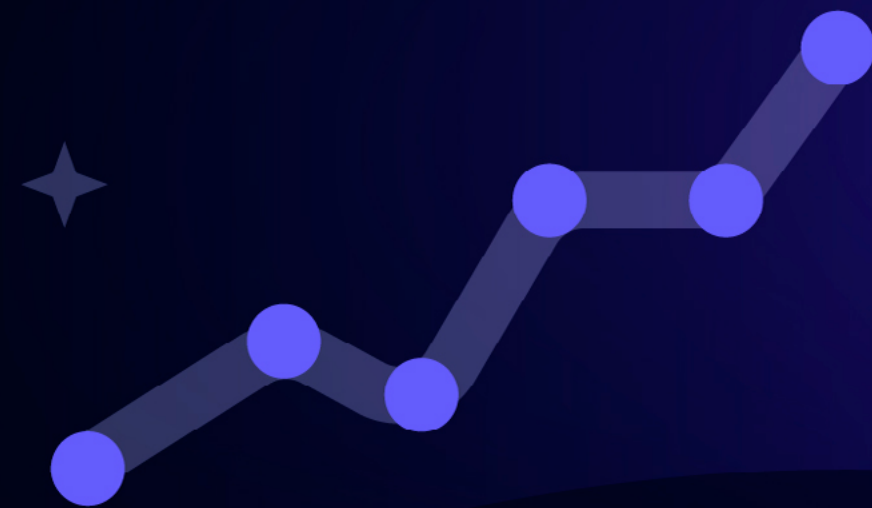


 UpSlide  williams lea



Investment Banking Software 2024

Challenges, Trends and Strategies



Foreword



Julien Villemonteix
UpSlide CEO &
Chief Product Officer



Software and technological advancements have played a significant role in the investment banking sector over the past few years, with firms that embraced technological investments witnessing marked improvements in performance and profitability.¹

Yet, as we delve into the findings of our “**Investment Banking Software 2024**” report, it’s clear that many firms are at a pivotal juncture. Software budget cuts loom large, and a substantial portion of remaining budgets is being squandered due to redundant and underused tools.

Despite these headwinds, the resolve of IT and innovation leaders remains unshaken. Our study reveals a **unanimous commitment to investing in new software solutions** over the next 12 months.

¹ Opportunity knocks: unlocking value through financial services transformation, KPMG, 2023

Navigating these investments wisely will undoubtedly present its own set of challenges. Which SaaS solutions will provide the most **long-term value**? What criteria should you use when evaluating software vendors? How can you accurately **measure ROI**?

As we move forward, investment banks will continue to look to their IT and innovation leaders to **drive efficiency, optimize budgets, and stay compliant with regulatory demands**.

We hope you find our latest report a valuable resource – helping you navigate the complexities of the current landscape, make informed decisions, and drive exceptional outcomes for your organization.

Research methodology

- ⚡ Research for this report was commissioned by UpSlide, in partnership with Williams Lea.
- ⚡ The online survey was conducted in May 2024 by research consultant Censuswide.
- ⚡ It polled 600+ IT and innovation professionals in the investment banking industry across the UK, Australia, and the US.

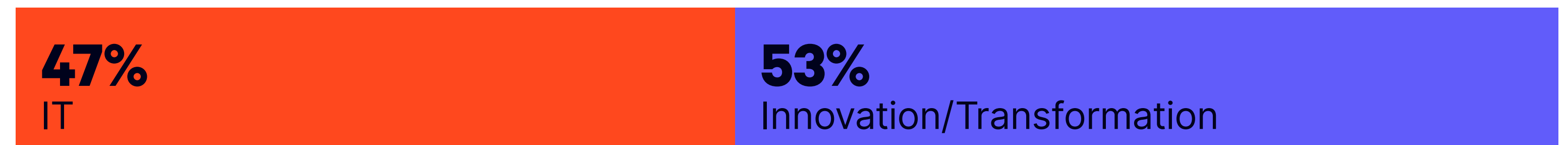


The characteristics of the respondents included:

Geography



Job title



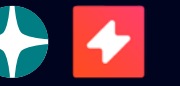
Company size



Annual software budget



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Executive summary and key takeaways

1. Software budget cuts and inefficiencies are affecting business performance

Investment banks are facing two major challenges in 2024: software budget cuts and redundant or underutilized tools costing them thousands of dollars of their remaining budget. [Over two-thirds of companies with a budget of \\$1M-\\$5M are wasting at least \\$500k of it every year.](#)

2. Software investments aren't slowing down

Even with reduced budgets, IT and innovation leaders recognize the importance of investing in new technologies to reach business objectives. [One hundred percent of respondents are investing in new software solutions over the next 12 months.](#)

3. Document automation and management is the top investment priority

Whilst the generative AI buzz is stirring the industry, firms are prioritizing document automation and management to improve their business efficiency. [Thirty-nine percent of respondents said they are currently investing or will invest in document automation and management over the next 12 months.](#)¹

¹ Combining respondents who selected "Document management" and "Document generation automation"

4. Investment banks are moving away from building software in-house

Building software in-house is no longer the preferred approach amongst investment banks,² mainly due to compliance and regulatory requirements. [Fifty-seven percent of respondents are buying half or more of their tech stack instead of building it in-house.](#)

² Digital to the Core: Transforming Financial Services and Insurance in the New World of Digital Business Platforms and Ecosystems, NTT Data, 2019

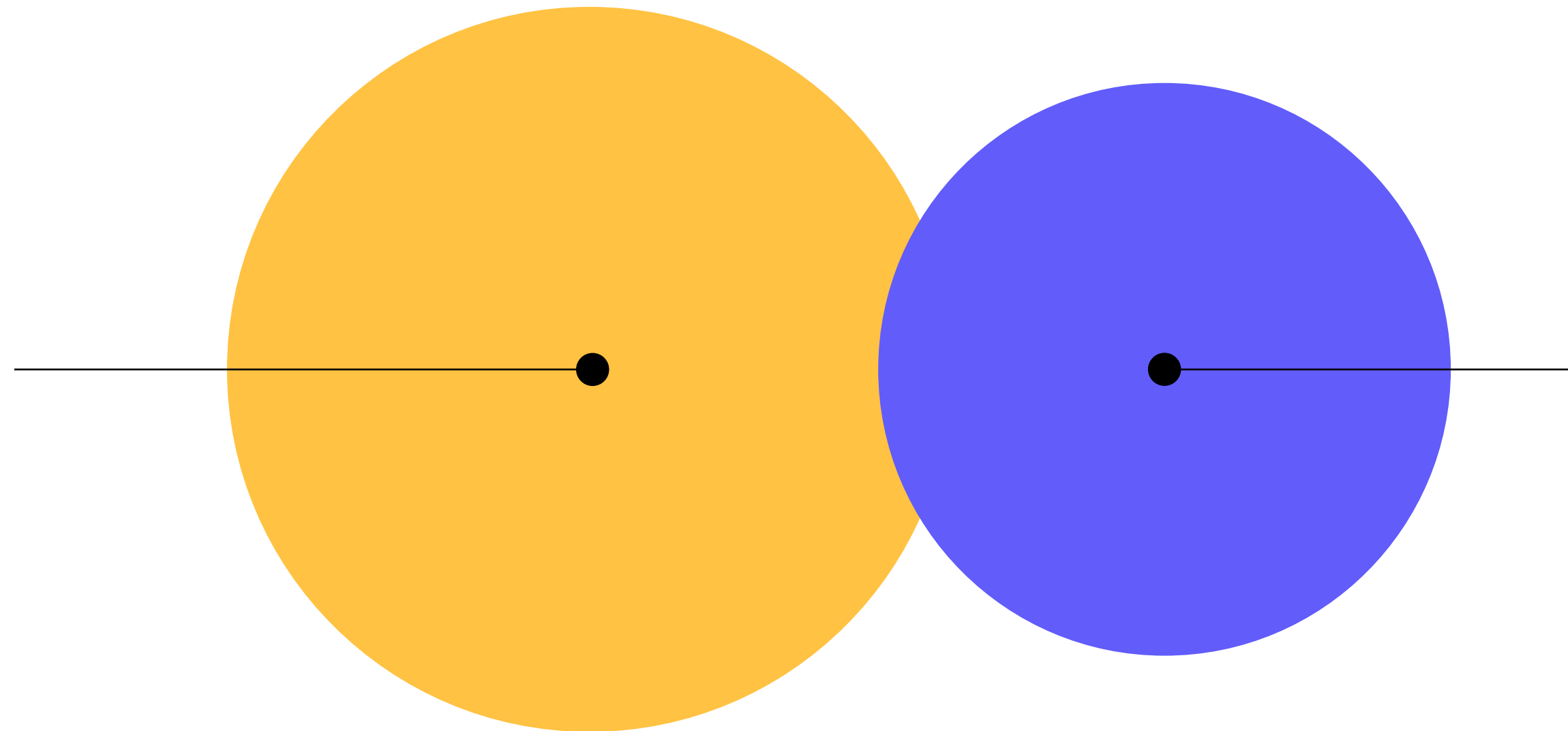
5. Effective adoption and change management are key for generating software value

As investment banks focus on making the most of their software budget, change management and adoption appear to be the primary culprits behind budget waste – but firms aren't doing enough about it. [Over two-thirds of respondents aren't currently implementing any change management or training initiatives to improve the utilization of their software.](#)

