



---

# SCALING YOUR BACK OFFICE OPERATIONS

---

13th October, 2021

With thanks to our sponsors & partners:

**SEI** New ways.  
New answers.®



# INDUSTRY OVERVIEW

How much has the industry changed over the last five years?



Total Revenue: **+19.8%**



Assets under management: **+37.1%**



Total Costs: **+23.8%**



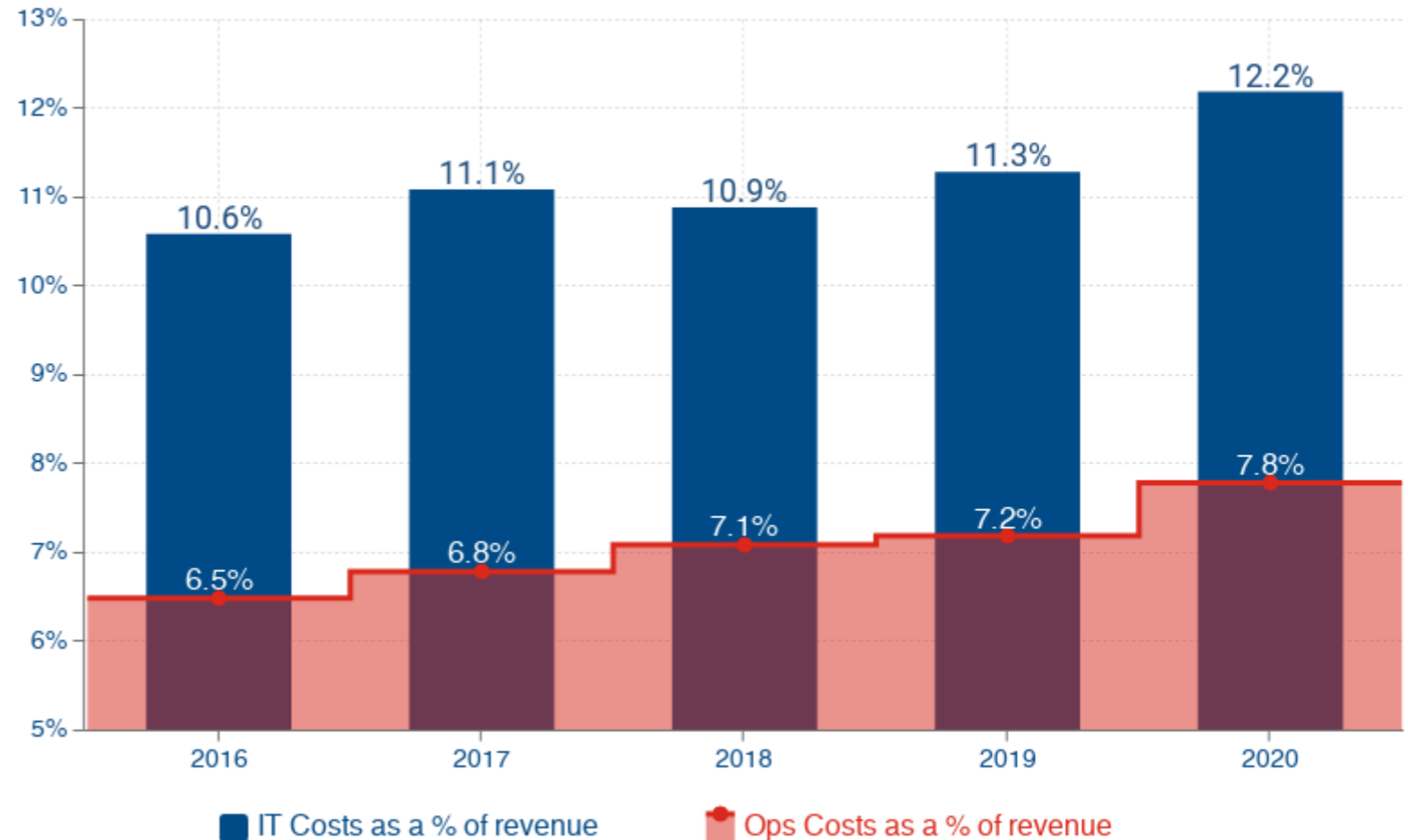
# EFFICIENCY CHALLENGES

From 2016 to 2020:

