Asset & Wealth Management Revolution: Putting the Channel Islands centre stage





Sharpening competitiveness and capitalising on opportunities in a time of disruption and change

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Introduction



Mike Byrne
Partner
Asset & Wealth
Management Leader
PwC Channel Islands

Change in the asset and wealth management industry (the 'AWM industry') is now accelerating at an exponential rate. Although the industry is set for growth over the next ten years, asset and wealth managers must become business revolutionaries, even disruptors, if they're to survive and prosper. Now is the time for action.

In our recent report, **Asset & Wealth Management Revolution: Embracing Exponential Change** (AWM2025), we predicted that assets under management (AuM) globally will have almost doubled by 2025[1].

The AWM businesses that make the most of the opportunities ahead will be those that are best prepared for change. They must become business revolutionaries, even disruptors, if they are to prosper – recognising a new world where the buyer is in charge, making intelligent use of digital technology, and adapting their products and strategies to reflect a reinvented industry.

Jurisdictions, too, must be agile and responsive. The expected growth in AuM will be uneven in consistency and timing; the slowest growth, in percentage terms, will be in developed markets. This is a highly competitive environment where margins are squeezed and new entrants, especially those with technology and analytics expertise, will fight hard for their share of business.

This is an exciting time for the thriving AWM industry in Jersey and Guernsey, but we must be sure that we're ready for the opportunities ahead. The Channel Islands have a long and proud history of reinventing themselves; this is our next challenge. Jersey and Guernsey are ideally placed to capitalise on the AWM boom that's underway and to cement their reputation as world leaders in alternative investments. But we can't afford to be complacent.

In this report, we look at how the interconnected trends driving the AWM revolution apply to Jersey and Guernsey, and recommend some next steps for fund managers, service providers, regulators and policymakers.

The report draws on input from our AWM team in the Channel Islands and interviews with a number of leading figures within the Islands' AWM industry – we would like to thank them for sharing their valuable time and insights. If you would like to discuss any of the issues raised in this report, please feel free to get in touch.

1 All views in this document are based on PwC opinions, supported by third-party verified information. See Global report here: https://www.pwc.com/gx/en/industries/financial-services/asset-management/publications/asset-wealth-management-revolution.html



A time of growth and change

In 2014, PwC's Asset Management 2020: A Brave New World[1] (AM2020) anticipated a huge rise in investable assets worldwide, reaching US$102trn by 2020.

That prediction is on track to be not only met, but exceeded. Our latest report, **AWM2025**[2], predicts that global AuM will reach US$111.2trn by 2020 and US$145.4trn by 2025 (see figure 1).

"The growth predicted in our AWM2025 report represents a tremendous opportunity for the Channel Islands. I'm very positive that we can be innovative and evolve our proposition to continue to be relevant in this changing world."

Roland Mills
Partner, PwC Channel Islands

Alternative investments in the spotlight

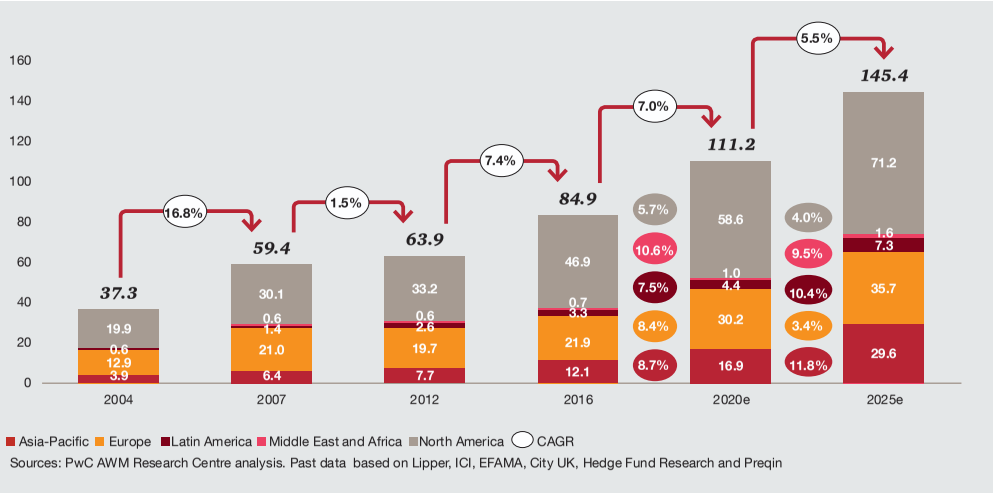
AM2020 predicted a number of game-changers for the sector, including a shift from active management to passive, the rise of exchange-traded funds (ETFs) and, critically for Jersey and Guernsey, a much more prominent role for alternative asset management.