Budget cuts and inefficiencies

94%

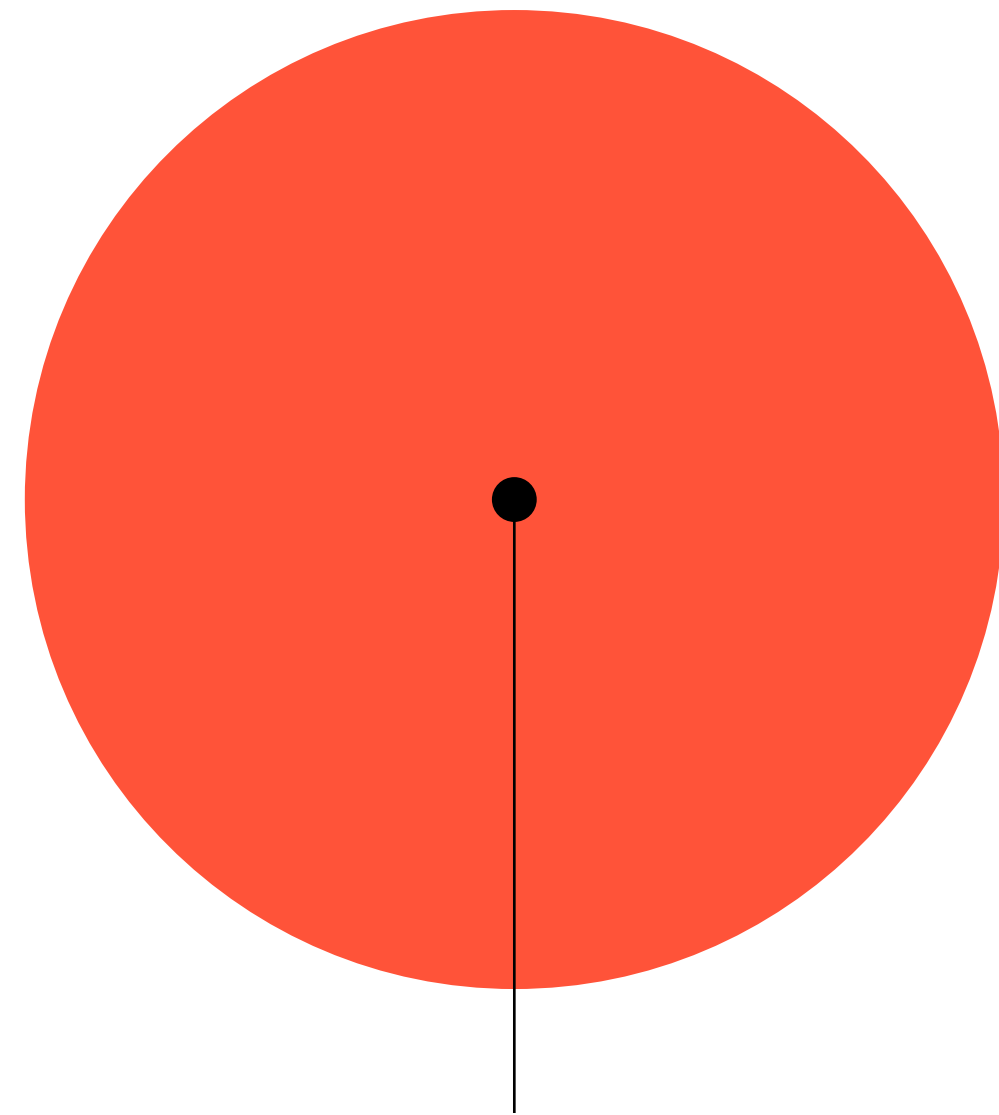
Of investment banks are facing tech budget cuts this year



68%

Of respondents believe their firms are wasting over a quarter of their budget on underutilized and redundant tools

Software investment priorities



92%

Of respondents are already using industry or use case-specific AI and automation solutions



Document management and automation

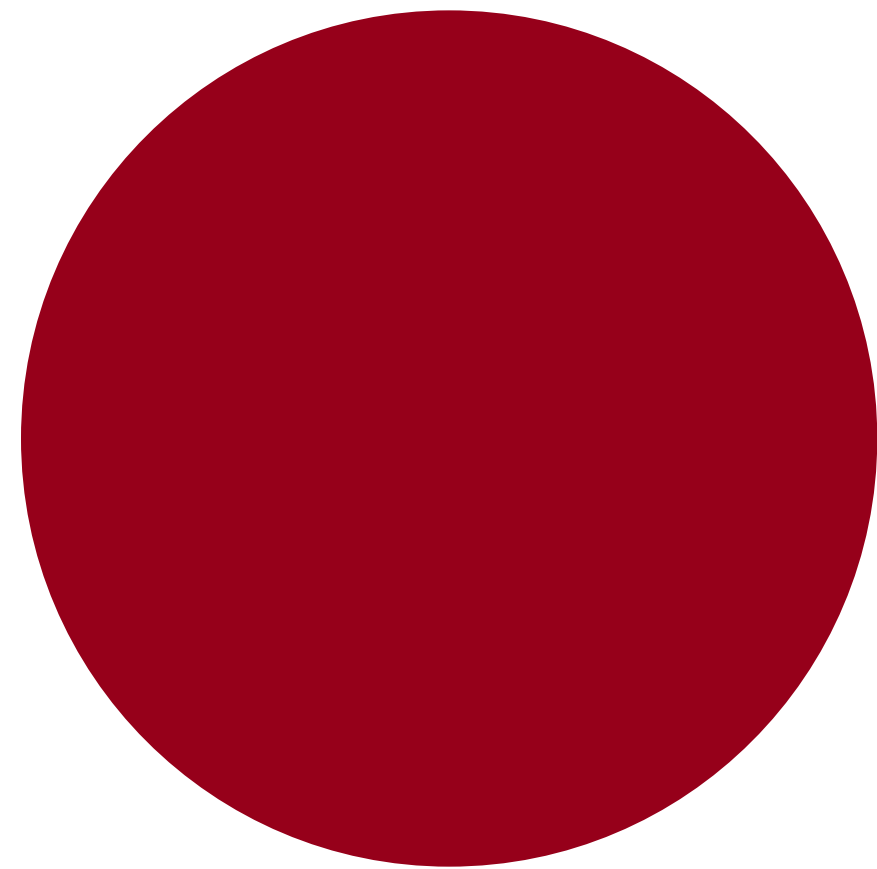
Are the top investment priority over the next 12 months



Generative AI

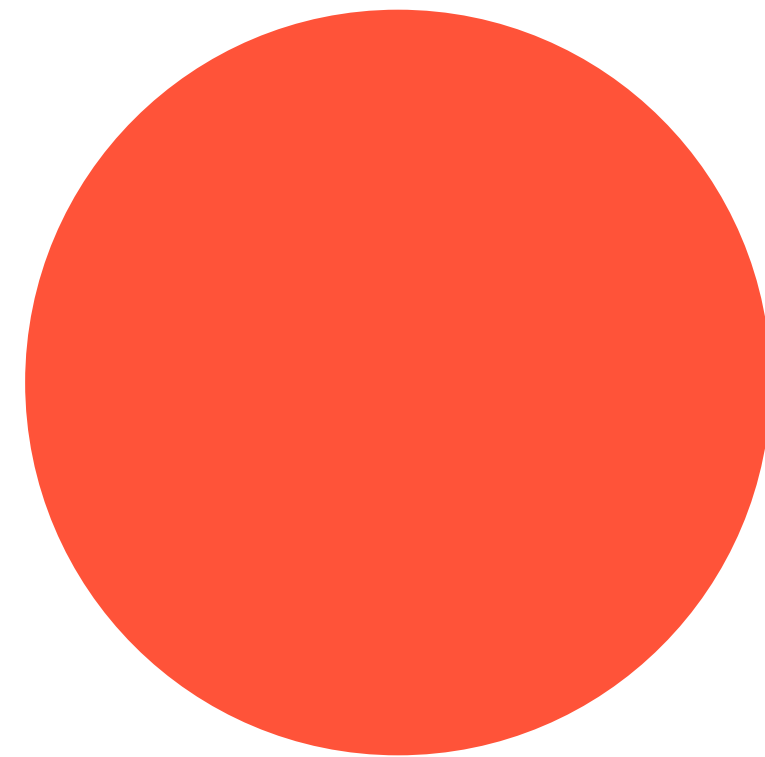
Is seen as the technology most likely to positively impact deal sourcing and bottom line in the next 12 months

Buying vs building in-house



57%

Of respondents said they are purchasing over half of their tech stack from third-party providers rather than building it in-house



41%

Have decided to switch from building document management and automation tools in-house to purchasing them over the past 12 months¹

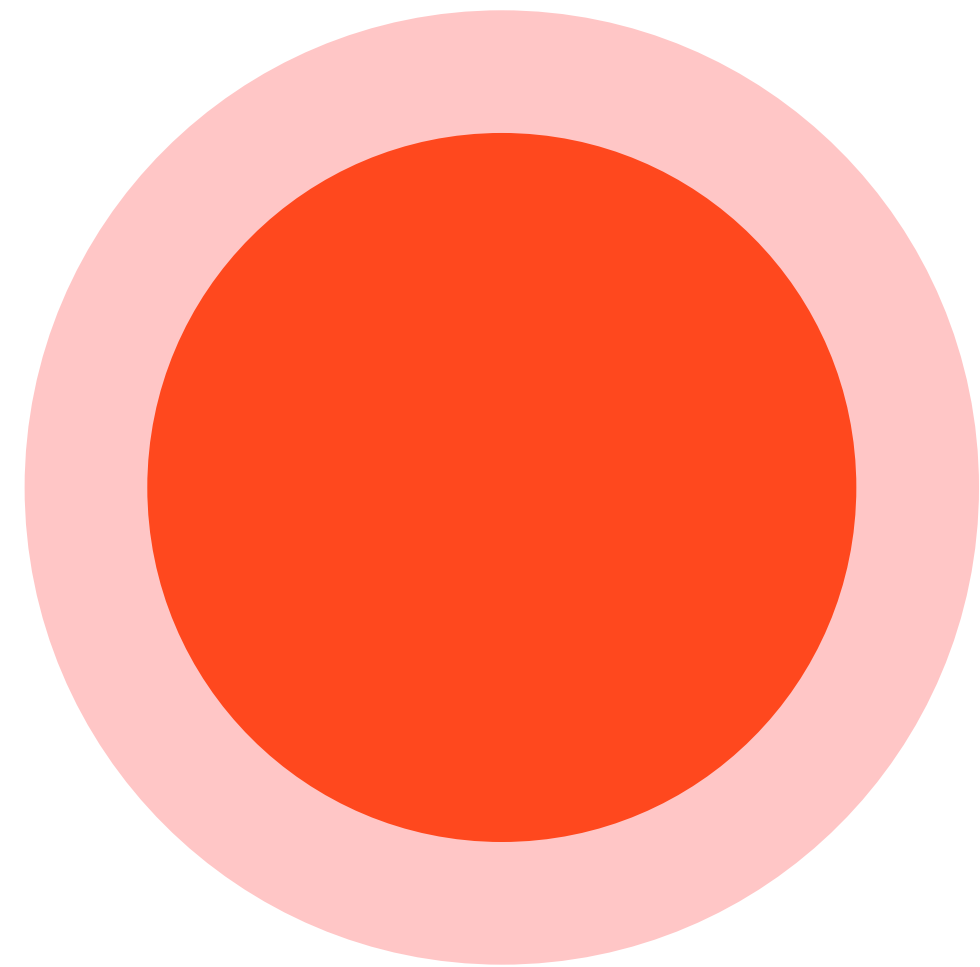
¹ Combining respondents who selected "Document management" and "Document generation automation"



Compliance and regulatory requirements

Are the key reasons for moving from building software in-house to buying externally

Tech investment strategies and tactics



55%

Of respondents are establishing stricter vendor SLAs and internal due diligence during their software purchase process¹

¹ Combining respondents who selected “Establishing stricter vendor SLAs” and “Dedicating more internal resources to due diligence during purchase process”



Clear ROI metrics

Hold most priority when choosing a software provider

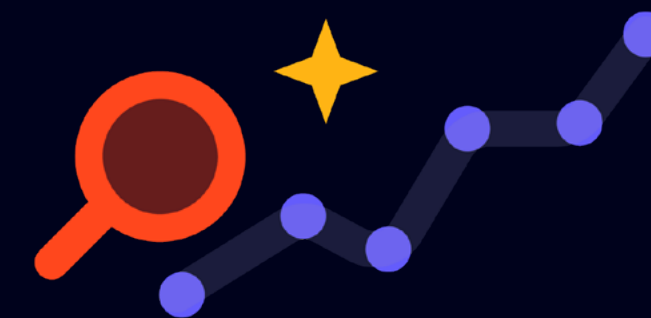
Software budgets are being stripped

Ninety-four percent of respondents said they have faced budget cuts this year, with one-third by over **20%**.

