

TECHNOLOGY PRODUCT STRATEGY FOR CAPITAL MARKETS

PRODUCT STRATEGY FOR TECHNOLOGY COMPANIES EXPLORING THE CAPITAL MARKETS INDUSTRY

Risk Advisors Inc. helps technology solution providers understand the capital markets industry and the needs of investment managers and financial institutions. We collaborate with our clients to assess the potential opportunity in specific market segments and to develop their product offering.

Our capital markets industry focus allows our clients to adapt their offerings to specific industry issues and develop relationships with key decision makers and thought leaders. We have extensive industry expertise as we advise prominent hedge funds and financial institutions on their technology strategy. Our deep network of professionals and executives enables us to share valuable industry insights and emerging trends.

RISK ADVISORS DELIVERS:

- » **Industry Knowledge** - Explain the landscape and trends of the capital markets industry
- » **Product Concepts** - Engage with the product development team and provide real-world insight into the product development process
- » **Value Proposition** - Craft a value proposition that includes a defined product offering with a targeted customer message focused on a specific customer sector
- » **Relationships** - Develop relationships with industry thought leaders and potential customers
- » **Regulatory Environment** - Understand the impact of changing regulations on the industry's technology needs

THE RISK ADVISORS APPROACH: COLLABORATING TO DEVELOP A PRODUCT OFFERING

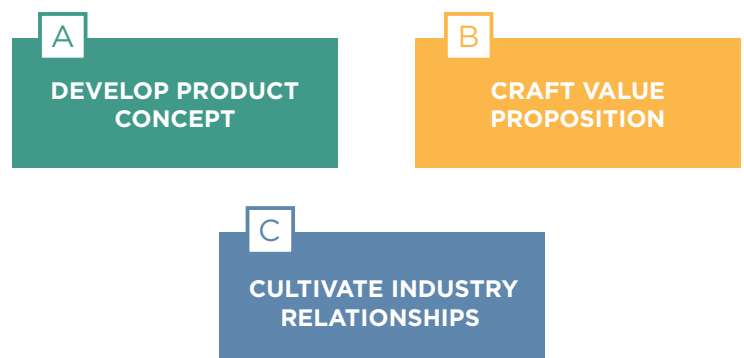
Our approach entails a collaborative engagement with the technology solution provider. Together, we develop a viable offering that is used to incorporate feedback from industry participants, including potential customers and thought leaders. We then develop a product offering with the client that is targeted at a specific segment of the capital markets industry. The product offering includes a well-defined product with a proof-of-concept and a targeted customer value proposition and message. Through this process, our clients leverage our industry network to develop their relationships.

Once the product concept has been developed, we craft a minimum viable product offering that includes a well-defined product concept and a customer value proposition. We then meet with potential customers, thought leaders, and potential partners to engage in discussions and working sessions in order to create a network of industry participants and a partner eco-system. This is an iterative process of further product development, composing a customer message, and refining the product and the message through industry feedback.

