

Turning innovation into assets

Introduction

The wealth management industry has changed dramatically. Supply-led, product-push distribution models have become increasingly obsolete in an environment where understanding your clients' needs and demonstrating a real and genuine capability to deliver value against them is a critical business success factor which requires more than the simple adoption of a client centric approach.

Parallel to developing relevant client centric processes and dialogues, firms need to broaden as well as deepen their skills and knowledge base. Creating sustainable competitive advantage requires the evolution of structures, processes and systems to promote innovation, enabled by the development of wider knowledge based organisations to promote collaboration, co-ordination and effectiveness. It is in this context we are proud to award Mediolanum Asset Management Limited (MAML) the *World Commerce Review* award for the *Most Innovative Asset Manager in Ireland 2014*.

Mediolanum Asset Management Limited (MAML) is the Dublin, Ireland based asset management arm of the Italian Mediolanum Banking Group, whose operations also act as an open innovation platform for investment products within the Group. They are unusual in the pre-eminence they give to embedding client centricity in their culture as well as their focus on developing the knowledge management systems and processes that underpin their open networked business model. Client solutions are developed, supported and evolved via MedInSynC®, their in-house product development process while their proprietary investment management process Med3® ensures that those same products deliver against the client needs and commercial promise upon which they were originally proposed.

In an industry where retail distribution channels are proliferating and consumer choice is increasing Mediolanum strive for

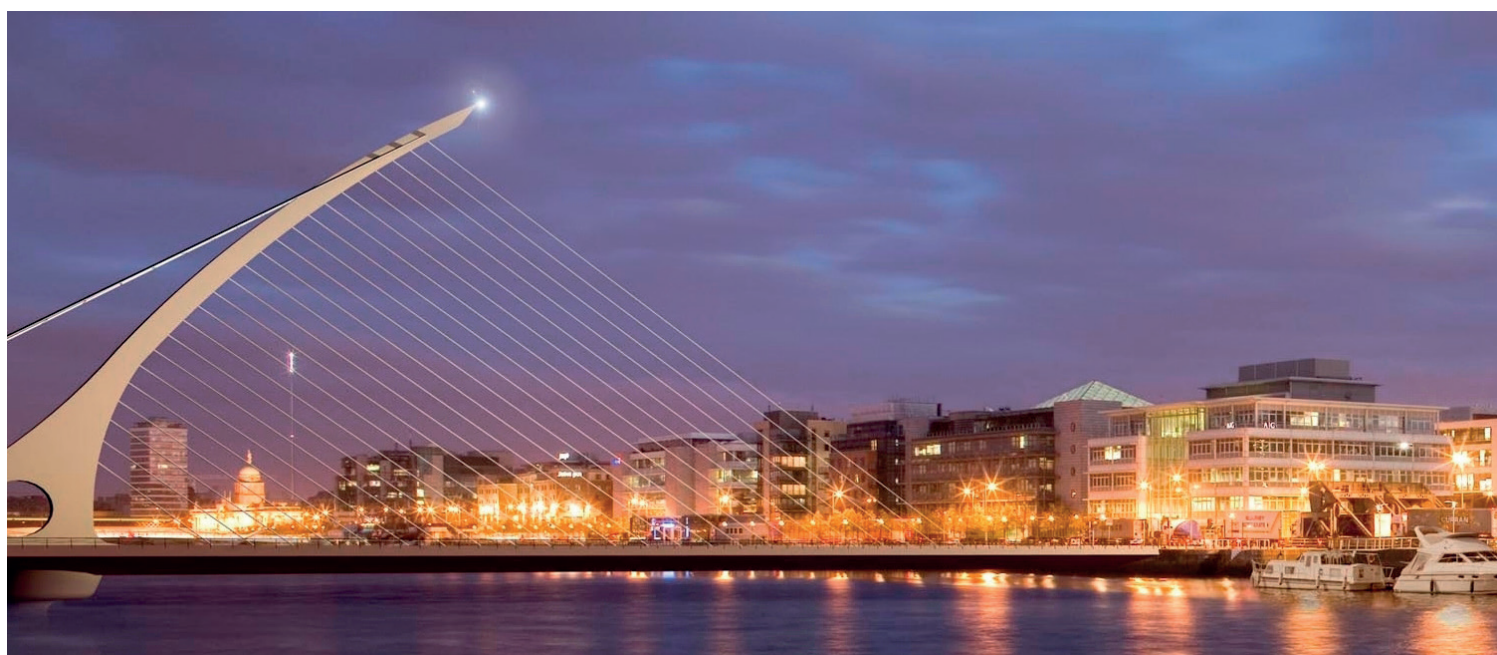
excellence and consistency in terms of their end customer experience throughout the full cycle of customer interactions, not just at specific touch points. From initial client consultation through to clients achieving their specific investment objectives the firm recognises that positive customer experiences provoke strong emotive responses such as satisfaction loyalty and, most importantly, trust.