Geopolitical and economic uncertainties have left investment banks with no choice but to introduce cost reduction initiatives, including cutting software budgets.

And while these cuts may be necessary, IT and innovation professionals believe it could lead to negative consequences on their business's **overall financial performance and competitive positioning**.

According to our respondents, the biggest factors driving these budget cuts are:



Market conditions and cost efficiency



Changes in business strategy



Vendor and/or tech consolidation

How software budget cuts impact business success

The impact of software budget cuts on investment banks reveals notable geographic differences.

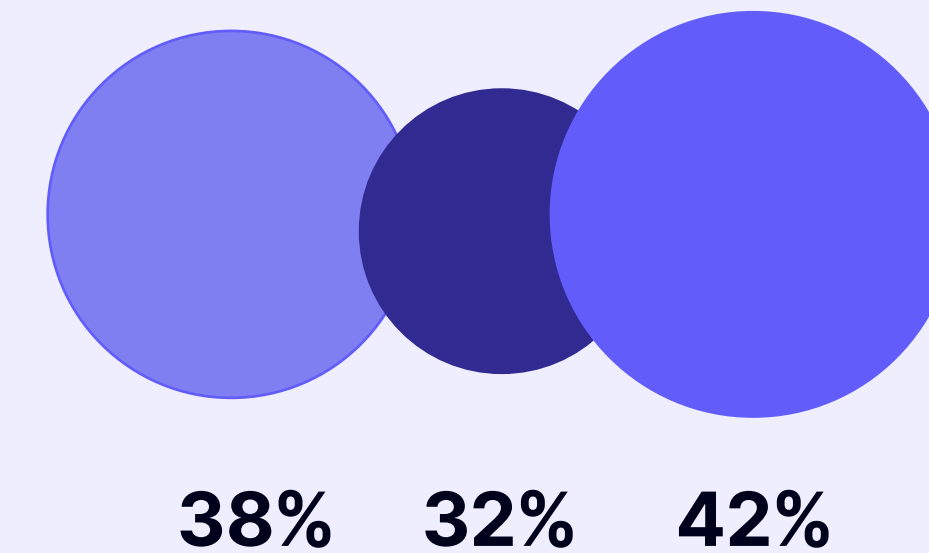
Meeting **client expectations** and maintaining **quality of service** is particularly worrying in the US, likely highlighting the region's emphasis on client-centric strategies and maintaining high service standards.

Competitive positioning is the top concern in Australia, driven by the need to maintain market share, whereas it is somewhat of a secondary issue in the US and UK.

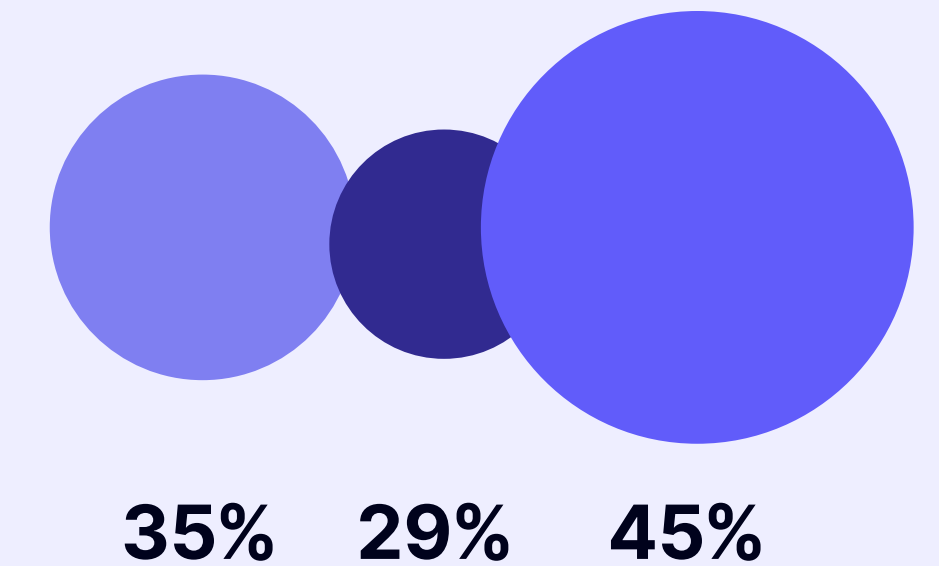
Finally, **overall financial performance is a common concern**, it is the primary issue in the UK, perhaps reflecting a heightened focus on financial stability amidst economic uncertainties.

What area of your business has been or will be most impacted by budget cuts?

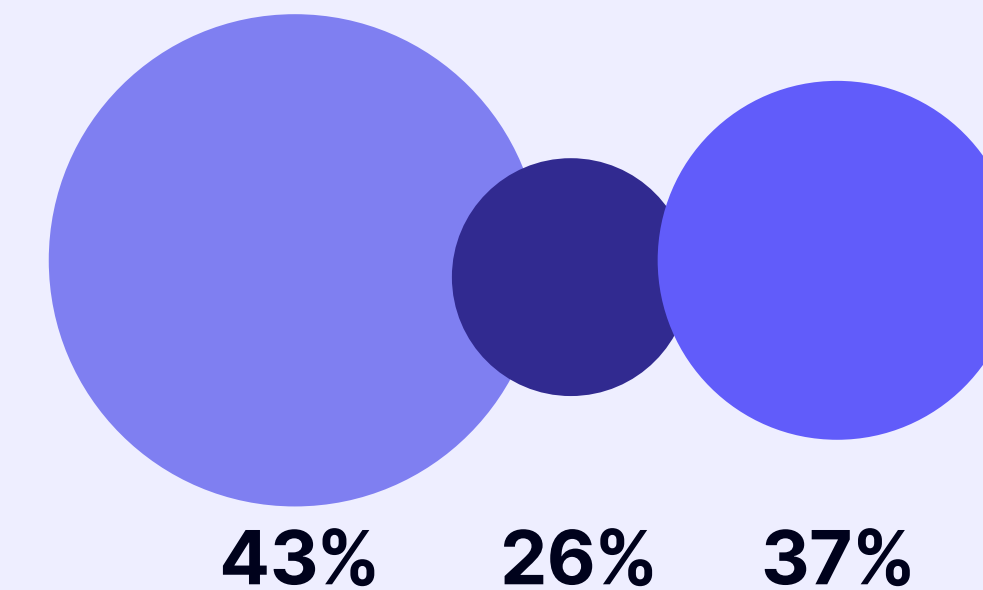
Overall financial performance



Competitive positioning



Client expectations and/or quality of service



Redundant tools drain remaining budget

Software budget cuts aren't the only issue at hand, as investment banking professionals are finding their remaining budget is being dwindled away by bad software deployments and low adoption rates.

How much software budget is wasted on average due to underutilization and/or redundant tools?

75% of investment banks with a budget of under five million are wasting upwards of **\$250k** every year¹

67% of those with a budget of over five million are wasting over **\$1M** of it, with 20% of them wasting a staggering **\$2.5M**, or more, every year¹

¹ Based on the percentage of tech budget respondents believe they're wasting every year

99%

Of respondents say they have faced software deployment or utilization challenges

68%

Estimate that at least a quarter of their budget is wasted due to this

UK IT and innovation leaders believe they waste more budget than their US and Australia-based counterparts

There's a noticeable gap in how respondents from the UK, US, and Australia view budget utilization, especially among businesses with larger budgets.

UK investment banking leaders feel they waste more resources, hinting at **potential inefficiencies or misalignment in spending strategies**.

In contrast, Australian businesses are the most confident in their budget management, closely followed by US firms.

This difference could stem from varied business cultures and market dynamics. Australia's smaller market size may lead to **more focused resource allocation**, while both the UK and the US, with their larger and more diverse markets, might face more challenges affecting budget utilization.

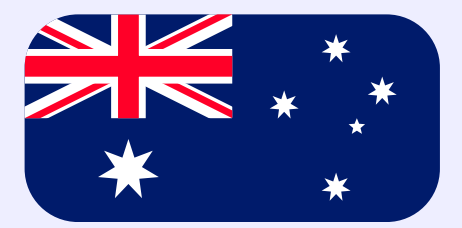
Percentage of respondents with software budgets exceeding ten million estimating they waste over half of it due to underused or redundant tools:



17%



45%



6%

Poor adoption and deployment hinder software value

To help IT and innovation leaders make the most of their tech investments and prevent budget misuse, it's crucial to first understand the underlying causes behind these issues.

As well as considering the below five factors to prevent tools from laying redundant, larger banks should consider revising **their tech stack strategy more frequently.**

Our research shows that most banks with revenues under \$500 thousand assess their tech stack each month, whereas companies with revenues of \$250 million or above do so quarterly.

