Linedata Unveils Global Study Results on AI Integration in Asset Management Firms

- **36% of companies are actively utilizing AI, and 37% plan to expand its use.**
- **46% of companies are developing their AI capabilities entirely in-house, while 40% are adopting a hybrid approach, combining internal resources and external partnerships.**
- **The primary challenges include data quality and maintenance (19%), understanding costs and building a business case (15%), and accessing AI expertise (13%).**

Paris, London, Boston, New York, Hong Kong, July 10th, 2024 – Linedata (Euronext Paris: LIN), a global provider of asset management and credit technology, data, and services, today announces the results of its report, "What's Next: A closer look at Artificial Intelligence in Asset Management," conducted in collaboration with Global Fund Media, a leader in market trend analysis for hedge fund and private equity professionals. This study explores the adoption and use of artificial intelligence (AI) by asset management firms. In a volatile market environment with increasing regulatory demands, AI is emerging as a key tool for addressing asset management challenges, particularly in enhancing agility and operational efficiency. However, implementing these AI solutions will require time to establish a solid foundation, especially in overcoming challenges related to acquiring quality data and ensuring expected outcomes.

AI Gains Ground Driven by the Quest for Productivity

Currently, 32% of asset management firms have not yet started their AI journey, while 33% are in the experimentation phase, and 36% are actively using AI. Among the latter, 14% have multiple use cases in production and plan further implementations. Over the next year, 37% of companies will focus on expanding AI use, 22% will increase experimentation, and 28% will monitor progress. The most popular applications of Generative AI (GenAI) include document synthesis (28%), data extraction (28%), and knowledge bases/Q&A (17%). Additionally, Generative AI is finding crucial commercial applications, particularly in enhancing front office productivity. Optimizing the efficiency of the transaction team (23%) and directly generating transaction research or yields (18%) are among the most common use cases. AI also plays a vital role in boosting the productivity of middle and back-office operations (19%).

"In a market under multiple pressures, AI adoption in asset management is accelerating. More companies are investing in this technology to stay competitive and develop new use cases. However, implementing AI solutions and realizing their value is a technological endeavor that requires time to establish the right foundations, secure buy-in, drive cultural change, and mitigate risks," explains **Jamil Jiva, Global Head of Asset Management at Linedata.**

Expertise and Data Management Challenges

For 46% of respondents, AI expertise comes entirely from within the company, while only 14% rely solely on external partners. The remaining 40% use a hybrid approach. AI solutions are primarily accessed by purchasing off-the-shelf products (25%), though a notable 18% develop them entirely in-house. Conversely, 32% access AI solutions indirectly through brokers, fund administrators, or outsourcing service providers. Besides AI adoption overall enthusiasm, challenges are numerous: data quality and update (19%), costs understanding and business cases development (15%) along with AI expertise availability (13%). These challenges also do appear when it comes to AI solutions extension.

"Most companies prefer to tightly control their AI capabilities. However, developing in-house expertise is challenging, and no single solution can address all a company's needs. This has led to the rise of hybrid approaches that combine internal resources with external partnerships. Data-quality clearly appears as a major

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challenge to address. Data must be reliable, consistent, safe, and easily accessible to be used efficiently training Large Language Models (LLMs), which clearly sits as a massive project in light of heterogenous systems that spans across the financial institutions. Many asset managers are now developing data lakes, which proves a complex project that requires clear objectives.", adds Jamil Jiva.

SURVEY METHODOLOGY

This survey, conducted in collaboration with Global Fund Media, involved nearly 100 fund and asset managers, primarily focusing on hedge fund and private equity investment strategies. Data was collected via an online questionnaire and in-depth interviews during the first quarter of 2024. Respondents held various executive positions in companies of different sizes and geographic locations: 40% from North America, 40% from Europe, 15% from APAC, and 5% from other regions.

ABOUT LINEDATA

With 25 years' experience and 700 clients in 50 countries, Linedata's 1200 employees in 20 offices provide global humanized technology solutions and services for the asset management and credit industries that help its clients to evolve and to operate at the highest levels.
Headquartered in France, Linedata achieved revenues of EUR 183.3 million in 2023 and is listed on Euronext Paris compartment B FR0004156297-LIN – Reuters LDSV.PA – Bloomberg LIN:FP. linedata.com

ABOUT GLOBAL FUND MEDIA

Founded in November 2018, Global Fund Media operates two intelligence and networking platforms dedicated to hedge fund and private equity professionals. Through a diverse range of analyses, events, and data sets, Global Fund Media aims to inform, educate, and foster collaboration among managers, allocators, and service providers.

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