In AM2020, we also forecasted that global alternative assets would increase to US$13.0trn by 2020, driven principally by increasing investment by high net worth investors and sovereign wealth funds.

1 https://www.pwc.com/gx/en/industries/financial-services/asset-management/publications/asset-management-2020-a-brave-new-world.html

2 https://www.pwc.com/gx/en/industries/financial-services/asset-management/publications/asset-wealth-management-revolution.html

Figure 1: Global assets under management by region (US$trn)

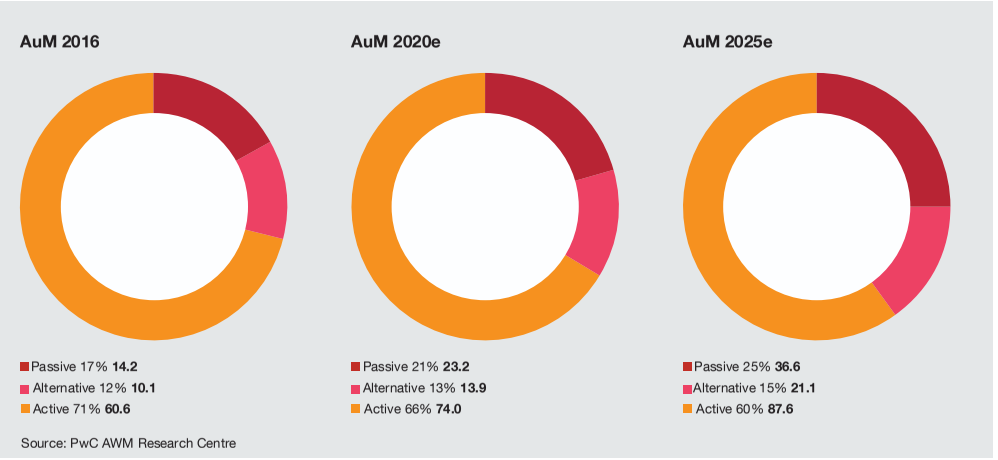


Sources: PwC AWM Research Centre analysis. Past data based on Lipper, ICI, EFAMA, City UK, Hedge Fund Research and Preqin

This prediction too, is on course to be not only met, but exceeded. Our AWM2025 report expects alternative asset classes – in particular real assets, private equity and private debt – to increase sharply, as investors diversify to reduce volatility and achieve specific outcomes. We estimate that alternatives' share of global AuM will increase from 12% in 2016 to 15% in 2025 (see figure 2).

A recent PwC report also found that Sovereign Wealth Funds (SWFs) now allocate almost a quarter of their AuM to alternative investments. Despite many SWFs facing adverse conditions in recent years, total AuM still grew to US$7.4trn in 2016. This strong appetite for alternatives adds further fuel to the opportunities present.

Figure 2: Global AuM by type (US$ trillion)



Source: PwC AWM Research Centre



What does this mean for the Channel Islands?

The projected growth of the AWM industry, and particularly the growing interest in alternatives, is excellent news for Jersey and Guernsey, which have unparalleled knowledge and experience in close-ended, long tail investment strategies. This niche is the Islands' greatest asset.

Recent decades have also highlighted the Channel Islands' capacity for strategic agility and innovation. This is continuing with the establishment of a leading position within the structuring and management of technology funds, with fresh investment horizons now opening through innovations such as blockchain. Building on the latest FinTech and RegTech developments, Jersey and Guernsey businesses are also harnessing digital technology to extend fund management capabilities, enhance client interaction and service, and improve the speed and cost efficiency of compliance[3]. Beyond technology, businesses are extending their global footprint through initiatives such as 2017's 'Ten Years in China' anniversary event[4] and investor roadshows in Kenya and South Africa[5].

