

### Client Profile



This global investment bank and financial services firm advises, originates, trades, manages and distributes capital for governments, institutions and individuals. The client offers global electronic trading across cash equities, options, and futures. The high touch sales, trading and market-making services are available around the world. Electronic trading tools include a broad suite of algorithms, smart order routing and direct market access.



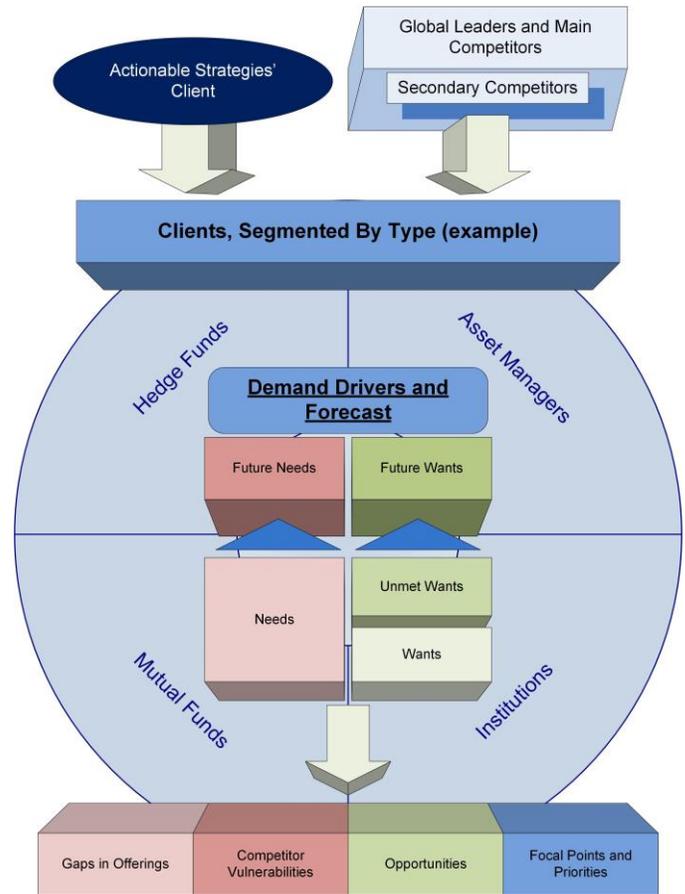
### Business Objective

The client is competing with other prominent firms for trading volumes that are dramatically lower than in previous years. To compete effectively and win vis-à-vis these other firms, the client needed to attain a better understanding of key client needs and wants, articulate a roadmap to meet client requirements, and execute against this roadmap.

### Project Overview

Actionable Strategies used a structured solution framework to assess competitors and target market.

- ▀ Segment client base in alignment with strategy
- ▀ Determine current and future demand drivers
  - ▶ Basic needs (commoditized)
  - ▶ Wants (differentiators)
- ▀ Design and apply competitive analysis to extract the vital information
  - ▶ Gap in our ability to meet needs
  - ▶ Competitors gaps that we can exploit
  - ▶ Opportunities to provide value add / differentiators
  - ▶ Most critical areas to emphasize and invest resources



The client engaged Actionable Strategies for a number of reasons.

- ◆ Unbiased strategic expertise
- ◆ Knowledge of the global markets and participants
- ◆ Connections with buy-side clients
- ◆ Product and technology knowledge
- ◆ Process and financial experience

### Project Structure

The project was executed in a number of phases.

#### Baseline

To drive research design, a market baseline was developed.

- ▀ Clients are first divided into segments with analysis focused on individual segments
  - ▶ Certain segments will be more important

- ▶ Segments may not be targets and should be ignored (e.g., individual investors)

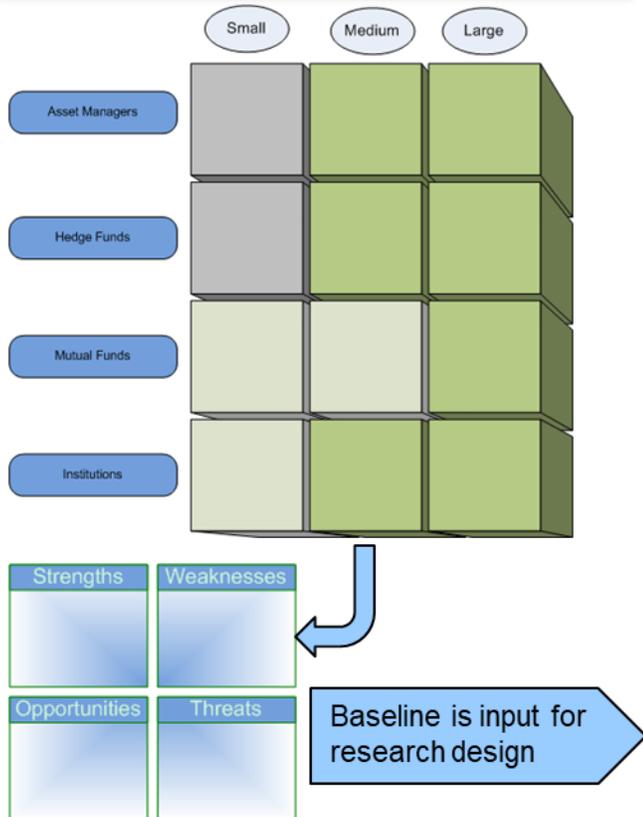
▀ Strategic focus should be supported by market characteristics (e.g., trading volume relative to AUM)