EXPERTISE



APPROACH



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EXPERTISE: CREATING A PRODUCT OFFERING REQUIRES DIVERSE EXPERTISE



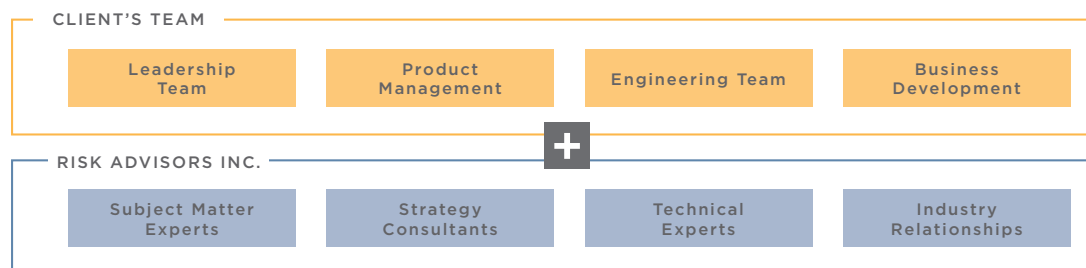
APPROACH: PRODUCT CONCEPT, VALUE PROPOSITION, AND INDUSTRY RELATIONSHIPS

A DEVELOP IDEAS AND THE PRODUCT CONCEPT



1. ASSEMBLE COLLABORATIVE TEAM

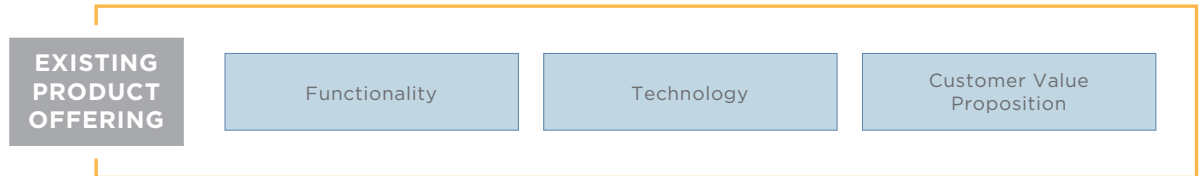
We assemble a collaborative cross-functional team consisting of key individuals from the client along with experts from Risk Advisors.



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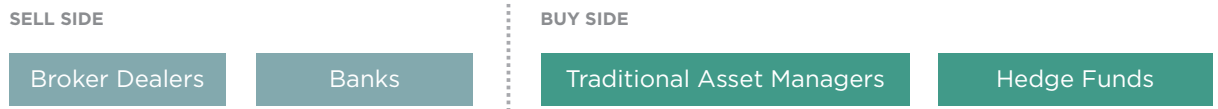
2. UNDERSTAND EXISTING PRODUCT OFFERING

In close coordination with the client's team, our experts review the product offering from a functional and technical perspective. This collaboration furthers our understanding of the existing product offering and of the customer value proposition.



3. DEFINE CUSTOMER SECTORS AND MARKET SIZE

We define broad customer sectors to which the product offering should appeal to, and estimate potential market size for each sector (e.g. large multi-strategy hedge funds as defined by assets under management (AUM) greater than \$ 5 billion).



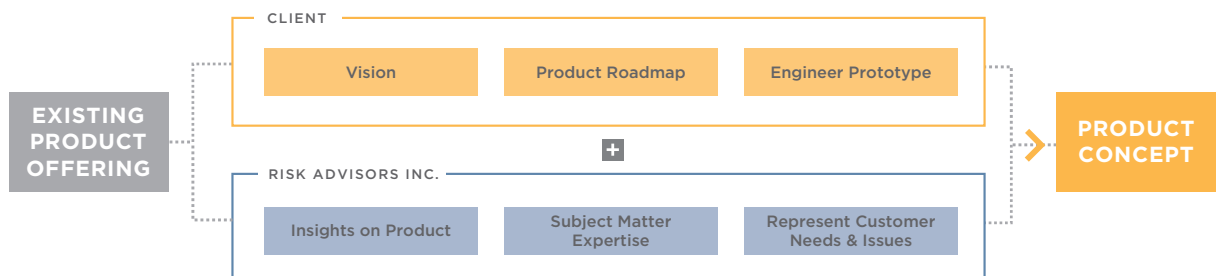
4. ANALYZE COMPETITORS

Lastly, we identify competitors that offer competitive products and analyze how their products, value proposition, brand perception, and organizational capabilities compare with the proposed offering.



