

Case study - blue ocean strategy

1. Key trends

- Fund administration is predominantly insourced in the USA (60%)
- One stop shop offering¹ becomes indispensable
- Parallel funds (US & EU) require a global presence
- Asset servicing is a highly competitive market: on cost and quality
- Quality can be defined in terms of timeliness and accuracy
- Most companies rely on the same technology
- Service delivery depends mainly on the quality and cohesion of the teams
- Employment market is competitive and churn rate is high (sometimes 40%)
- Most companies have aggregated companies through acquisitions to achieve global presence and economies of scales
- Defining a new and cohesive corporate culture is one of their main challenges

2. Blue Ocean Strategy

Blue Ocean Strategy is a strategic framework developed by W. Chan Kim and Renée Mauborgne that involves creating new market space by simultaneously pursuing differentiation and low-cost strategies. It encourages businesses to move away from existing competitive markets (red oceans) and instead explore untapped market opportunities (blue oceans) where competition is minimal or non-existent.

3. Analysis

The company has a strong presence in one geographic area.

They are convinced that their main competitor is a company with similar characteristics.

So they are competing against each other.

However, they neglect the fact that other players with a global presence have stronger foothold in their main geographic area.

Identifying key trends and who your real competitors is an essential step in defining your strategy.

During our research, we have identified that most service providers were targeting the same clients, competing on prices, sometimes with low quality service due to high churn.

4. Strategy

Instead of going in a confrontational mode with large players competing in the same market, we have decided to focus on medium high Investment managers, parallel funds and service quality. Rather than competing on prices, we focused our efforts on recruitment, employee engagement and retention

¹ Fund administration, depositary, AIFM, corporate services and cash accounts