▀ Overlay segmentation is also a consideration (e.g., cash, operating region); client-oriented views such as long-only trading strategies vs. long-short should also play a role in understanding client needs and wants

▀ Internal SWOT analysis forms the baseline for each segment (or group of segments if we decide their behavior is similar)

The sample below shows the segmentation approach but is not the exact models used with the client. Segmentation led to a SWOT analysis (strengths, weaknesses, opportunities and threats). In reality, the model was more complex and included overlay segmentation.

This example shows 4 firm types and 3 sizes, identifying primary markets and secondary market segments in green.

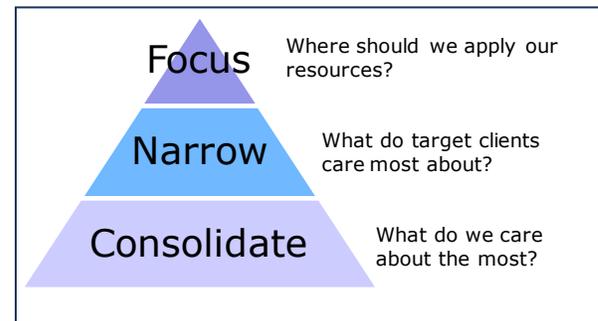


## Design

The design phase created a plan for focused research. The objective was to provide concrete and actionable competitive intelligence. This enabled us to develop the most effective roadmap to win in the market.

The following overall approach was applied to design.

- ▀ Consolidate internal and analysts views on the broader market
  - ▶ Provides general trends and direction
- ▀ Narrow based on customer and competitors' clients
  - ▶ Identify specific needs and opportunities by segment
  - ▶ Determine comparative competitive landscape
  - ▶ Use targeted research to prove or disprove hypotheses about reaching clients and taking aware share
- ▀ Focus based on specific competitive objectives
  - ▶ Align to strategy in terms of segment, approach and direction
  - ▶ Distill to the vital few and prioritize



The following specific approach was used in research design. It was critical to apply multiple hypotheses per goal state as the research also disproved certain hypotheses.

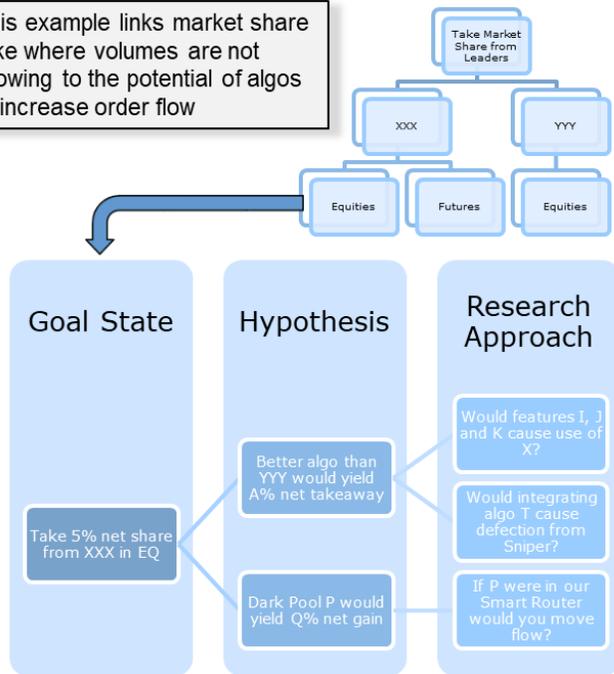
- ▀ Based on goal states that align to strategy
  - ▶ In this example below, take 5% net market share from Competitor S in the Hedge Fund segment for funds between \$1B and \$5B in AUM
- ▀ Create hypotheses that drive actionable plans
  - ▶ In this example, if we supported a better algo than Sniper, we could convert Y% of

the base while sustaining historical losses of Z% leading to A% takeaway

- Generate research approaches that prove or disprove the hypotheses

By developing hypotheses and a focused research approach, meaningful results are attained.