Top five factors voted most likely to hinder the value generated from SaaS investments:

- 1**
Low quantity and/or quality of training
- 2**
Substandard deployment processes
- 3**
Ineffective change management
- 4**
Unidentified dependencies
- 5**
Lack of integration with existing tech stack

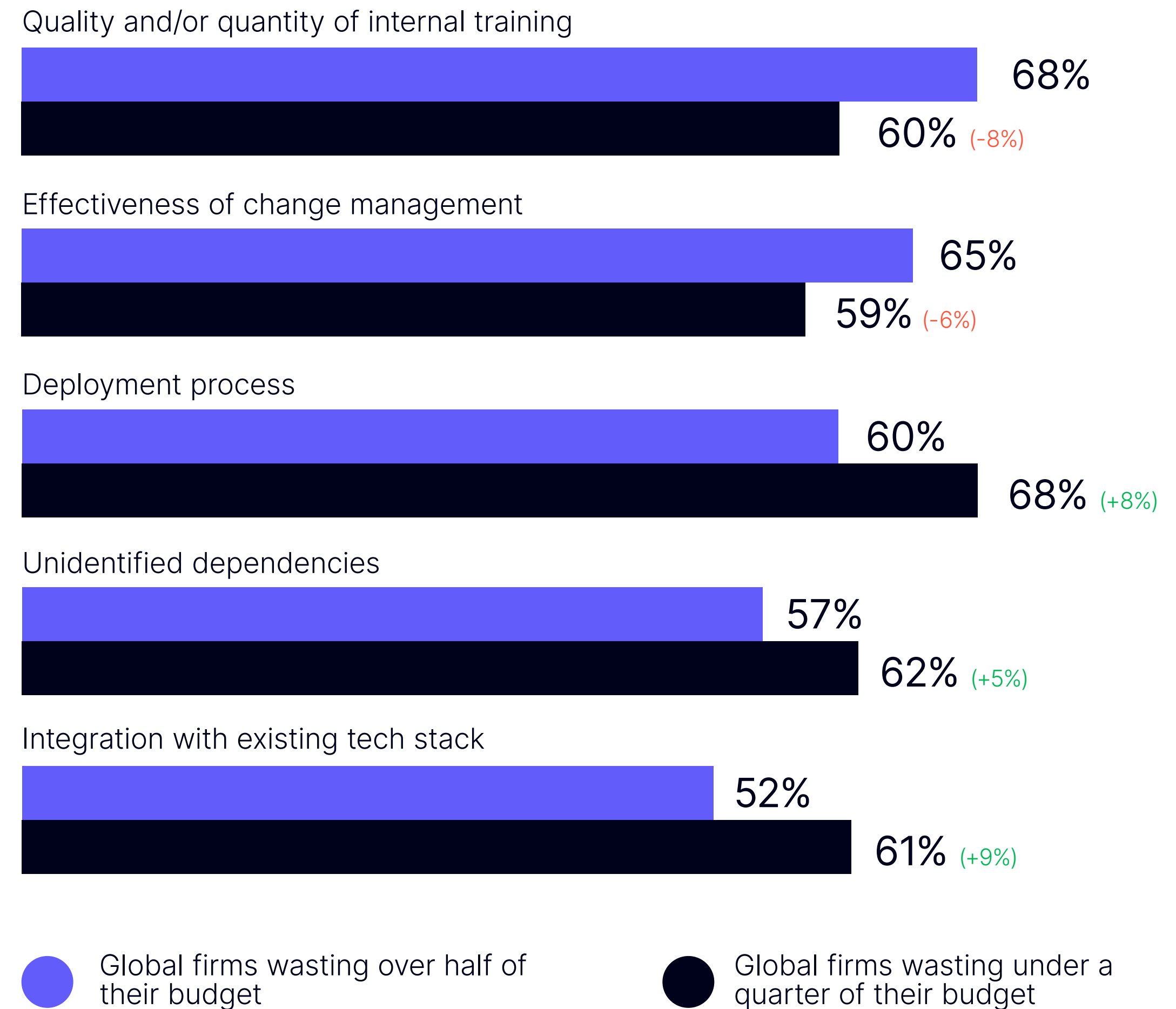
The high cost of substandard training and change management

For businesses that find themselves dissipating over half of their budget, the primary culprits appear to **be the quality and quantity of internal training**, closely followed by the effectiveness of change management practices.

In contrast, for those wasting less than a quarter of their budget, change management and training emerge as the least problematic factors.

These findings suggest a clear correlation between poor change management and inadequate internal training, **and significant financial losses for businesses.**

What factor is most likely to hinder the value generated from new software spend?



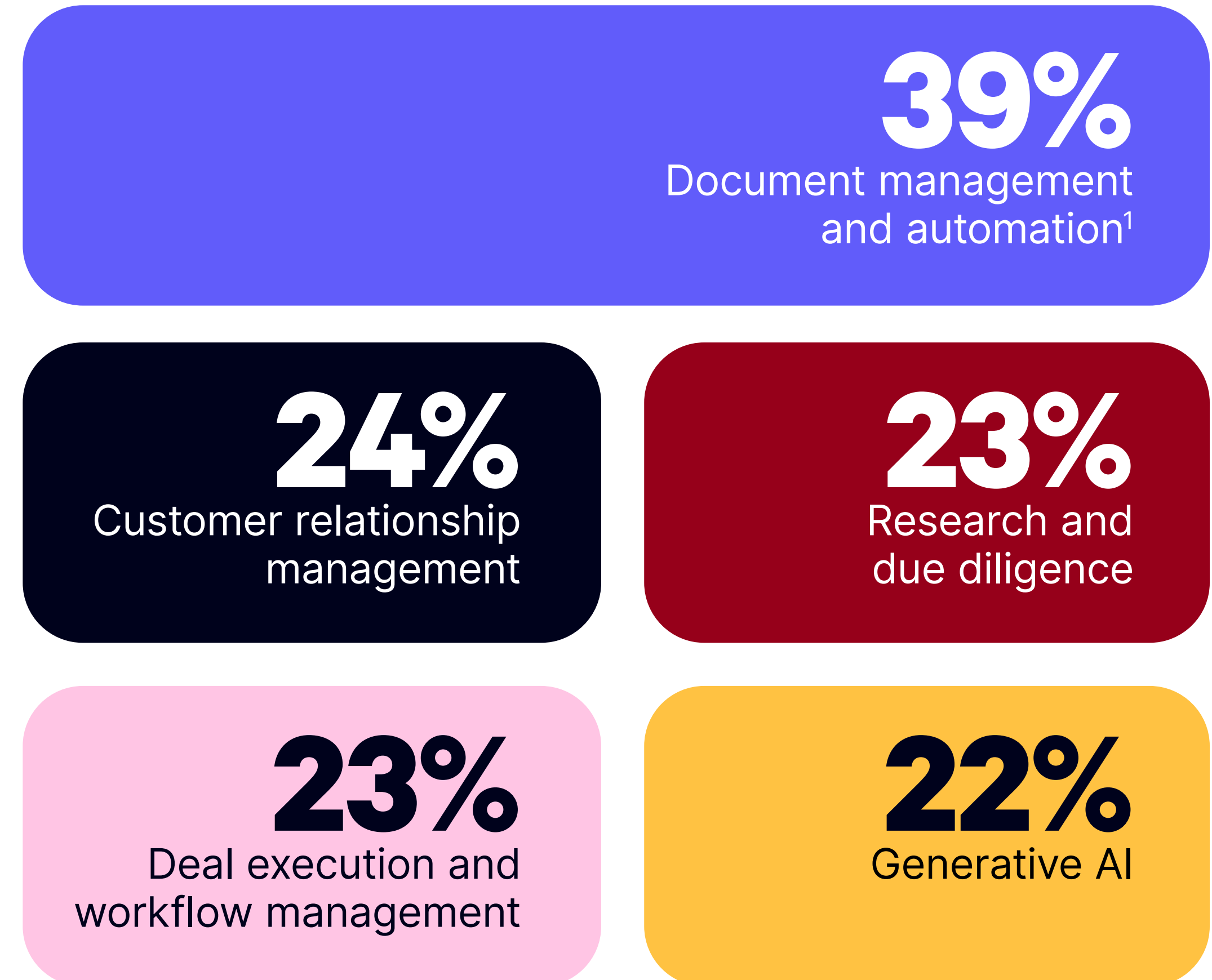
Future-proofing your technology investments

Despite budget cuts, IT and innovation leaders in investment banking are still exploring new solutions.

100%

Of respondents are investing in new software solutions over the next 12 months

What software solutions are they investing in?

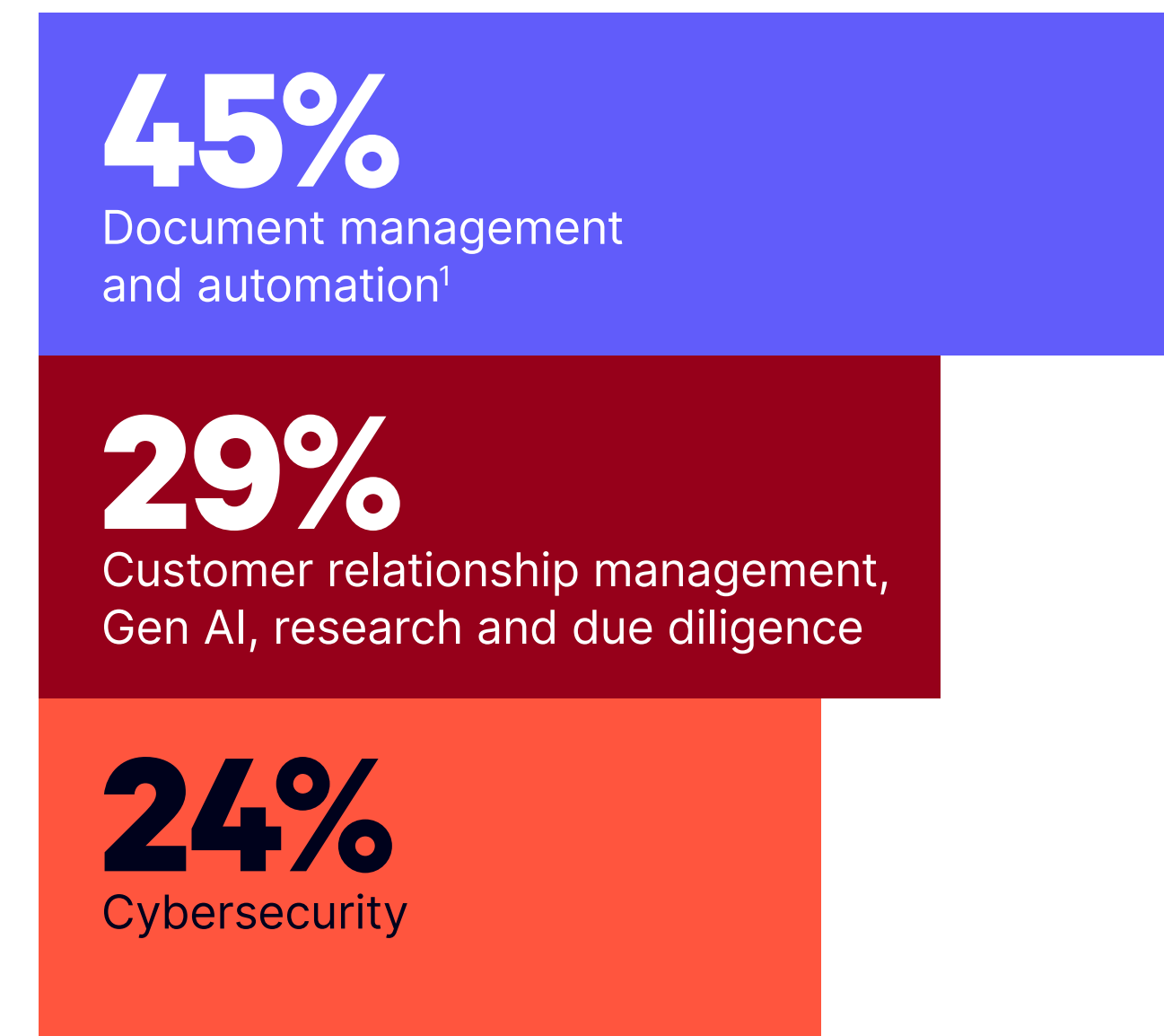
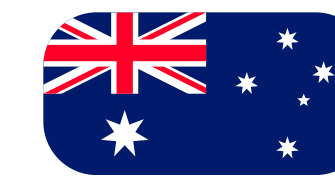