"The smartest people in the room get what the Channel Islands offer in terms of specialist expertise, user-friendly service and regulatory stability. That's why we've been able to attract flagship launches such as the SoftBank Vision Fund and CVC Fund VII."

Ben Robins
Partner, International Practice Group Head
Mourant Ozannes

We're already seeing the Channel Islands capitalising on worldwide growth in asset management. Funds in Jersey grew from £163bn to £265bn between September 2009 and September 2017[6]; in Guernsey, the total value of funds increased from £132bn to £269bn over the same period[7].

The Channel Islands also have a well-deserved reputation as a quality jurisdiction with robust but fair regulation. This will serve us well in the coming years of change. In short, Jersey and Guernsey are ideally placed to take full advantage of the developing boom in AWM. But there is also work to do to make sure the Channel Islands' funds, regulation and infrastructure are in the best possible shape to adapt to a rapidly changing industry.



"The competitive landscape within which we operate is transforming rapidly – consolidation is driving competitiveness and my conviction is that scale and geographical reach are, and will, become increasingly important."

Edward Moore
Chief Executive Officer, Aztec Group

3 FinTech's impact on AWM and emerging opportunities for innovation are explored further in our report, 'Redrawing the lines: FinTech's growing influence on financial services', PwC, 2017 (https://www.pwc.com/gx/en/industries/financial-services/fintech-survey/report.html)

4 We are Guernsey media release, 2 October 2017 (https://www.weareguernsey.com/literature/2017/opportunities-for-investment-funds-in-china/)

5 Jersey Finance media release, 14 December 2017 (www.jerseyfinance.je/news/jersey-s-evolving-partnership-with-african-continent-highlighted-at-latest-roadshow-series#.Wm2dOUx2tD-)

6 Jersey Finance

7 Guernsey Financial Services Commission

What's our vision for the future, what's driving change and what do we need to do to respond?

Adapting to exponential change

Our AWM2025 report makes the important point that while the AWM industry is growing rapidly, it's also in the midst of a fundamental transformation.

The report identifies four interconnected trends driving a revolution in the AWM sector. Between them, they will squeeze industry margins, which will in turn require firms to develop a clear strategy for the future, make scale and operational efficiency far more important, and integrate technology in all areas of the business.

Each of these trends has important implications for Jersey and Guernsey's service providers, regulators and government:

1 | **Buyers' market**

2 | **Digital technologies: do or die**

3 | **Funding the future**

4 | **Outcomes matter**

It's difficult to predict how quickly these trends will play out. But they've been under way for some time and are accelerating. The difference is that the AWM industry must act now to fully understand them and adapt their business strategies accordingly.

We expand more on these and the implications for the Channel Islands in the following sections.

Change in asset and wealth management is accelerating. Although the industry looks set for rapid growth over the next ten years, asset and wealth managers must become business revolutionaries, even disruptors, if they're to increase profits and prosper.

Now is the time for action.

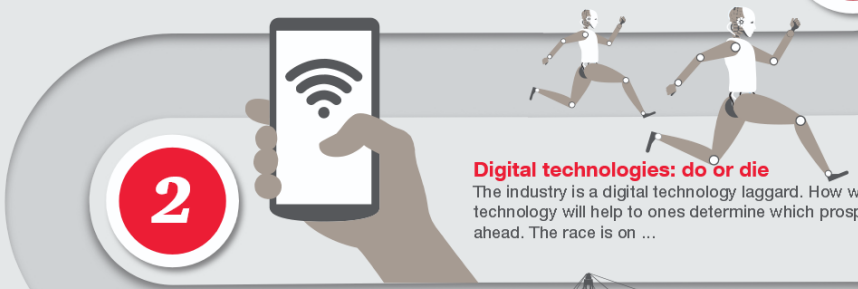


Four trends will revoluntionise the industry:

Buyers' market

Fees are being pushed down by investors and regulators. Increased regulation, competition and new entrants are disrupting value chains. As low-cost products gain market share, and larger players benefit from scale economies, there will be further consolidation and new forms of collaboration.

1



Digital technologies: do or die

The industry is a digital technology laggard. How well firms embrace technology will help to ones determine which prosper in the years ahead. The race is on ...

2



Funding the future

Asset and wealth managers have been filling the financing gaps resulting from the Global Financial Crisis. Their involvement in niches such as trade finance, peer-to-peer lending and infrastructure will dramatically increase. Helping individuals to save for old age, as governments step back, will also support growth.