- IT non-staff costs have risen from 4.5% to 5.7%
- IT staff costs have risen from 4.7% to 5.0%
- Ops non-staff costs have risen from 1.7% to 2.4%
- Ops staff costs have risen from 4.0% to 4.1%

*\*All values are stated as a percentage of total revenue*

## IT & Ops Costs as a Percentage of Total Revenue

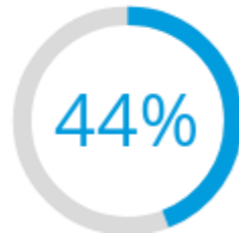


# SCALABILITY STRUGGLES

What proportion of the industry was scalable in each of the last five years?



2016



2017



2018



2019



2020

Years Scalable since 2016	0	1	2	3	4	5
Number of firms	16	31	36	35	17	2

# MARGIN COMPRESSION

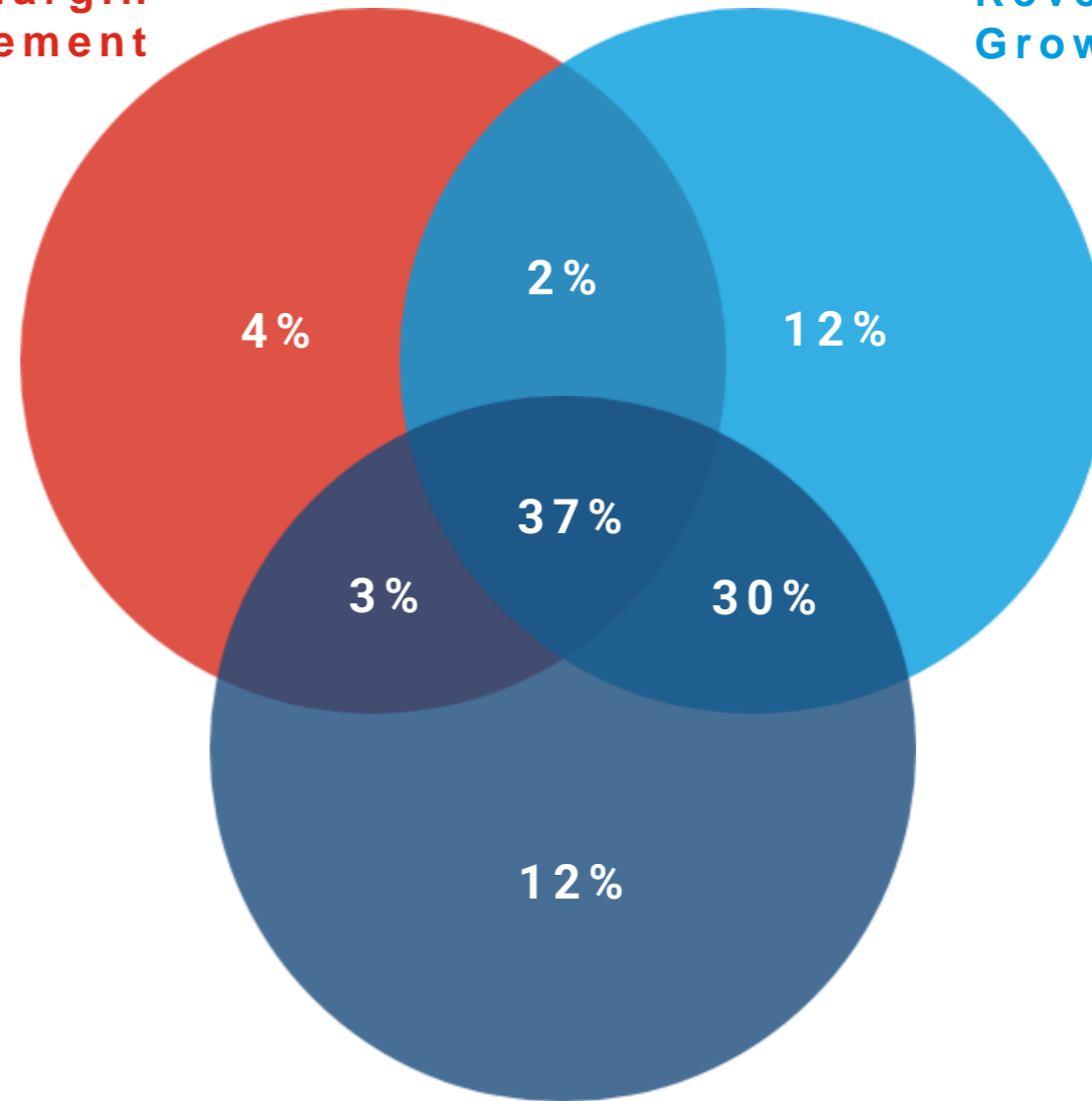
## Scalability Checklist



- ✓ Profitable
- ✓ Revenue Growth
- ✓ Margin Improvement

Margin  
Improvement

Revenue  
Growth

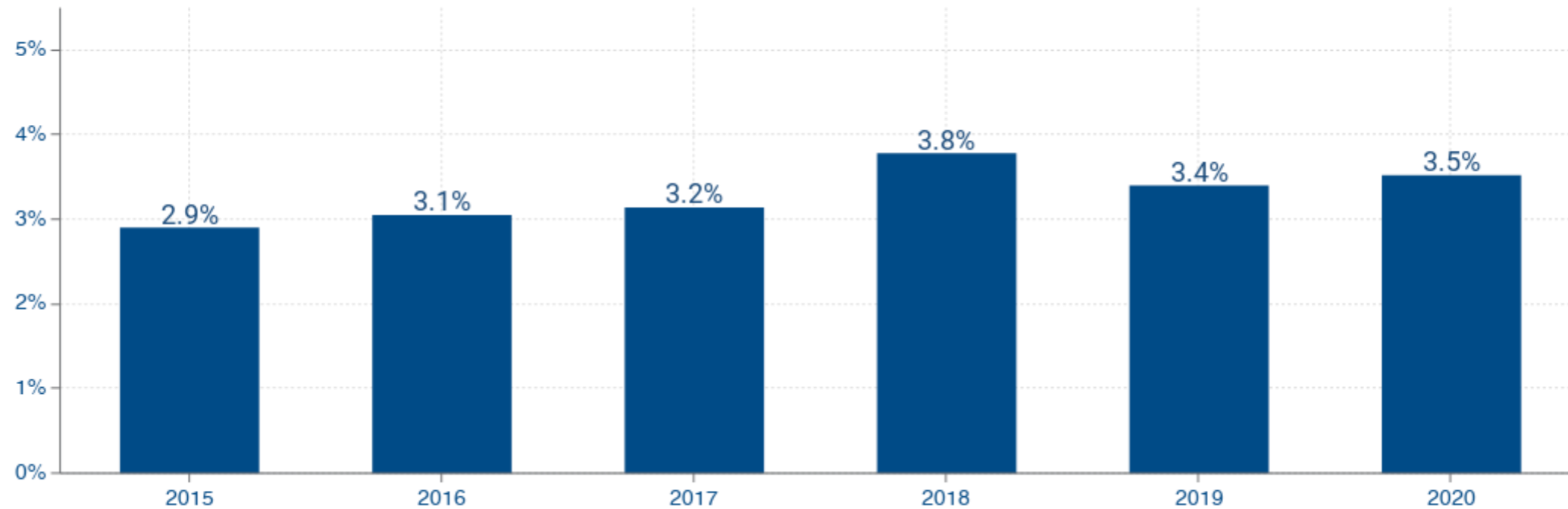


Comparison of 2016 vs 2020 for  
137 wealth management firms

Profitable

# IS OUTSOURCING A SOLUTION?

Outsourcing costs as a % of total costs



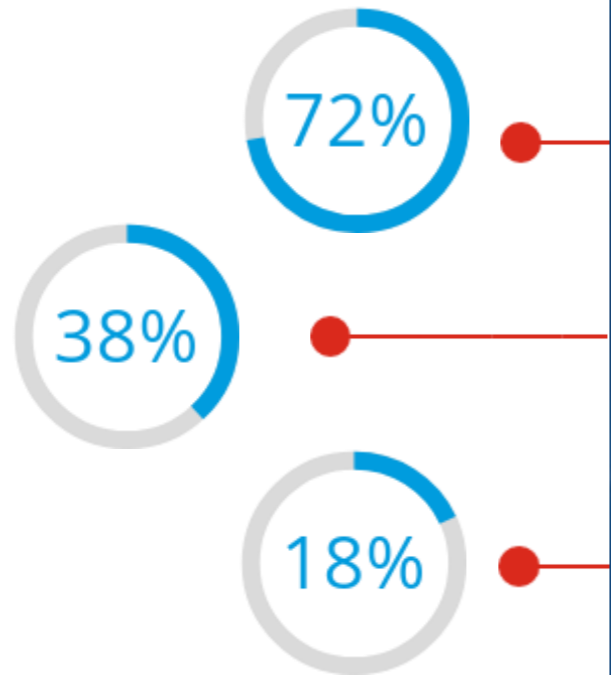
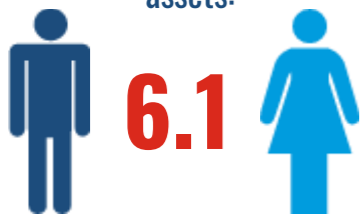
# IN-HOUSE VS OUTSOURCED

## In-House Firms

# VS

## Outsourcing Firms

Average number of in house IT and Operations staff per £1bn of assets:



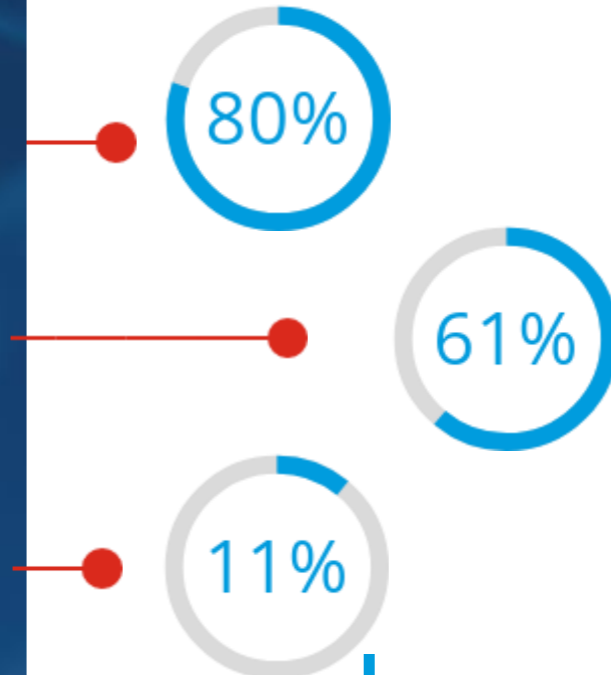
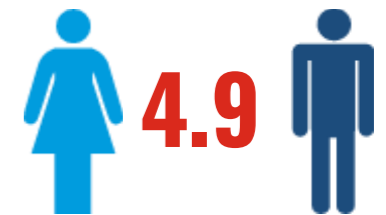
2015 - 2020

ASSET GROWTH

REVENUE GROWTH

WEIGHTED AVERAGE PROFIT MARGIN

Average number of in house IT and Operations staff per £1bn of assets:



# IMPACT ON IT & OPERATIONS COSTS

## IT & Ops costs as a percentage of total revenue

	Weighted Average	Upper Quartile	Median	Lower Quartile
Outsource	21%	30%	24%	19%
In-house	18%	24%	19%	16%

## IT & Ops costs per £1m of assets

	Weighted Average	Upper Quartile	Median	Lower Quartile
Outsource	£1,307	£2,437	£1,966	£1,017
In-house	£1,389	£1,843	£1,323	£928