¹ Combining respondents who selected "Document management" and "Document generation automation"

Document management and automation are at the top of investment priorities globally

Document management and automation have emerged as **top investment priorities** globally, with almost half of US respondents saying they are investing or will soon invest in it.

Regional preferences for other investments differ: **generative AI** ranks in the top three only in Australia, while US leaders prioritize machine learning, a more established AI subset.



¹ Combining respondents who selected "Document management" and "Document generation automation"

Software needs to support the bottom line

As IT and innovation leaders navigate a myriad of software options, the guiding principle should be clear: aligning technology choices with overarching business strategies.

This involves identifying which tech investments will yield the most significant impact on **overall performance and deal sourcing**, while also considering factors such as scalability, integration with existing systems, and the potential for long-term growth and innovation.

By thoughtfully selecting and implementing the right technologies, firms can enhance **operational efficiency, stay competitive, and meet evolving client needs**.

What technology do you think will have the most positive impact on your business' bottom line over the next 12 months?

- | | | | |
|----------|----------------------|----------|-------------------------|
| 1 | Generative AI | 4 | Analytics |
| 2 | Advanced data | 5 | Green technology |
| 3 | Automation | 6 | Machine learning |

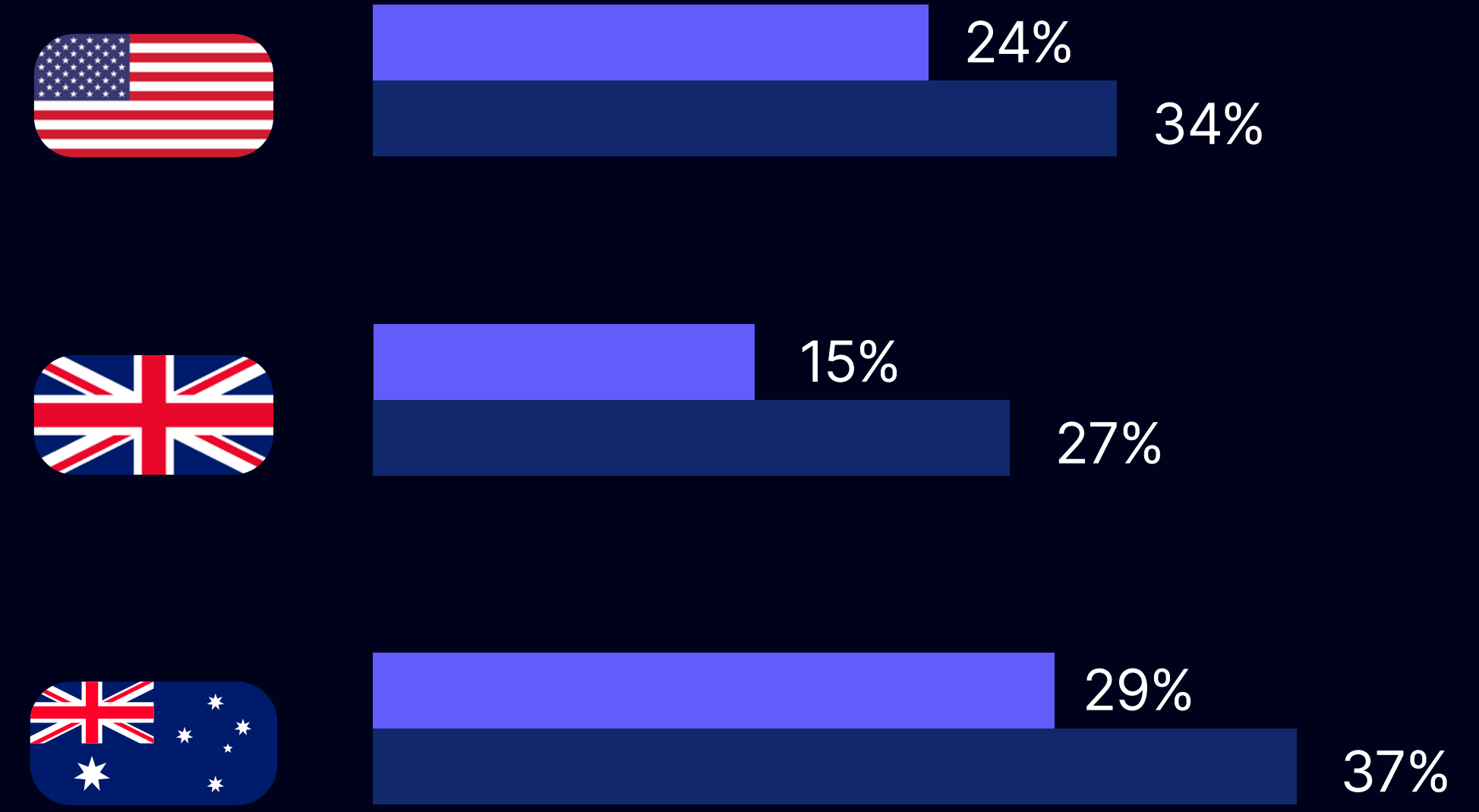
The generative AI dilemma



Despite only 23% of global IT leaders planning to invest in generative AI in the next 12 months, there's a striking belief in its potential impact.

This disparity suggests a cautious optimism; **leaders recognize generative AI's transformative** power for enhancing the bottom line and improving deal sourcing, yet remain wary of the immediate challenges and uncertainties.

The hesitancy to invest could stem from concerns over high implementation costs, regulatory hurdles, and the need for skilled talent. There could also be an industry reluctance to be innovators or early adopters, often due to the complexity and high risk of investments in new technologies.

However, the strong belief in generative AI's future benefits indicates that, as these barriers diminish, we may see **a significant uptick in investments for this technology.**

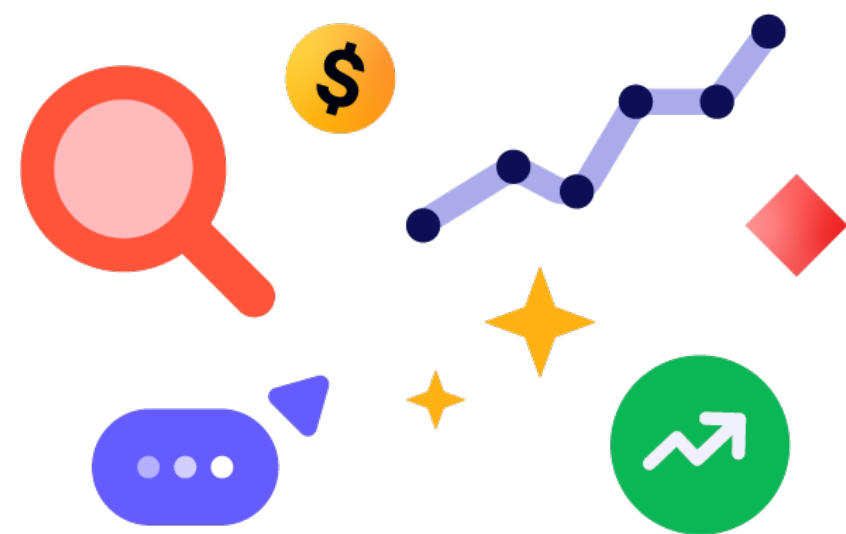


-  Respondents currently investing or planning on investing in generative AI over the next 12 months
-  Respondents who believe AI will have a significant positive impact on their bottom line or deal sourcing

Transformation and innovation leaders are more confident about AI's impact on bottom line than IT

Whilst innovation and transformation leaders place **generative AI at the top** of the list for technologies that will have the most positive impact on their business' bottom line, IT leaders place it last.

IT leaders often prioritize security and regulatory compliance, **viewing AI with caution** due to potential risks associated with unregulated applications.



On the other hand, innovation leaders may perceive it as **a catalyst for innovation** within their organizations, focusing more on its potential to drive efficiency, foster creativity, and unlock new business opportunities.

IT professionals are often skewed towards current performance and capabilities, whilst innovation teams are skewed towards the future.

This contrasting outlook highlights the importance of **balancing risk mitigation with innovation** to harness AI's full potential for sustainable business growth.