3



Outcomes matter

Active, passive and alternative strategies have become building blocks for multi-asset, outcome-driven solutions. Firms must either have the scale to create multi-asset solutions or be content as suppliers of building blocks.

4

Since the 2008-2009 GFC, the forces of regulation, technology and fierce competition have begun to usher in transformational change. This period of reinvention will accelerate rapidly in the years ahead, forcing the industry to re-imagine itself. In five to ten years, fewer firms will manage far more assets significantly cheaper. Technology will be vital across the business and the industry will have found some new opportunities to create alpha, and restore margins.

It's time to act.

1



Buyers' market

The pressure on fees from investors and regulators, combined with the tools institutional investors use to differentiate alpha (out-performance) and beta (overall market movement), has shifted power from distributors of funds towards buyers. With this has come demands for greater transparency around fees and performance.

While it's arguable that investors in alternatives are less focused on transparency, it's important that Jersey and Guernsey take on the transparency challenge; we must demonstrate that we've nothing to hide. Alternative funds lag behind the retail market when it comes to transparency, and this must change; one option is the wider promotion of voluntary frameworks such as the ILPA's Private Equity Principles[8].

"Clients are more price sensitive at the outset of an engagement. But once in, the focus shifts to value for the money they're paying."

Edward Moore
Chief Executive Officer, Aztec Group

There are opportunities, too, for Jersey and Guernsey to use their niche skills and experience to capture new business. The mass-affluent, high net worth market is largely untapped in the alternatives sector; our AWM2025 report projects growth of 4.8% in the mass-affluent sector between 2016 and 2025, and a 5.8% increase in high net worth individuals over the same period.

"The tight squeeze on fees is beginning to give way to a more flexible approach. This includes gearing fees to the size of the investments. I'm noticing in the market more 'interest aligning' fee structures from investors."

Paul Rouse
Chief Financial Officer & Chief Operating Officer
Systematica Investments

Our AWM2025 report argues that fees in asset classes, where liquidity and size are constrained, and where there are more alpha opportunities, are likely to remain resilient in the coming years – including infrastructure, private debt, private equity and real estate. There are also alternative strategies where unique skill, knowledge and infrastructure can create alpha – and investors will be willing to pay for this.

"While fees and returns are largely taken as read, the biggest demands from investors now tend to be non-financial in areas such as tax, compliance and environmental, social and governance (ESG)."

Matt Crill
Head of Corporate Governance Jersey, Triton

8 www.ilpa.org/best-practices/overview-and-history/

"Fiduciaries, family offices and administrators have the chance to do something truly ground breaking".

David Waldron
Tax Director, PwC Channel Islands

"Guernsey and Jersey are recognised by the Financial Action Task Force (FATF) as setting the highest of standards in tackling money laundering" says David Waldron, Tax Director with PwC Channel Islands.

"The Islands have also been at the forefront of implementing exchange of information initiatives including FATCA and CRS. As well as being proactive early adopters of these principles, the Islands also engage proactively with the EU and commit to adopting the OECD's BEPS minimum standards.

It's time for business to think about how the great strides made in these areas turns to stellar client service that generates revenue and future proofs their business. Fiduciaries and fund administrators have huge opportunities to provide value add services to their clients arising from the aforementioned transparency initiatives.

Governments also need to look at best in class and think how they become business enablers in this environment through their own economic and digital strategies in a competitive global environment."



Recommendations

Fee pressure: Respond to the challenge by demonstrating the quality and experience present in each jurisdiction.

Investor demand: Industry, Regulator & Government to continue to work together to ensure that our product development meets changing investor needs.

Systems: Continue to invest in dedicated alternatives systems and explore automation to manage cost pressures and scale for growth.

Tax & Transparency: Continue to demonstrate that we're at the forefront of global compliance and have nothing to hide, nothing to fear.