5. DEVELOP PRODUCT CONCEPT

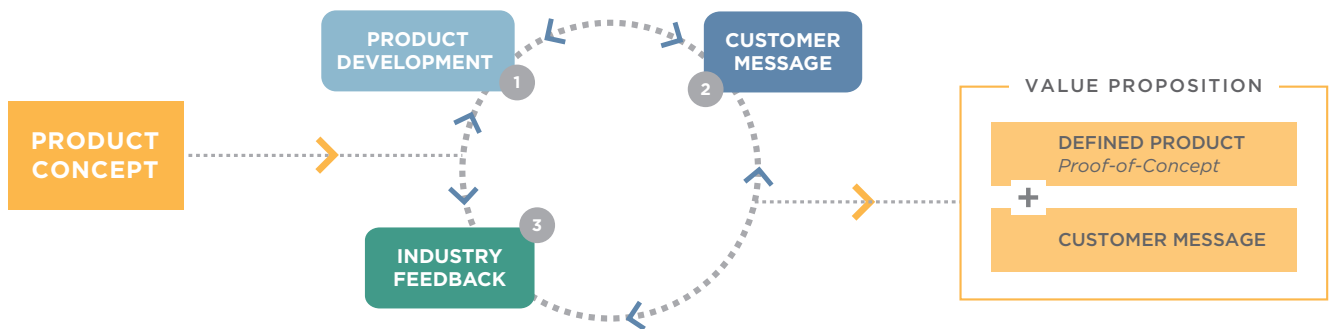
We engage with the product development team by providing subject matter expertise and real world understanding of the needs and issues of potential customers in order to guide the development of the Product Concept.



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B CRAFT A VALUE PROPOSITION

Once the Product Concept has been developed, it is critical to craft a minimum viable product offering that includes a well-defined product concept and a customer value proposition. This is an iterative process of further product development, composing a customer message, and refining the product and the message through industry feedback.



- 1. Product Development:** The client's engineering and product development team will work with Risk Advisors, who provides the industry subject matter expertise to produce a proof-of-concept.
- 2. Customer Message:** Collaborate with the client to create the value proposition, address the business problem, and highlight the solutions provided by the proposed offering.
- 3. Industry Feedback:** Discuss the proposed product and customer message with industry participants including potential clients and thought leaders in order to consider and incorporate ideas into product development and the value proposition.

RESULTS

A Value Proposition that includes:

- Defined Product:** The defined product is still in its early stages of development (i.e. proof-of-concept, alpha version, or beta version).
- Customer Message:** A refined message with the product highlights, focused on the value proposition for the target customer.

C CULTIVATE INDUSTRY RELATIONSHIPS

Meet with prospective customers, thought leaders, and potential partners to engage in discussions and working sessions in order to create a network of industry participants and a partner eco-system.

1 POTENTIAL CUSTOMERS

Discuss product concepts and offering with potential customers early in the product development lifecycle

2 THOUGHT LEADERS

Build relationships with industry thought leaders that provide critical insight on industry trends and the relevance for the proposed offering

3 PARTNERS

Develop a partner eco-system with vendors of complimentary offerings, identifying:

A. **Implementation Partners:** Professional services firms that can assist with implementation

B. **Distribution Partners:** Firms with complimentary products and services that can assist in educating the marketplace and provide a sales and distribution channel

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CASE STUDY 1 :

TRADING AND RISK MANAGEMENT SOLUTIONS FROM JAPAN ENTER THE UNITED STATES MARKET

In early 2013, a Japanese firm focused on trading and risk management technology products decided to explore opportunities in the United States as part of their strategy for global expansion. The firm serves nine out of the ten largest financial institutions in Japan and has over 600 employees and U.S. \$200 million in annual revenues. Risk Advisors was tasked with identifying target market segments in the U.S. for their financial technology products.

SOLUTION

- Understood the firm's solutions offered in the Japanese market and comparable offerings in the US.
- Sourced critical feedback from industry leaders at prominent broker-dealer and asset management firms in the US.
- Overlaid the functionality offered by the client's product suite with our research findings and the industry feedback we received.
- Directed interaction between our client and their potential US customers and facilitated working sessions with key decision makers.
- Identified increased regulatory scrutiny of trading activity by the SEC and CFTC as a potential opportunity. Regulators had started to impose severe penalties including significantly increased fines and increasingly threatened shutdown.

