduced effort associated with outsourcing, without the limitations of either. It can provide the best of both worlds without the downside effects of either approach.

Managed Solutions

A hybrid approach to modernization that includes a combination of managed infrastructure and data management can be a powerful enabler of innovation. It empowers asset managers to achieve the best of both worlds: a high degree of customization typically associated with building and managing their own data platforms, and the operational simplicity of outsourcing the infrastructure and data management components they prefer not to handle internally. This model enables firms to modernize rapidly without the long implementation timelines or the ongoing burden of maintaining complex systems.

By leveraging managed infrastructure, firms can adopt modern, scalable architectures that reduce risk and support agility. Data management solutions complement this by streamlining data discovery, access, cleansing, validation, and normalization—freeing internal teams from repetitive tasks while ensuring data is aligned with specific business needs.
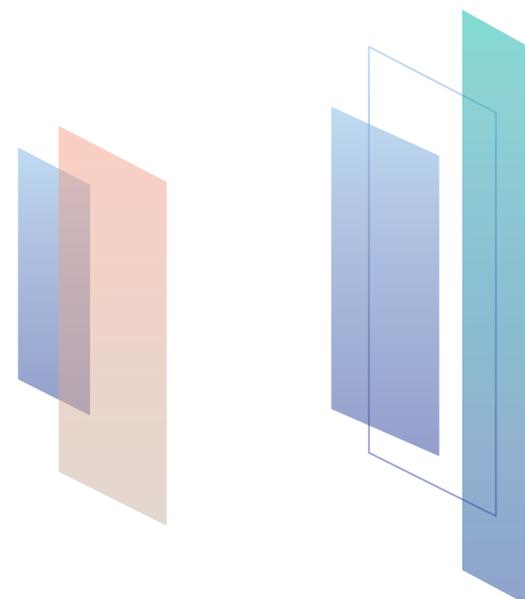
Providers that offer customizable solutions can tailor data management and analytics capabilities to meet each client's unique requirements and timelines.

Integration is another critical component of this hybrid model. As data becomes increasingly distributed across silos and systems, firms need a way to unify access without disrupting operations. A data fabric architecture provides this capability by integrating data across disparate sources—without requiring duplication or complex migrations. This enables self-service analytics, AI use cases, and seamless reporting, while minimizing disruption to users and downstream applications.

The most effective managed solutions bring all of these elements together in a unified environment. Rather than stitching together disparate technologies and services, firms benefit from a cohesive platform that delivers infrastructure, data management, and integration capabilities in one place. This reduces infrastructure costs, simplifies user access, and accelerates time to insight—while preserving the flexibility and control needed to support differentiated strategies.

Data Fabric

A data fabric is a combination of architecture and technology that reduces the complexity of managing different kinds of data across multiple sources and systems. It provides a unified data environment with tools and services for accessing, integrating, cleansing, governing, and using data.

The InterSystems Difference

InterSystems delivers a **comprehensive managed solution tailored for asset management firms** to accelerate AI-driven innovation without the complexity of overhauling their entire data architecture. Our cloud-native platform combines the flexibility of a highly customizable environment with the simplicity of fully managed infrastructure and a full range of self-service data management capabilities—empowering firms to modernize, scale, and innovate with confidence.

At the core of our offering is a **smart data fabric architecture that seamlessly integrates and transforms data from internal and external sources.** This architecture supports real-time analytics and AI applications while preserving existing systems, enabling firms to evolve their data strategy without disruption. By automating data management, InterSystems provides a unified, high-quality, AI-ready data layer that serves as a trusted foundation for decision-making.

Our managed solutions **allow asset managers to reallocate IT resources from maintenance and integration tasks to high-value initiatives**—such as supporting the front office with advanced analytics and piloting AI use cases. With asset management-specific implementation support, firms can configure a solution that aligns precisely with their operational and strategic goals.

InterSystems Smart Data Fabric

InterSystems has embedded a wide range of machine learning and AI-enabled capabilities to create a "smart data fabric" that makes it faster and easier for asset management firms to gain new insights and enhance predictive or prescriptive analytics.

Learn more

What sets InterSystems apart:

- **Unified Smart Data Fabric:** A fully integrated environment that delivers all the capabilities needed to build and maintain an enterprise-wide single source of truth—supporting analytics and AI with high performance, resiliency, and low total cost of ownership.

- **End-to-End Data Management:** A single platform for ingesting, integrating, orchestrating, and validating data from diverse sources—creating consistent, high-quality datasets required for AI innovation.

- **Embedded Generative AI Capabilities:** Native support for vectorization and tools for vector search and retrieval-augmented generation (RAG) enable advanced AI use cases directly within the platform.