This example links market share take where volumes are not growing to the potential of algos to increase order flow



## Competitive Research

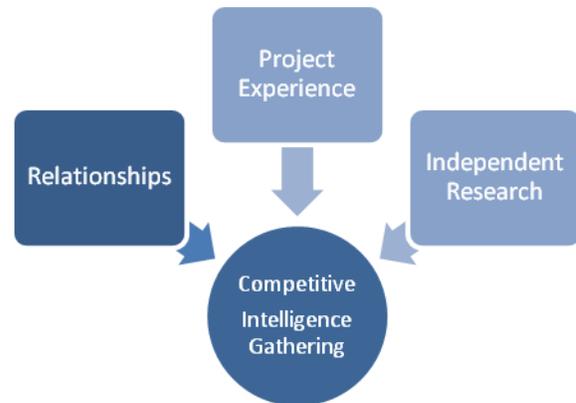
Actionable Strategies conducted competitive research by directly contacting clients and prospects. The following were the key elements of this approach.

- Identify current and longer term needs and wants
- Negative cases are sought and are highly valuable
  - Reasons for rejecting competitors / client
  - Constraints in selecting client
- Utilize consulting firm strengths
  - Experience from other projects
  - Relationships at other institutions
  - Ability to conduct independent research

Independent research uses the following proven approach.

- Proven bespoke research methods

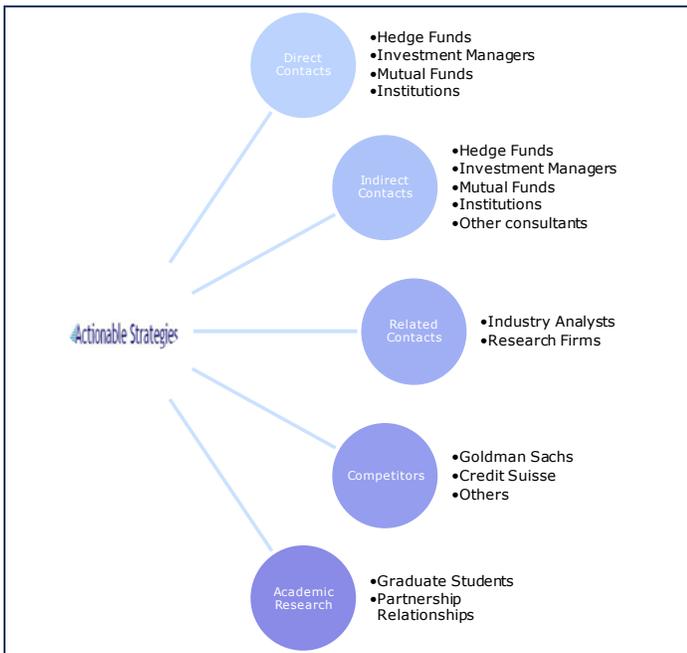
- Contact clients and prospects to conduct research
- Quid pro quo is anonymous results
- Client receives specific information
- Efficient and ethical



By leveraging the strengths of Actionable Strategies, the client realized tremendous value in a compressed timeframe and efficient cost structure.

The following were sources for research which provided a broad market footprint.

- Draw from first level contacts
- Use second level network to create a larger footprint
- Option of using academic contacts to execute broad based research
- Ability to engage client contacts that client staff might not be able converse with directly



## Research Analysis

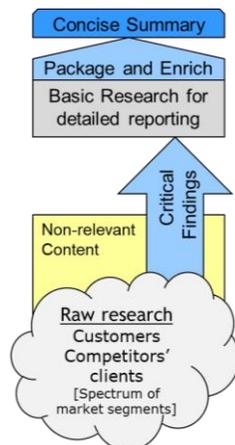
The analysis phase produced the end product for the heads of the business and their executive team.

Distill raw research into salient findings aligned to hypotheses

Package into a concise summary

- ▶ Crisp encapsulation
- ▶ Graphical elements
- ▶ Drill downs follow

Retain basic research for appendices



## Key Takeaways

Takeaways from the project need to be non-specific due to the confidential nature of the work. However, the reader can benefit from the value derived by the client.

Certain hypotheses about client wants were not substantiated by direct conversations – this enabled the client to preserve investment in product development related to requirements that had no value in the market

Competitive positioning and perceived valued may have differed from reality, but clients and prospects did believe competitive messaging and the opinions of peer institutions – this enabled

the client to focus marketing and sales efforts in demonstrating their superior value in those areas

Segmentation of the market revealed needs specific to given targets – this enabled the client to make informed investment decisions as well as tailor marketing messages by segment

Product gaps, both real and perceived, were clearly identified – this enabled the client to prioritize product development and enable product support to address perceived gaps

Executives were highly focused on the executive summary and the detailed information was used for drill-down discussions only; front-line leaders went through all of the detailed research and findings

## Business Results

The client used the competitive product strategy recommendations to re-align product development work. The roadmap presented by Actionable Strategies guided the long-term vision for the product including mobile and tablet platforms. Actionable Strategies was engaged for further work with the client.