2



Digital technologies

Do or die

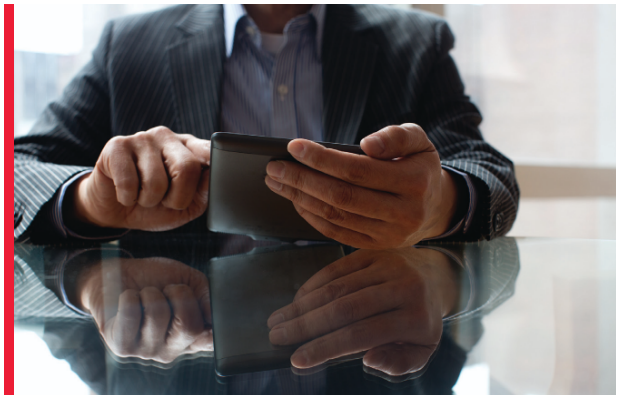
Alternatives are yet to embrace digital technology to the same extent as the retail AWM market. It's debatable whether demand for the innovations becoming commonplace in the retail sector, such as online investment platforms, will ever emerge to the same extent in the alternatives market. Even so, Jersey and Guernsey cannot afford to ignore the impact of developing technology and changing consumer preferences. The pressure on firms to report more quickly, and to provide more secure communication channels, will only increase as time goes on.

Many service providers have already made the case for investing in market-leading systems and the debate is now moving on to combined administrator and advisor platforms, and investor portals. Whatever the final decision, a clear IT strategy for the future is essential. It's also vital to have a clear understanding of how firms' own technology interacts with their customers', and an adjustment to people strategy, which recognises the shift in skills that will be needed.

Digital technology isn't just an issue for individual firms; the Channel Islands as a whole need to adapt and invest in digital infrastructure and skills. Together, Jersey and Guernsey hold considerable intellectual property, much of which isn't digitised. The AWM industry would benefit from an Islands-wide digital strategy, which brings comprehensive and secure digital access to data, as well as an inclusive debate on how Jersey and Guernsey will meet the growing demand for digital skills.

"Technology can help, but it isn't a panacea for meeting rapidly increasing regulatory demands – you just can't programme in the amount of discretion that's required. Talent is the real key – we need people who can see what's coming up on the horizon and enable us to respond in an agile and adaptable way."

Matt Crill
Head of Corporate Governance Jersey, Triton



The emerging openings for innovation are highlighted by the Channel Islands' prominent role in the application of blockchain, which includes the first commercial deployment of blockchain technology for the private equity market by Northern Trust. "The Channel Islands have demonstrated that they continue to be adaptive and can bring innovative solutions to their global client base. Further blockchain-enabled opportunities include developing vehicles capable of recording investor details and the funds' underlying investments on a platform that makes them tradeable in electronic form. This should add liquidity to the secondary market for private equity, which can only be good for one of our cornerstone industries," says Nick Vermeulen, who leads PwC's technology and innovation team in the Channel Islands. "While we've established an early lead, the Channel Islands must ensure that all their key players are attuned to the opportunities and how to capitalise on them. Our challenge is to take the hype surrounding developments such as blockchain and make this a reality within our marketplace. Disrupt or be disrupted are our choices."

"While technology can help free up our people to focus on the value-add clients want, the complexities of fund management mean that it can be difficult to digitise. That's why it's so important that people within the business challenge themselves to change processes. We expect our best people to come up with ideas and implement changes themselves."

Niamh Lalor
Partner, Ogier

"From trade reporting to workflow management, technologies such as blockchain and API provide a fast, efficient and cost-effective way to bring all the different parties in the value chain together on the same platform. As a result, we can streamline fragmented processes and meet more exacting client demands in areas such as access to real-time data."

Belinda Aspinall
Country Executive, Northern Trust Channel Islands

"The majority of alternative managers have made the painful move from spreadsheets into systems in recent years", is the view of Toby Venables, recently returned from four years working in New York with PwC's Asset Management Advisory team, advising some of the largest alternative managers in the US. "This is only a first step to effective digitisation. Leading global managers are investing in data warehouse solutions and data governance capabilities so that accurate golden source data is available to the right people, where and when they need it."

Recommendations

Think ahead: Engage with stakeholders – specifically managers and investors – to understand expectations and opportunities and to plan effectively for the future.

Learn from others: Look at developments in the retail AWM space and understand relevance to alternatives.

Blockchain: Continue the momentum to capture "first mover" advantage.

Innovation & skills: Having been early adopters of dedicated alternatives systems, ensure that service providers continue to invest and innovate and that we develop – through schools and higher education – the required digital skills.