SEI Investments (Europe) Ltd

# Scaling Your Back Office Operations

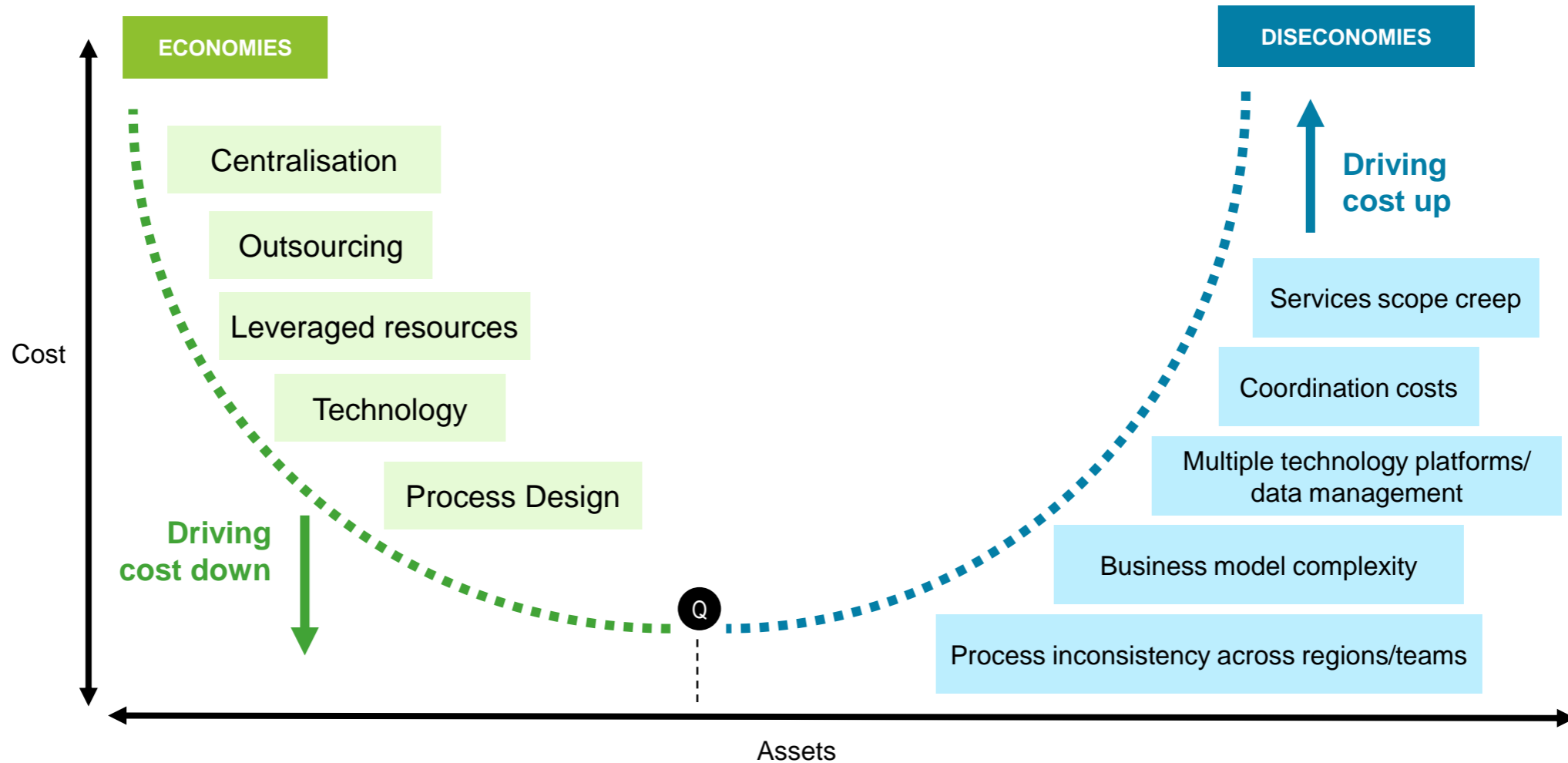
James London

Wednesday, 13 October

SEI New ways.  
New answers.®

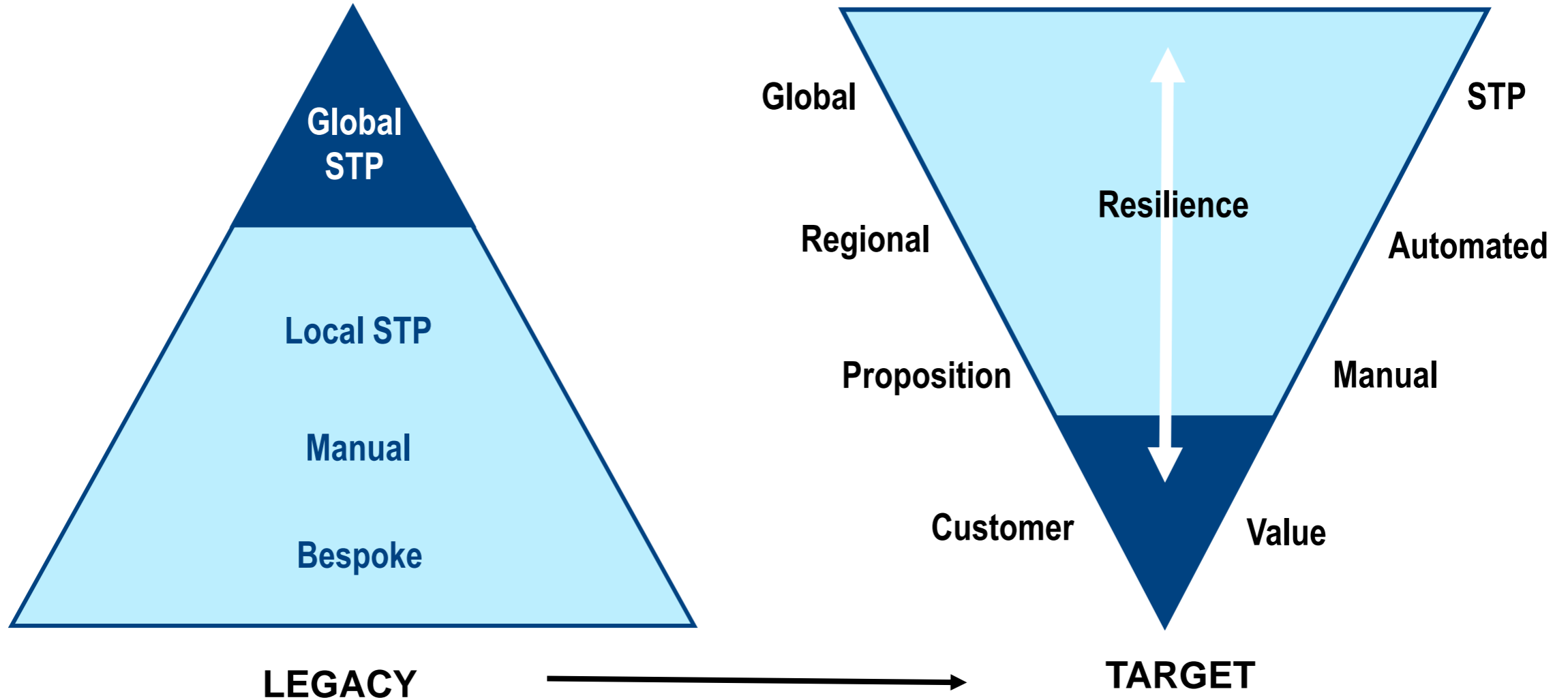
# Scaling Your Back Office Operations Opportunities and Threats

## SIGNS OF ECONOMIES AND DISECONOMIES



# Scaling Your Back Office Operations

## Achieving Scale – The Process Pyramid



## Important Information

This information is issued and approved by SEI Investments (Europe) Ltd (“SIEL”) 1st Floor, Alphabeta, 14-18 Finsbury Square, London EC2A 1BR. This presentation and its contents are directed at persons who have been categorised by SIEL as a Professional Client and is not for further distribution.

SIEL is authorised and regulated by the Financial Conduct Authority. While considerable care has been taken to ensure the information contained within this document is accurate and up-to-date, no warranty is given as to the accuracy or completeness of any information and no liability is accepted for any errors or omissions in such information or any action taken on the basis of this information.

The information in this document is for general information purposes only and does not constitute investment advice. The value of an investment and any income from it can go down as well as up. Investors may not get back the original amount invested.

---

## Panel Session

---

Tom Wooders - GPP



Tony Hanlon – WH Ireland



Paul Stallard – Industry Commentator



---

## Future Webinars

---

**Parkwell Consultants: 4th November**  
The Holy Grail of scalability

**Compeer - The Clients View: 24<sup>th</sup> November**  
Have client expectations evolved?

**Parkwell Recruitment: 9th December**  
Building diversity in the wealth industry