BENEFITS

- Identified the increased need for trading surveillance software and realized that it was a need unaddressed by existing vendors.
- Recognized that our client is well positioned to meet this demand by leveraging their real-time trade matching platform technology that has been deployed at a major Japanese securities exchange.
- Collaborated with our client and a potential customer, a leading broker-dealer, to analyze the current trading supervision deficits and conducted tests on real sample data to develop a product offering.
- Built a business case for their trading surveillance software supported by research, and produced a product concept complete with a customer value proposition tailored to the needs of the US market.

CASE STUDY 2 :

ADAPTING MUTUAL FUND DOCUMENT AUTOMATION FOR THE HEDGE FUND INDUSTRY

A Chicago based document automation and client reporting software-as-a-service solution provider to large mutual fund complexes was looking for alternate markets for their core technology. Through initial discussions with Risk Advisors, the firm's founders were interested in studying the needs of hedge fund managers and identifying possible applications within the hedge fund industry.

SOLUTION

- Conducted working sessions with the firm's co-founders who are the CEO and CTO respectively to understand their vision for the product.
- Understood the product offering including the functionality, its technical merits, and its value proposition to their mutual fund clients.
- Suggested three use-cases in the hedge fund industry that could potentially benefit from the firm's core technology.
- Through industry research and feedback on the use-cases we decided to focus on utilizing their technology at hedge funds in the investor reporting area.
- Collaborated with the client to develop a product proof-of-concept and setup a series of in-depth sessions with hedge fund professionals to solicit feedback and refine proposed offering.

BENEFITS

- Quickly narrowed area of focus and sped development of proof-of-concept targeted at the hedge fund industry.
- Received feedback from potential customers on proof-of concept that was considered to refine product offering and customer value proposition.
- Our client developed close relationships with hedge fund COO and CTOs who are now assisting as advisers.

TEAM



SANJAY R. BHARWANI

Sanjay is the founder and CEO of Risk Advisors Inc. Prior to founding Risk Advisors Inc., he was the Chief Information Officer at M. Safra & Co., a multi-strategy hedge fund focused on global macro and systematic trading strategies. Earlier in his career he focused on emerging markets debt at EXIS Consulting, a boutique capital markets advisory firm, and derivative valuations at Reval, a risk solutions provider. Sanjay received his MBA from the Wharton School at the University of Pennsylvania, and a Bachelors of Commerce from the University of Mumbai.



LAURIE YEH

Laurie is a Director at Risk Advisors Inc. and leads the Operational Risk and Compliance practice. She is experienced in delivering business process and technology solutions for financial institutions. Before joining Risk Advisors, she was with Gottex Fund Management, a Swiss based fund of hedge funds, where she managed the product enhancements to the fund's portfolio analysis system. Prior to Gottex, she was at EXIS Consulting, a boutique capital markets trading systems and advisory firm, where she directed the delivery of client projects. Laurie holds an MBA from NYU Stern School of Business, and a BA from Cornell University.



JERRY LEVINE

Jerry is a Managing Director at Risk Advisors Inc. and focuses on hedge fund technology projects. Jerry has led the Technology groups at prominent hedge funds working directly with senior management and investment teams. His experience includes serving as Director of Global Trading Technology at Millennium Partners, Head of Information Technology at AQR Capital Management, and Director of Information Technology at Soros Fund Management. Jerry is well networked in the financial community and serves as an advisor to several technology solution providers. He holds a BS in Computer Information Systems from Mercy College.

ABOUT RISK ADVISORS

Risk Advisors Inc. provides investment firms and financial institutions with insight and advice on managing risk across functional areas. Our firm was founded by experienced capital markets industry professionals that understand the processes and technology required to manage market risk and operational risk, and to suggest asset allocation strategies.