3



Funding the future

Driven by the megatrends of rapid urbanisation and changing demographics, the AWM industry stands front and centre in the drive to fund infrastructure, hospitals and residential developments to meet rapidly growing demand worldwide.

Our AWM2025 report predicts that within alternatives, real assets (including infrastructure and real estate) will show the most rapid growth over the coming decade (see Figure 3). We estimate that close to US$78trn will be spent globally on infrastructure between 2014 and 2025[9], with a corresponding rise in financing; we predict an annual 27.5% growth in infrastructure AuM between 2016 and 2020, slowing to annual growth 15% between 2020 and 2025.

Real estate will double by 2025 to $2.2trn, while private equity is expected to expand annually by 9.8% between 2020 and 2025, more than doubling from 2016 levels. Hedge funds are expected to perform less well in the coming years, but are still predicted to show annual growth rates of 4.5% between 2016 and 2020, falling to 3.8% between 2020 and 2025.

This is excellent news for Jersey and Guernsey, but we need to ensure that the rest of the world understands and recognises our skills and experience in this niche. The Channel Islands have built a world-class alternatives business, but we've done so too quietly. Other jurisdictions will compete fiercely for the alternatives market and we need to be prepared to fight. We need to tell the world, clearly and loudly, what we do.

"Guernsey benefits from great foresight, as is highlighted by the enactment of legislation back in 2000, which has provided the legal basis for 'smart contracts'."

Belinda Aspinall
Country Executive, Northern Trust Channel Islands

Whilst we await the outcome of the Brexit negotiations and the nature of the UK's access to the EU Single Market is still to be determined, we'll continue to be in a strong position whatever the outcome. The Channel Islands are a great example of how a jurisdiction can work successfully and co-operatively with the EU from outside. And while our relationship with the UK and EU will continue to be hugely important, the changes will provide a useful catalyst for developing closer ties with clients in Asia, the Middle East and other fast growth regions worldwide.

"We should do more to position and promote the Channel Islands as an invaluable part of the toolbox of UK financial services, providing specialist expertise and helping to channel capital flows into the City."

David Crosland
Partner, Carey Olsen

9 Capital project and infrastructure spending: outlook to 2025 www.pwc.com/gx/en/capital-projectsinfrastructure/publications/cpi-outlook/assets/cpioutlook-to-2025.pdf).

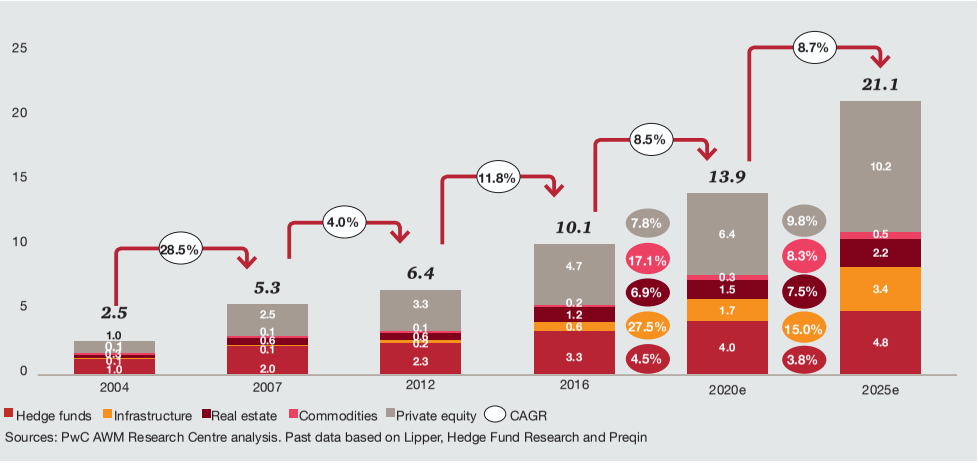
10 www.ft.com/content/51590ef8-cfa4-11e7-b781-794ce08b24dc

It's also vital that the Channel Islands protect their ability to compete in the alternatives market. Proposed changes to UK tax law relating to real estate announced at the end of 2017[10] were disappointing. The AWM industry in Jersey and Guernsey must, with a strong and unified voice, engage with government and clearly articulate its views.