A measure of this trust is the firms continuing success having experienced positive net inflows every month since inception in 1998 and recording an impressive €3 billion or 15% increase in AUM for the Dublin based business in their most recent audited accounts.

Business model

Adopting and leveraging information technology and systems deployed in other industries particularly the technology industry, the Dublin operation operates a unique networked operating model where an external network of industry partners collaborate to complement existing internal skills and expertise. Frank O Dwyer, CEO of the Irish Association of Investment Managers, says; "*Mediolanum is a big believer in the open innovation model, where firms can and should use external ideas in developing their own products*". External contributions are captured by a cloud based Idea Management System (IMS) used not just to support innovation and product development initiatives but also to supplement its asset management capability. The IMS in turn is just one part of a customised Knowledge Network Platform (KNP) developed to facilitate the rapid transfer of knowledge across functions and geographies as well as capture the tacit knowledge of the firms' internal human resources.

Other components include MedCred™, an internally developed virtual rewards system to promote internal collaboration (virtual system but real rewards!), an on-line virtual library



with audio visual content as well as collaborations with IBM Corporation who state *“The introduction of data warehousing and analytics platforms supports the company’s customer-centric strategy – enabling more active, agile product management and faster delivery of information to clients”*.

Creating this collaborative knowledge based network has boosted the firm’s available internal knowledge, skills and resources which might otherwise have proven to be a limitation on its product innovation and asset management activities. It allows access to unlimited human capital and market intelligence capabilities delivering Mediolanum an information advantage relative to its size. When optimised via internal processes such as MedInSynC® and Med3® this has a significant impact on the quality of investment decisions and subsequent client outcomes.

This recognition that harnessing technology, not technology of the sort developed to process more and faster, but technology linked to digital media, analytics, big data and cognitive computing is a critical success factor in developing its own retail investment management business has not been lost to Mediolanum. A practical example has been the ability to recognise the value of the web as a source of information. They were recently quoted in a research paper by Eagle Alpha *Discovering the Web’s Hidden Alpha; How the buy-side can make full use of online information* which looks at asset managers that innovatively use social media within their investment processes.

The Irish connection

Most companies want to set up their R&D centres in a location where the local business culture is dynamic and supportive and it is here that the Irish link has proven critical. Ireland provides an invaluable ecosystem of global intelligence through its unique mix of leading IT companies and financial services organisations.

Dublin is the internet and cloud capital of Europe with a giant cluster of technology names from IBM, Intel and Oracle to Google, Face book, Twitter and LinkedIn. While it was ranked tenth overall of 142 countries in Cornell’s Global Innovation Index 2013, it was voted fourth in the ‘knowledge and technology’ category - trailing only Switzerland, China

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and Israel. This proximity to centres of excellence is a great accelerator to businesses located in Dublin, especially those companies that have the open innovation systems and culture in place to tap everything the capital has to offer.

This is exactly the case for Mediolanum who are also actively contributing to this growing pool of interconnected skills and knowledge. MedLab® its internal R&D centre charged with promoting and facilitating innovation throughout its entire product and service delivery cycle is actively linked with similar groupings across the capital as well as embedded with academia both on developing specific research projects and contributing to the development of courses specifically promoting innovation as a unique discipline. It is also co-sponsor of the FinTech initiative run by the NDRC (National Digital Research Centre) which aims to identify, support and grow industry innovators with early stage ideas which have the potential to grow into viable businesses.

Summary

While Mediolanum’s initial objective was to develop management tools and processes to constantly monitor and deliver real value against client needs the resultant networked knowledge-based organisational structure and innovation-driven culture supported by investment in enabling technologies is none the less very worthy of the recognition bestowed by this award. ■