Percentage of respondents who are confident in AI's impact on the bottom line:



36%

Of innovation and transformation



29%

Of IT

Investment banks value industry and use case-specific solutions

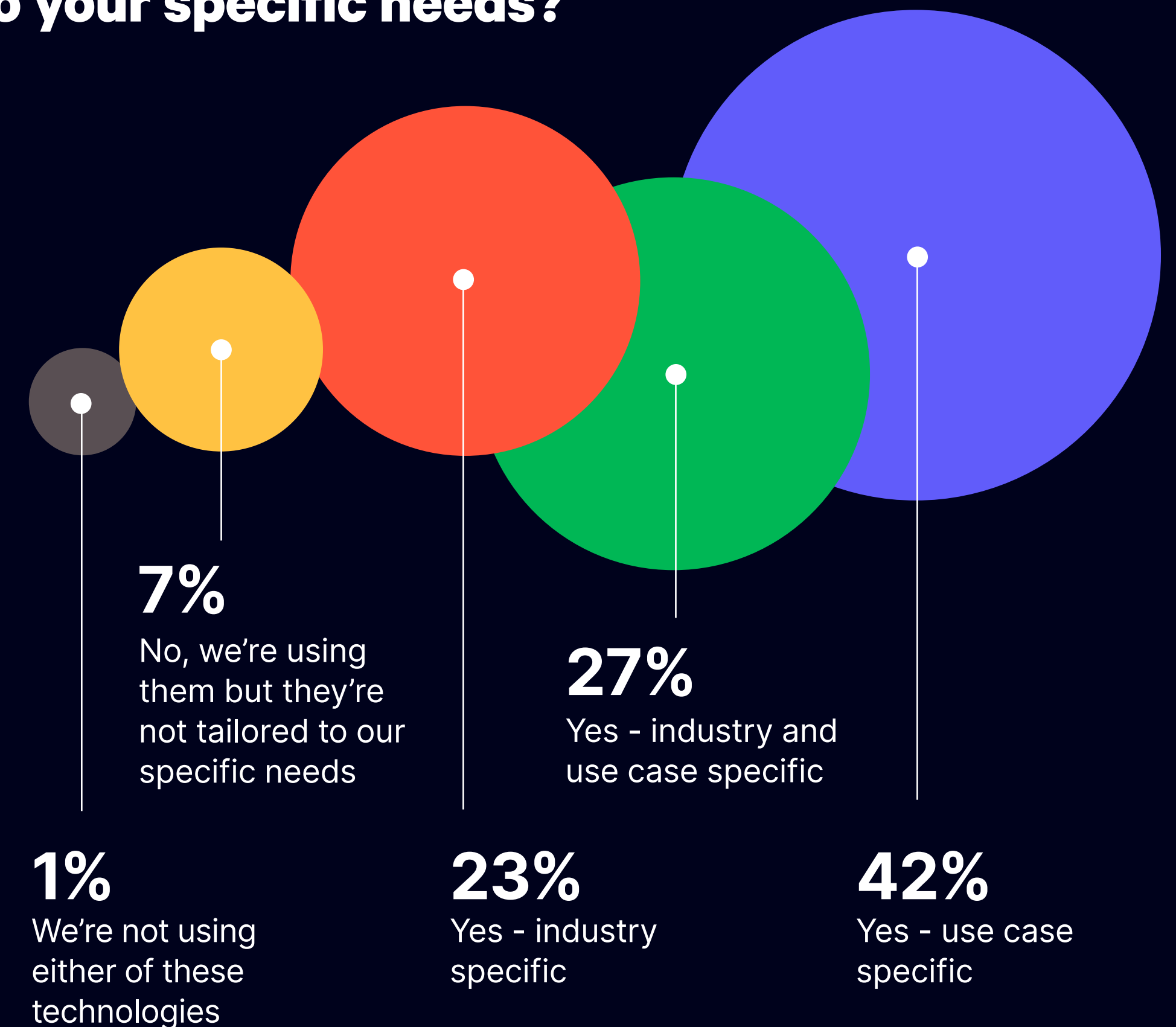
Despite the wide availability of industry-agnostic tools, the specialized nature of banking operations **demands tailored tools for enhanced precision and compliance.**

Investment banks are increasingly adopting use case or industry-specific automation and AI solutions to address their unique operational and regulatory requirements – with **over 92% of all respondents saying they use a specialized tool.**

These tailored solutions offer targeted functionality, enabling banks to streamline processes, mitigate risks, and bolster decision-making capabilities within their highly regulated environment.

The adoption of specialized solutions reflects a **strategic approach to maximizing efficiency and maintaining competitive advantage** in the dynamic landscape of investment banking.

If your company is using generative AI and/or automation, is the solution tailored to your specific needs?



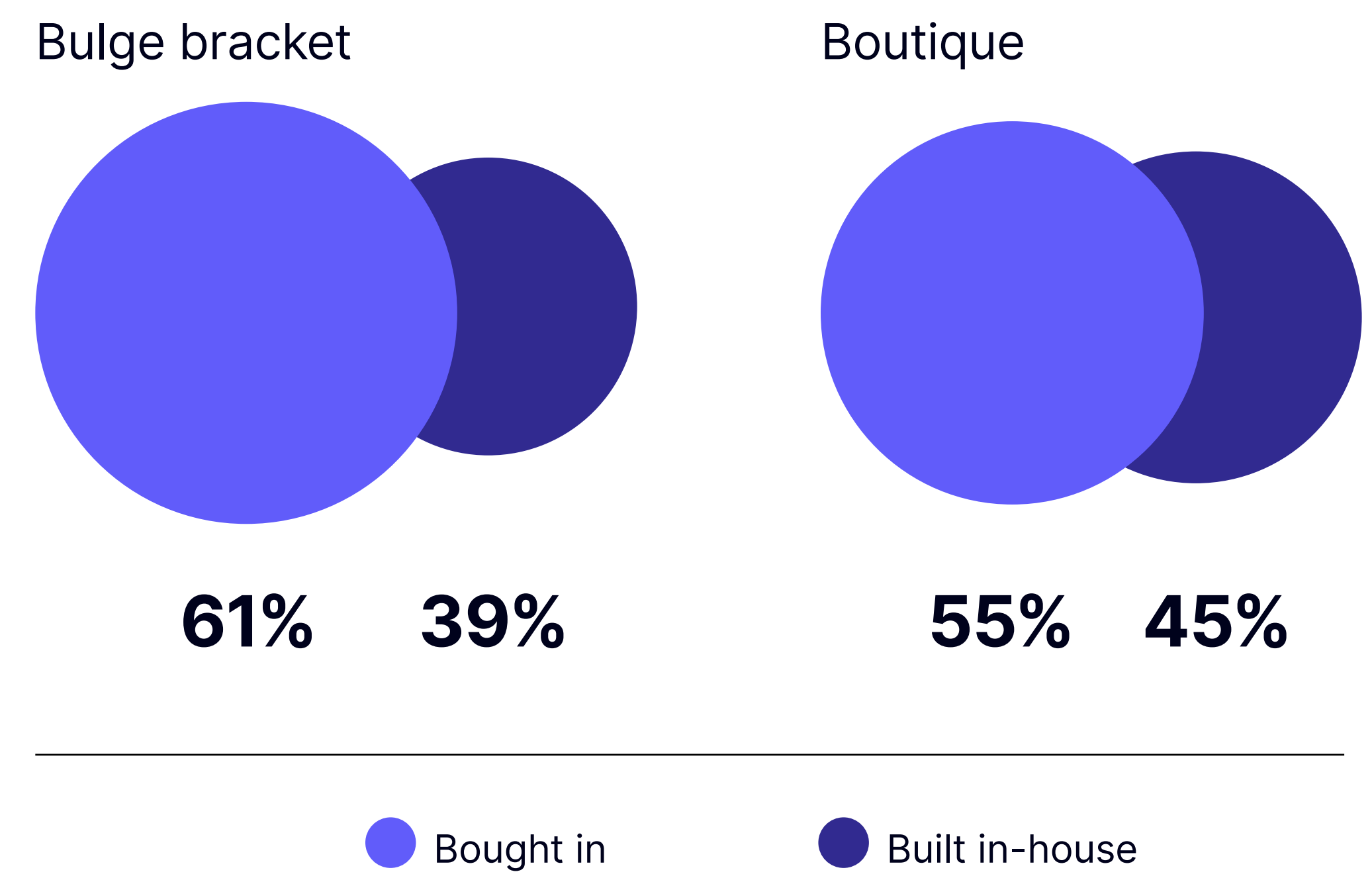
Buying vs building software in-house

Fifty-seven percent of survey respondents indicated that over **half or more of their tech stack** was procured externally rather than developed in-house.

Interestingly, despite having more resources to build and maintain software in-house, **bulge bracket firms lead the move towards external procurement** – with 61% of respondents saying majority of their tech stack was bought.

This likely indicates a strategic choice to leverage **specialized external vendors for cutting-edge solutions**, enabling them to stay ahead in a rapidly evolving tech landscape and allowing them to focus their substantial internal resources on core activities and strategic initiatives.

Percentage of respondents buying half or more of their newly deployed software over building it in-house in the last 12 months:

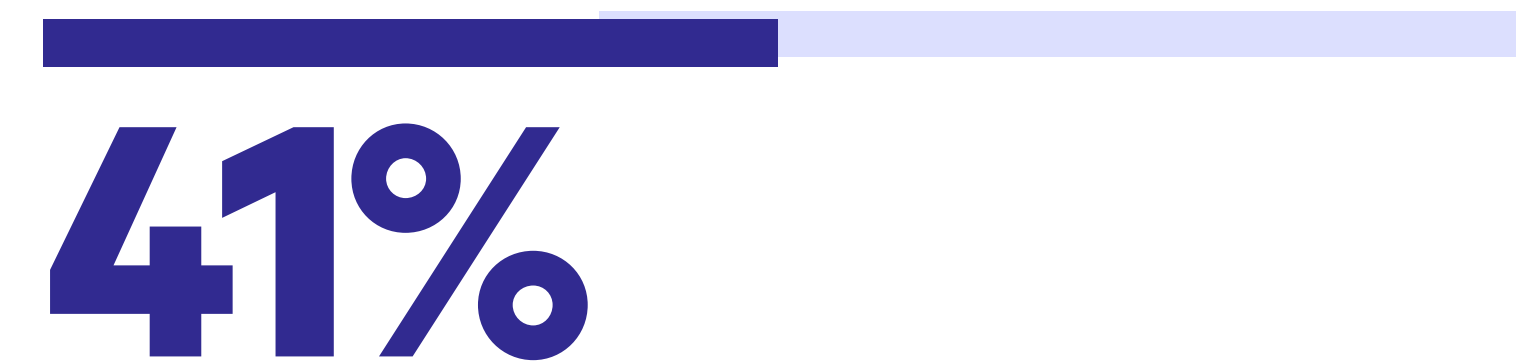


Shifts in software procurement: document management and automation lead the transition

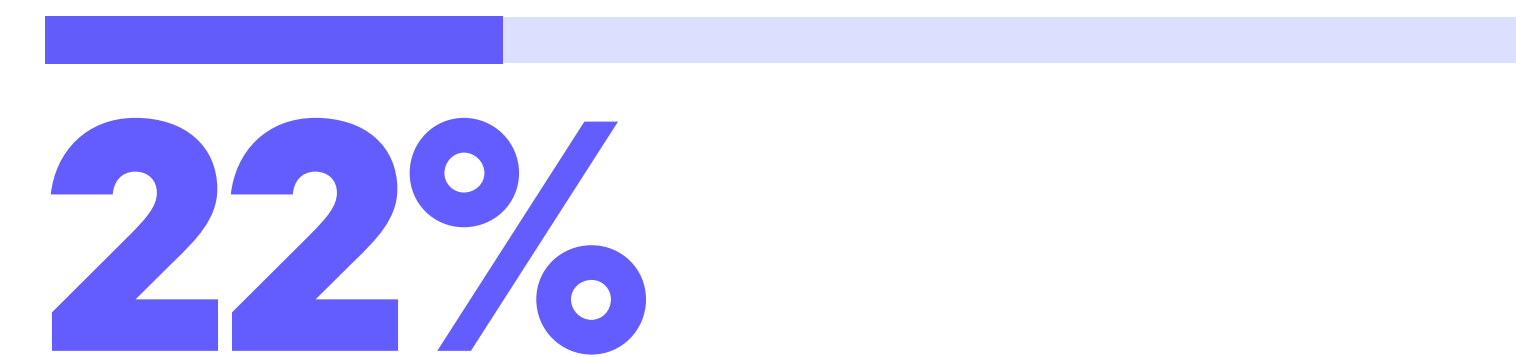
When it comes to the categories of software that have recently been switched from being built in-house to bought in, **document management and automation come on top**, with 41% of respondents saying they've recently changed their approach to adopting these technologies. This shift underscores the growing recognition of the efficiency and effectiveness of external solutions in streamlining document-related processes and enhancing productivity.