- **Real-Time Performance and Scalability:** High-throughput ingestion and low-latency processing ensure that analytics and AI models operate on the most current data—delivering timely insights for risk and alpha generation.

- **Accelerated Time to Value:** With a fully managed deployment model, firms can launch their first project within three months of implementation, freeing internal resources to focus on innovation rather than infrastructure or manual data wrangling.

InterSystems: A Partner in Innovation

InterSystems offers more than just a flexible, scalable, and cost-effective solution to common data challenges—it delivers a strategic partnership that empowers asset managers to innovate with confidence. Through industry-leading support and fully managed services, InterSystems enables firms to accelerate time to value across a wide range of use cases, including:

Research Assistants
Securely integrate proprietary data and research into large language models to harness the power of generative AI and accelerate time to insight.

Client Insights
Build predictive and prescriptive analytics to identify clients at risk of churn and proactively engage them.

Marketing and Distribution
Automate daily and monthly flows and asset reporting to enhance distribution strategies and improve marketing effectiveness.

Interactive Client Reporting
Combine market, risk, and performance data with client-specific information to deliver bespoke, interactive reporting experiences.

New Product Launches
Streamline workflows and automate data integration to reduce time-to-market for new funds by up to 3X.

Financial and AUM Reporting
Automate data sourcing, cleansing, and normalization to reduce manual effort by 10X, allowing analysts to focus on high-value analysis.

InterSystems in Asset Management

Read about how InterSystems has helped a mid-sized asset management firm reduce costs, create powerful competitive advantages, and develop differentiation.

Read more

These capabilities are not just theoretical—they're proven. A mid-sized asset management firm managing over $100 billion in assets partnered with InterSystems and achieved transformative results:

- **Operationalized a proprietary investment risk analytics platform** in under 6 months, enabling real-time insights for portfolio managers and clients.

- **Reduced time-to-market for new products** from over 6 months to just 3 months, with expectations to shorten this further.

- **Automated marketing and distribution analytics,** enabling timely responses to ad-hoc client and RFP/RFI requests.

- **Launched a proprietary client reporting solution**, enhancing client experience and differentiation in a competitive market.

- **Reallocated 200 FTE hours per month** to higher-value projects by automating manual data processing and retiring legacy systems.

- **Modernized** the technology supporting a legacy custom transaction cost analytics (TCA) solution, drastically improving performance without incurring additional costs.

As the firm's head of data and analytics noted,

> "InterSystems is an extension of our data engineering team, enabling us to deliver on our strategic initiatives and provide business value across the firm."

By choosing InterSystems, asset managers gain a trusted partner that delivers the customization, integration, and operational simplicity needed to drive innovation—**without compromise.**

Conclusion

Accelerating AI innovation in asset management is a complex endeavor, often hindered by siloed data, legacy infrastructure, and limited internal resources. However, **by embracing an approach that combines managed solutions and a smart data fabric architecture**, firms can overcome these challenges and unlock transformative value.

Managed solutions offer a powerful path forward—delivering the high degree of customization typically associated with in-house systems, alongside the operational simplicity and scalability of outsourced services. **This hybrid model enables asset managers to modernize without disruption,** reduce technical debt, and reallocate IT resources to high-value initiatives such as advanced analytics and AI development.

A smart data fabric architecture further enhances this approach by **dynamically integrating and transforming data from disparate sources**—without complex migrations by minimizing data duplication. It supports real-time access, self-service analytics, and AI use cases, empowering users across the firm to make faster, more informed decisions.

InterSystems stands out as a strategic partner in this journey. Its fully managed, cloud-native platform combines infrastructure, data management, and data integration capabilities in a single environment. With embedded generative AI support, real-time performance, and asset management-specific implementation expertise, **InterSystems enables firms to move from concept to execution in record time. This is not just theory—it's proven in practice.**

By adopting InterSystems managed solutions and smart data fabric, **asset managers can transform their data into a strategic asset**—driving operational efficiency, accelerating AI innovation, and positioning themselves for long-term success in a rapidly evolving industry.

**Learn more:
InterSystems.com/Asset-Management**

InterSystems®
Creative data technology

[1] Cutter Research Front Office Support Model member survey, August 2024.
[2] Harvard Business Review, Transforming Data into Business Value through Analytics and AI, 2023.
[3] https://www.ey.com/en_us/newsroom/2024/12/ey-research-artificial-intelligence-investments-set-to-remain-strong-in-2025-but-senior-leaders-recognize-emerging-risks.
[4] InterSystems Data: A Competitive Differentiator (How Asset Management Organizations Are Investing in Data Management), October 2023.