"The Channel Islands make a huge contribution to the UK and wider global economy, though this isn't always recognised. We should therefore be looking at ways we can shift public perceptions through support for such areas as social impact investing."

Niamh Lalor
Partner, Ogier

Figure 3: Alternatives by type (US$trn)



Sources: PwC AWM Research Centre analysis. Past data based on Lipper, Hedge Fund Research and Preqin

Recommendations

Targets to drive growth: Industry and Government to set clear targets for expected AWM levels to measure each Islands' growth against global trends rather than being satisfied with a general upward trend (Alpha v Beta).

Strategy: All stakeholders to continue to explore new opportunities in growth markets and build clear strategy for market entry.

Differentiating ourselves: Give a consistent message across the Channel Islands in respect of our skills and specialisms. We're different, and this is why.

Regulation: All stakeholders to cooperate closely to ensure that the regulatory environment is robust, competitive and agile.

4

Outcomes matter



Jersey and Guernsey thrive on being different, but success in the rapidly changing world of AWM is about being not just different, but better. Outcomes matter.

Investors are looking for solutions for specific needs, not products that fit neatly into boxes. The growing demand for alternative strategies illustrates investors' razor-sharp focus on outcomes; increasingly, investors are distinguishing between alpha and beta and what they're prepared to pay for each, even in alternative strategies.

To meet this demand, we must develop a deep understanding of investors' needs and adapt products, solutions and distribution channels accordingly. New solutions and products should be developed to meet investors' needs; regulation must adapt with the market; and firms must be transparent around fees and performance, and be able to show clearly the alignment of performance and objectives.

"Technology can't just help us to comply in a more timely, accurate and cost-effective way, but also provide value-add in areas such as interactive investor portals."

Antonia Burgess
Independent Non-Executive Director

Diversity or specialism?

As outcome-based solutions take over from products, asset managers must decide their place in the industry of tomorrow. Traditional, fixed life closed-ended vehicles may need to evolve to allow greater flexibility and liquidity to respond to changing investor needs and expectations. Product innovation and asset class diversity, away from the existing expertise of the Islands' is likely to be required in the future. How will the asset managers using the jurisdiction respond to changing needs and multi-strategy demand and how will service providers need to change their offering to remain relevant?

"It's important that we come together as an Island to find ways to operate more efficiently and use our people more productively. The number of parties carrying out separate KYC validation is a case in point. Could we have a single 'gatekeeper' or common 'passport' to cover everyone?"

David Crosland
Partner, Carey Olsen

ESG investing grows

"Environmental, social and governance (ESG) issues continue to rise up the agenda in response to both regulatory pressure and client demand", according to Alison Cambray, PwC Channel Islands Sustainability & Climate Change Specialist. "This is no longer just about mitigating ESG risks to protect asset values. Investors, whether they be millennials, HNWIs or institutional investors, are seeking to proactively pursue ESG opportunities that create and enhance value; and investing to address the world's societal challenges whilst generating financial returns. The impact investment sector is growing around 20% per year globally, with rising demand for thematic styles linked to the UN Sustainable Development Goals (SDGs) agreed in 2015. From a global development perspective, the role of the AWM industry is absolutely critical. And at an individual investment level it just makes good business sense; companies with strong ESG credentials are well-managed and tend to outperform others in their sector.



"The Channel Islands should be very well-placed to respond to this demand and, indeed, many individual AWMs here have some good case study examples. But other jurisdictions are stealing the march, and shouting about this loudly."

Alison Cambray
Sustainability & Climate Change specialist, PwC Channel Islands

Jersey and Guernsey need to better tell their story so far. We also need to make sure we build our ESG and impact measurement capabilities, and work together to innovate products and services. Is there a more positive way to strengthen the Channel Islands' international reputation as a conduit for finance for good than to actively help build the sustainable economy of the future?"

"As our MONEYVAL rating shows, our ability to meet the highest standards of transparency and compliance is second to none. We need to be getting that message out there."

Antonia Burgess
Independent Non-Executive Director

Recommendations

Build on our strengths: Consider our current range of skills and products and explore opportunities to diversify into new areas, including open-ended and other alternative asset classes.

Enhance societal value: Fully explore the opportunity to be a leading centre for impact investing/ ESG focused funds.