Perhaps unsurprisingly, **over three-quarters of firms prefer to build generative AI solutions in-house**. This preference is likely due to the unique nature of generative AI, as large language models (LLMs) need to be trained on specific datasets to produce tailored and unique outputs. This need **for customization and data specificity** may make in-house development more appealing for investment banks.

What categories of software have recently been or are being switched from built in-house to purchased?



Said document management and automation¹



Said generative AI

¹ Combining respondents who selected "Document management" and "Document generation automation"

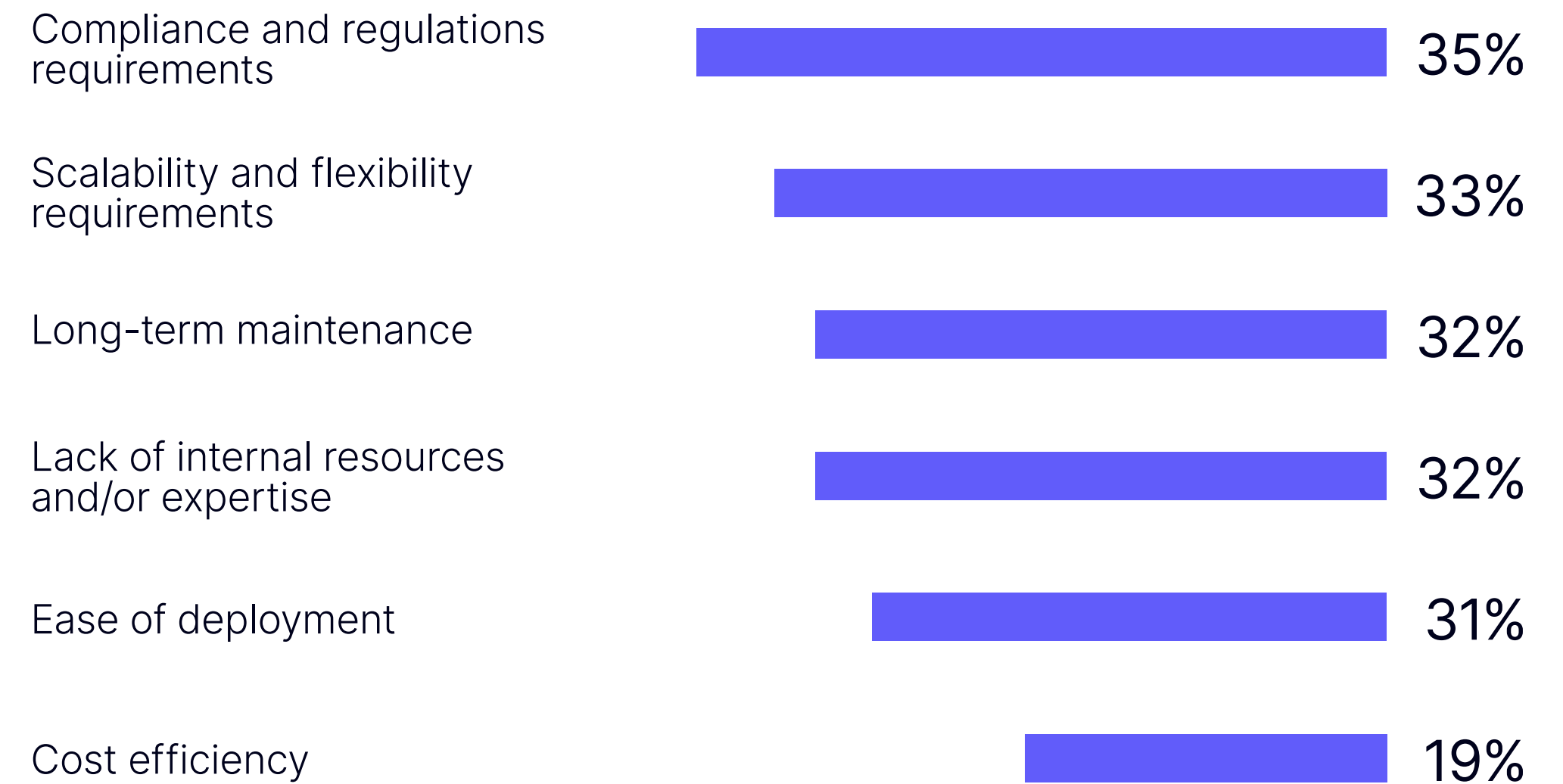
Compliance and regulatory requirements are a key driver for buying software

The main reason across all geographies for buying over building comes down to **compliance and regulatory requirements**.

Maybe unsurprisingly, cost efficiency is placed last on this list. As the industry grapples with complex and ever-changing regulatory requirements, being able to respond to them quickly is critical. **Cost efficiency is perhaps a small price to pay** to remove risk and complexity.

Similarly, a firm's size also determines the reason behind this decision. Boutique firms lean towards buying externally due to **its ease of deployment**, likely stemming from their smaller teams and limited internal resources. In contrast, bulge bracket firms tend to opt for this option to meet their **scalability and flexibility needs**.

What are the main reasons you would choose to buy new software over building in-house?



Primary reason for purchasing software externally over building it in house by business size:



Ease of deployment
In boutique firms

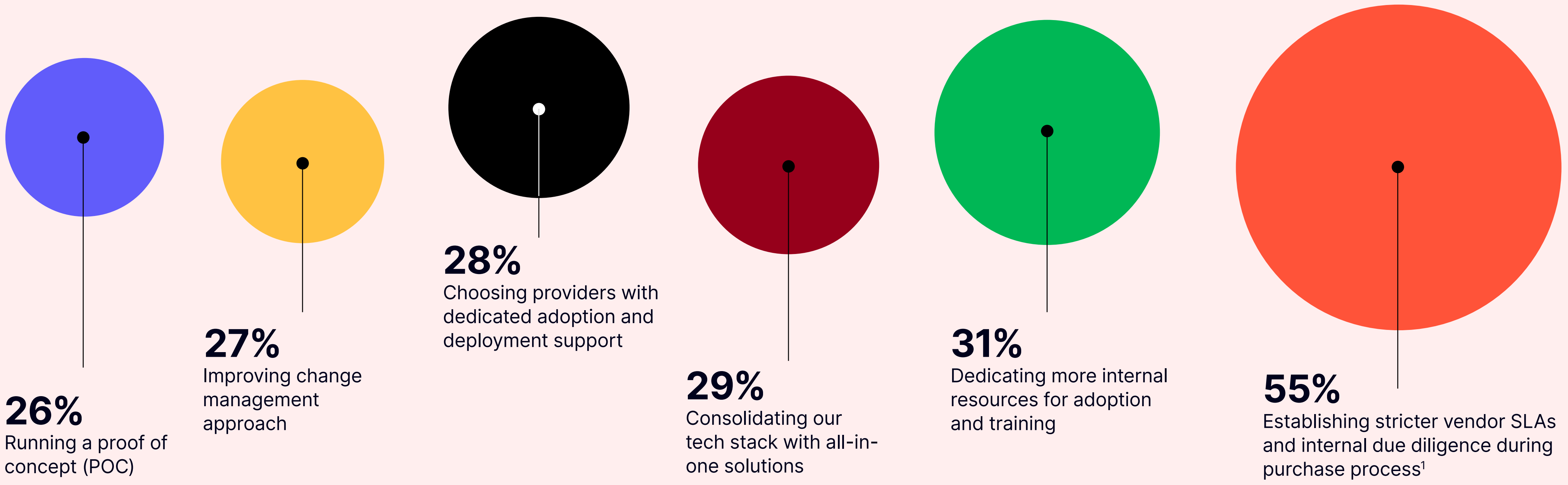


Scalability and flexibility
In bulge bracket firms

Strategies and tactics for successful software deployment

Challenged by the potential **wasted costs and inefficiencies** associated with underutilized software investments, investment banks are increasingly focusing on strategic initiatives to ensure the successful deployment and adoption of their SaaS stack.

What initiatives are being taken to ensure the successful deployment and utilization of your SaaS stack?



