

White Paper

# THE NEW (R)AGE OF **GENERATIVE AI:**

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Game-changing, all-  
pervasive and getting better  
every day.

by  
Chitra Baskar

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# Introduction

Generative AI is undeniably a game-changer. Rapidly evolving and becoming more pervasive with each passing day. It has seized the main stage, capturing the attention of industries and individuals alike. Yet, as with any groundbreaking technology, it faces its share of skepticism. Some argue that it sits at the peak of the hype cycle, potentially overrated and invasive, reminiscent of the blockchain frenzy of the past decade. Despite the critics scoffing at this tsunami-like surge, the potential and power of Generative AI cannot be ignored.

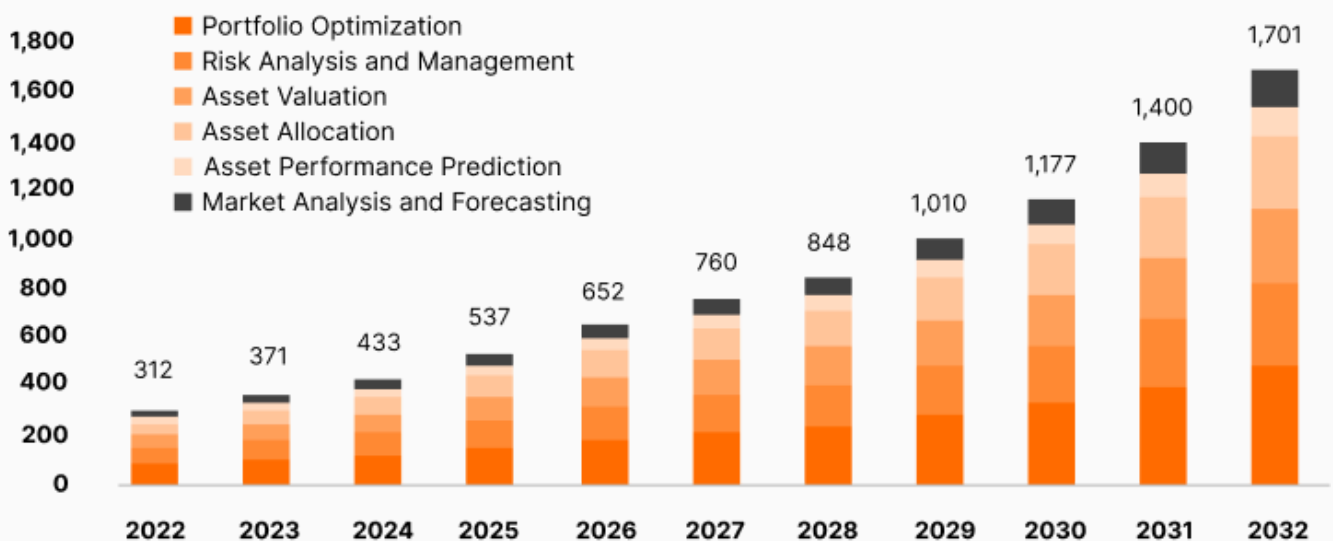
## The Potential and Applicability of Generative AI

We are thrilled by the immense possibilities for transformation that Generative AI offers. From our vantage point of view, we see tremendous opportunities to enhance performance across the entire Asset Management industry, with more specific reference to the alternative investments sector, which has traditionally been slow-paced in the adoption of cutting-edge technology. While GenAI is something that everyone in this sector will continuously hear about, very few may have fully grasped its true potential. Not many may have the intent or the ability to evaluate the most appropriate use-cases and adapt it within their business. While Generative AI presents enterprise-wide transformational potential, the immediate-term and more realistic approach would be to test it first on smaller 'chunks' and use these initial successes to drive more broader and deeper adoption across operations and technology function.

“AI-driven automation can reduce operational costs by up to 30%, while enhancing data accuracy and decision making capabilities, leading to a potential 20% increase in investment returns.”  
*-Deloitte Research 2024*

### Generative AI in Asset Management Market

Size by Application (USD Million)



Source: Market Research

# Applied AI : A more practical adoption approach

Artificial Intelligence (AI) alone cannot address the complex challenges within the realm of alternate investment operations. A more practical solution emerges when AI is integrated with other cutting-edge technologies such as Machine Learning (ML), Natural Language Processing (NLP) and workflow management tools. This integration must be contextualized with a deep understanding of the underlying processes within the investment management lifecycle. It is this deep domain expertise that will pinpoint where and how these tools should be deployed to maximize their value. By strategically applying AI to the appropriate areas of the business, we can ignite innovation through these technological “genies” that automate and perform their respective tasks in a highly coordinated manner. This orchestrated approach ensures that AI and its complementary technologies work in harmony, driving significant advancements and efficiencies in operations. The idea of Applied-AI is to ensure that it allows for transformation without necessarily uprooting or disrupting the tried-and-tested components of the underlying technology that most asset managers are used to working with. New-age generative AI technology sits side-by-side, and allows for seamless integration with legacy platforms within the industry.

