

## **Most Portfolio Management Systems Lack Adequate Risk Management: Concludes NET2S Survey**

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- ▶ Extensive survey of over 45 clients and 29 PMS vendors
- ▶ Consolidation is inevitable in the highly fragmented PMS market
- ▶ Excel is still the main modelling tool for 40% of asset managers/institutions

*London, March 7 2007* - NET2S, the leading international consultancy specialising in capital markets technology, has completed the first global comparative survey of Portfolio Management Systems (PMS).

The survey highlighted a significant shortfall in adequate risk management amongst the PMS vendor space, with 56% of those surveyed failing to provide any form of risk management at all. Of those that do provide risk management capabilities, only one third offer enough analytics and stress testing capabilities to be considered 'adequate' by NET2S.

Conducted in January 2007, NET2S' survey compared the offerings of 29 different vendors against ten strict criteria including, amongst others, decision support and analytics, risk management, client reporting and compliance. These results were then compared with the feedback and experience of their 45+ institutional clients from across the globe and cross-referenced with each vendors' asset class coverage to give a thorough and detailed analysis of the vendor market today.

Other key findings include:

- ▶ With 29 vendors, the PMS market is highly fragmented, with no single vendor dominating.
- ▶ The three core functions of portfolio management systems (decision support, trade & position management and performance management) are well supported by the market, however advanced analytics and portfolio modelling tools are only available in 11% of cases.
- ▶ Integration of compliance is the most lacking feature amongst vendors, with only three of the 29 reviewed PMSs offering compliance modules.
- ▶ OMSs are on the rise: Vendors are clearly moving up the chain, adding post trade capabilities, analytics and compliance to existing advanced execution management services (some even offering algorithms).
- ▶ In the run-up to MiFID, there is a noticeable lack of compliance integration amongst the vendor offerings.

"This is likely the first time that such a comprehensive survey of the PMS market has been carried out, and some of the results are surprising. Most surprising of all is the noticeable lack of adequate risk management, both in terms of post-trade analytics and portfolio stress testing," says Frédéric Ponzio, Managing Director of NET2S. "We can also see that, with a total of 29 vendors, the PMS space is incredibly fragmented, with perhaps more vendors than in any other field. There is a definite lack of maturity in the PMS space on both the asset manager and vendor sides, and it is our view that as markets become increasingly global, the PMS market will consolidate very quickly," concluded Ponzio.

For more details on the findings of the survey, please contact Cognito at +44 (0)20 7438 1100 or [net2s@cognitomedia.com](mailto:net2s@cognitomedia.com).

### **About NET2S**

NET2S is a leading international consultancy specialising in capital markets technology. Since its creation in 1996, NET2S has built an impressive track record in consulting & advisory services, delivering complex projects and providing managed services. NET2S works with major sell and buy side firms, technology vendors, data providers and exchanges, with clients including over 50 global financial institutions, in particular 19 out of the 20 top investment banks. NET2S offers solutions for business critical systems across all asset classes, with particular focus on risk, electronic trading and data management.

NET2S is publicly quoted on Euronext and has over 950 full-time employees globally, with a comprehensive presence in Western Europe and North America.

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