¹ Combining respondents who selected "Establishing stricter vendor SLAs" and "Dedicating more internal resources to due diligence during purchase process"

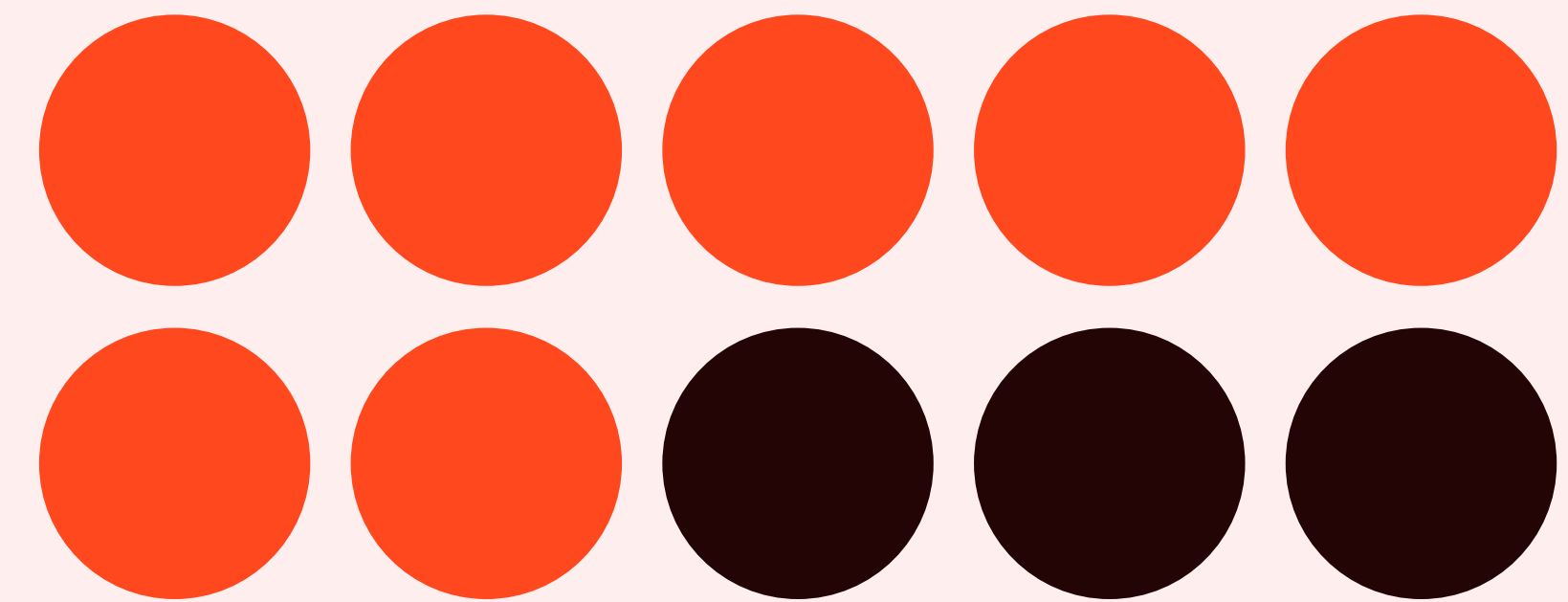
Increase software value by focusing on training and change management initiatives

Despite firms wasting over half of their budget due to underutilization recognizing inadequate training and change management as the primary causes, over two-thirds of respondents are not focusing on these areas to solve the issue.

This indicates a clear **disconnect between recognizing the problem and implementing solutions**.

Effective change management and adoption strategies are crucial for maximizing the return on software investments. By neglecting these areas, firms are not only wasting resources but also missing out on the potential benefits of their technological investments.

This oversight suggests a need for a cultural shift within investment banking, emphasizing **the importance of effective training and robust change management processes** to fully leverage their software capabilities.



Over two-thirds of respondents aren't currently implementing any change management or training initiatives to improve the utilization of their software

Select the right vendor to work with

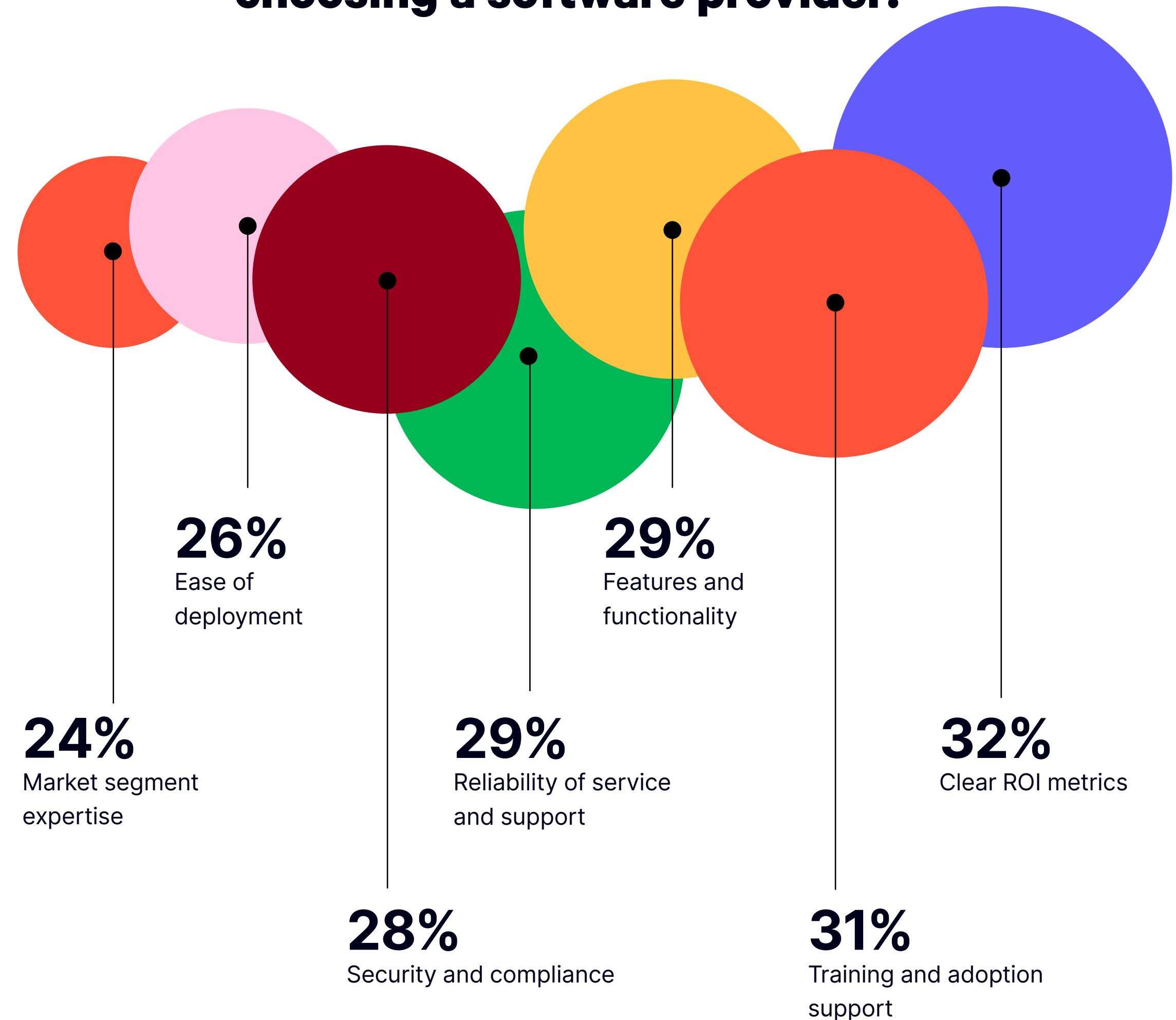
Choosing the right SaaS vendor is pivotal to the success of your investment; having a clear understanding of objectives and return on investment, as well as implementing thorough adoption, implementation and support, will greatly impact **the value generated**.



Over half of respondents said they will establish stricter vendor SLAs and internal due diligence during their purchase process.¹

¹ Combining respondents who selected “Establishing stricter vendor SLAs” and “Dedicating more internal resources to due diligence during purchase process”

We asked respondents which three attributes hold most priority when choosing a software provider:



Demonstrating ROI: The importance of clear metrics

While there are some disparities between geographies, the one common attribute on their vendor wish list is **clear return on investment (ROI) metrics**.

Given that most investment banks are working with a reduced budget in 2024, it's becoming increasingly more important to **measure the value-added from their software spending** to justify it back to the business, whether it be through time-saved per employee, or direct revenue gains.

Here are the top three attributes voted as priority for their next vendor:



1.

Clear ROI metrics

2.

Reliability of service and support

3.

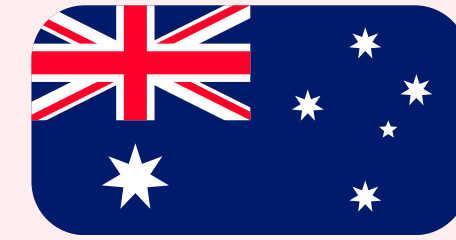
Ease of deployment



Training and adoption support

Security and compliance

Clear ROI metrics



Training and adoption support

Clear ROI metrics

Features and functionality

Conclusion

As the investment banking landscape continues to battle with budget and headcount cuts, investing in technology isn't just advantageous—**it's essential for overall business success.** However, before plunging into software spending, careful consideration of various factors is imperative to ensure a substantial return on investment.

Regardless of which SaaS solution you choose to invest in, be it document management and automation, generative AI, or cybersecurity, the most important decision you can make in the purchasing process is **the vendor you're working with.**

Ask yourself: “Do they integrate with my existing tech stack?”, “Do they offer **effective change management, implementation and adoption support?**”, “Will they provide **clear ROI metrics** that I can present back to the wider business?”.

Without employing these strict vendor SLAs early in the process, you could run the risk of implementing a tool that doesn't deliver the value you anticipated or, worse, is completely redundant.

Investment banks that successfully implement a concrete SaaS investment strategy over the next year, factoring in all the topics we've covered throughout this report, will likely see **competitive gains and increased bottom line.**



Case study: How UniCredit gets ROI with UpSlide

“ This was the fastest and smoothest onboarding of an application that I’ve seen. **This project really stands out; the team were tremendous.** ”



Marcin Stefanski

Application Analyst at UniCredit, leads all software applications through a rigorous security approval process to ensure it doesn't pose a threat, application-wise, network-wise, or for user data.

How UpSlide helped ensure a successful deployment



Excellent communication

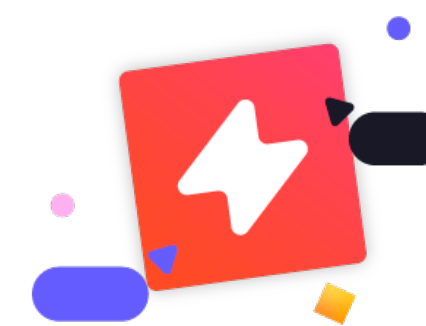


Responsive and effective solutions

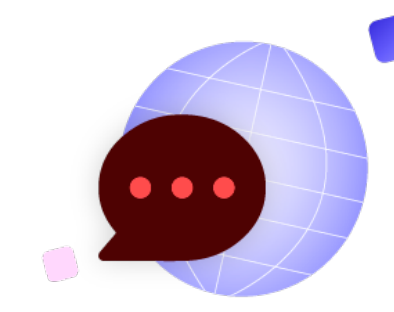


Support with the security process

What makes the UpSlide software a good fit



Ability to host their own data



Reliability and ease of maintenance



Close alignment with Microsoft 365

[Discover how UniCredit have digitalized and streamlined daily operations with UpSlide](#)



Boost productivity and create better documents with UpSlide

Get in touch