## AI begins with the Data done right!

The journey towards AI-driven automation in investment management begins with addressing the complex data landscape. Over the years, data has been accumulated in isolated silos that lack interoperability. Additional complexities arise from geographical nuances, regulatory requirements, customized product and deal structures, and non-standardized documents and communication channels. To achieve a clear, multi-dimensional, data-driven view of the business, this data must first be cleansed, normalized, organized, and aggregated. This foundational step then enables for intelligent agents (“genies”) that automate individual tasks and work together within a “SmarTech” platform. Agentic-AI offers a framework necessary for these genies to autonomously coordinate, delivering faster and more cost-effective outcomes.

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“Implementing AI technologies can streamline compliance processes, reducing related costs by 50% and enabling firms to reallocate resources towards strategic growth initiatives.”

-EY Research 2024

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“AI will fundamentally change the way financial services operate. From fraud detection to personalized banking, AI can help institutions make smarter decisions and provide better services to their customers.”

Satya Nadella (CEO of Microsoft)

# “Business-Ready” Data at your Fingertips

For decades, the alternative investments industry has employed multitudes of highly paid resources to manage data, resulting in tortuous manual processes that struggle to deliver timely or accurate data. And as the data problem compounds, the tendency has been to throw even more bodies at the problem!

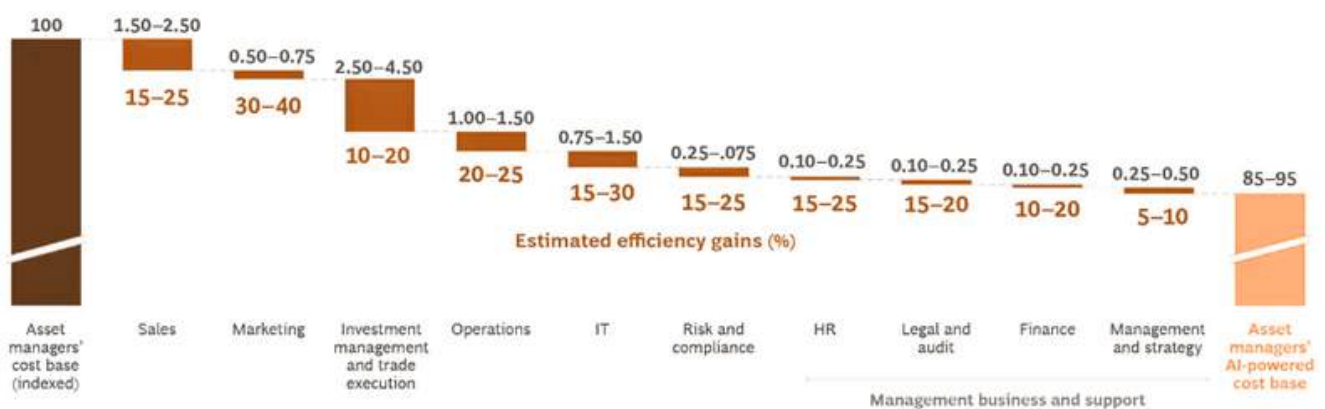
An Outside-In thinking of operational processes by leveraging intelligent automation means that data pipelines are re-imagined with the end in mind – clean, concise and usable data being made available to the right stakeholders at the right time. This reorganization no more needs a complete overhaul, but an ‘intelligent’ approach to leveraging SmarTech solutions. A smart combination of new-age technologies such as Data Sciences, Machine Learning and GenAI can extract, assimilate, normalize and enrich legacy data in much more sophisticated ways than we could in the past.



“We expect our General Partners to leverage AI to enhance operational efficiency and accuracy. AI should be used to provide deeper insights and more accurate predictions. We look for GPs who can harness AI to analyze vast amounts of data, identify trends, share in-depth reporting and make informed decisions that drive superior returns”

*-Research from Investopedia and Visible.vc*

## AI-Enabled Gains Can Improve Productivity Across the Value Chain



Sources: BCG's Global Asset Management Benchmarking Database, 2023; expert interviews; BCG analysis.  
Note: Individual value chain ranges do not add up to the total range because of rounding.

## The Benefits far outweigh the Risks

Embracing GenAI based SmarTech offers Asset management companies numerous benefits, including enhanced decision-making through data-driven insights, improved turnaround times, and increased operational efficiency by automating routine tasks. However, these institutions must first overcome challenges such as the need for investments in the right technology and talent, ensuring data privacy and security, and navigating complex regulatory landscapes. Despite these hurdles, the transformative value that AI can deliver in driving innovation, competitiveness, and long-term growth far outweighs the associated challenges, making it a worthwhile endeavor for forward-thinking financial institutions.

# Conclusion

Successfully implementing AI within asset management operations will require a strategic and holistic approach. First, it's essential to establish a clear vision and objectives for AI integration, aligning them with the institution's overall goals. Investing in robust data infrastructure is crucial, as high-quality, well-organized data forms the backbone of effective AI systems. Additionally, fostering a culture of innovation and continuous learning among employees will ensure they are equipped to work alongside AI technologies. Collaborating with competent AI partners who can combine technical expertise with domain experience can provide valuable insights and accelerate the implementation process. Implementing AI is a transformative journey that requires patience and persistence. It's important to recognize that achieving meaningful results takes time, as the integration of AI involves continuous learning, adaptation, and refinement. By staying committed to this process and embracing incremental progress, organizations can unlock the full potential of AI to drive innovation and efficiency.