Regtech: Be decisive on the future direction of Regtech for client KYC and on-boarding and embrace the opportunity this could provide to differentiate our proposition from our competitor jurisdictions.

Performance: Develop effective measurement and feedback tools to ensure we're connected to current and future investor needs and expectations.



Conclusion

Throughout history, Jersey and Guernsey have adapted to changing times. We've transformed our economy to meet demand, from ship-building, agriculture, tourism and now finance. When we need to change, we do – and our talent, infrastructure, laws and regulations have moved with us.

"This is potentially a time of great opportunity for the Channel Islands, but all organisations need a strategy that's relevant for the future. A relentless focus on technology and talent is absolutely critical and will separate the winners and losers."

Evelyn Brady
Partner, PwC Channel Islands

If the predictions set out in our AWM2025 report come true, we're set for a significant period of global growth in Alternatives. However, there is no guaranteed right to share in this growth and we must ensure that we take all necessary action to capture our fair share.

Headwinds are present in the form of BEPS, AIFMD and general pressure on offshore jurisdictions. The uncertainty created by Brexit continues to be unhelpful.

Clear vision: We must continue to develop clear propositions and solutions and respond to the evolving market place, innovatively developing new products and refreshing existing solutions.

Telling our story: Our high level of regulatory compliance and tax transparency will serve us well going forward, but we must ensure that we tell our story in a clear and compelling way.

Business models: Detailed reviews of existing business models and products may be required to ensure that tax structuring, transfer pricing and governance remains fit for purpose.

Markets: We've a low penetration rate in key markets, specifically in North America (over 50% of global AWM) and Asia (highest predicted growth rates). We must focus on these opportunities, together with retaining focus on our key existing markets of the UK & Europe.

In respect of new markets, we must develop a clear market entry study and present a coordinated and compelling proposition on the relevance of our jurisdiction and how we can add value.

Access: The ability to distribute under private placement regimes has served us well post-AIFMD and we must ensure that we continue to evolve our regulatory frameworks and to invest in new and existing relationships with overseas governments and regulators to protect market access.

Invest: In response to fee pressure and investor expectations, we need to ensure that we invest in technology and automation to allow us to decouple AuM growth from cost increases. This focus clearly aligns with each Island's population policies and the need to ensure good, sustainable growth.

Innnovate: We've the opportunity to be an "innovation sandbox" for many of the large multi-national service providers that operate in our jurisdiction and the ability of government to offer incentives (e.g. tax credits) to stimulate and support such investment is compelling.

The 'no regrets' moves for organisations

Organisations are faced with an array of choices when looking at the future and considering how to respond to the key messages in AWM2025. This requires an understanding of the possibilities – both desired and undesired – to plan accordingly. No matter what the future holds, we believe there are some 'no regrets' moves that apply universally:

Invest in people

- Whilst digital and automation are key for the future, a good person is more important than a good tool. Continue to invest in your people and develop their skills for the future.
- Consider whether your traditional skill sets and candidate profiles are fit for purpose going forward; how will you evolve as an employer to be attractive to new and different talent going forward?

Assess your business strategy against our key themes

- Consider whether your existing business strategy takes into account the themes set out in AWM2025. Whilst the specifics of our predictions may differ from out-turn in due course, the overall direction of travel is largely unavoidable and early engagement with these themes is key to long-term success.

Embrace Technology & Digital and all that it can do for you

- The increasing use of technology is certain; embrace technology early but carefully, ensure that systems are properly researched, fit for purpose and fully costed. Engage with professionals with relevant experience to help in this journey, don't always assume you can implement large system changes whilst continuing with business as usual.

Greater collaboration with partners – locally and globally

- It's very difficult for businesses, or jurisdictions, to respond to the challenges faced in isolation. There is a clear need for greater collaboration – through strategic alliances, joint ventures or sharing of resources – to respond to the challenges and opportunities present. Developing your own solutions may allow individualisation and control but may not be as successful as partnering or outsourcing to achieve resilience and scale.

Develop new relationships & networks

- Develop clear and sustainable strategies to address new markets and relationships. Whilst existing markets are likely to remain the cornerstone of your business for years to come, growth is more likely to come from markets with which the Islands' have little connectivity or penetration to date.
- Consider how your business is placed in the market landscape described in this report. How will you respond to the challenges and opportunities?

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