



Unlocking New Growth Opportunities in Financial Services

Financial services organizations have traditionally offered services as a monolithic business model, in a tightly integrated fashion. This has kept organizations from offering products and services in an agile fashion in response to market opportunities and demand.

Financial services organizations are being challenged by fintechs with new “consume as a service” business models. To address market dynamics and business agility, organizations need to adopt a composable enterprise business model, enabled by technology, that can help them realize growth opportunities with higher margins.

What is a composable enterprise?

A composable enterprise is a business model in which organizations decompose their business at the unit level into products and services, which can be offered independently or assembled as a basket of products and services in a business process to create product lines. These products and services can then be promoted digitally through multiple partners and channels.

The composable enterprise business model brings agility for integrating and creating more products and services, depending on market dynamics and customer demands, with access to wider market segments. Data monetization and crypto asset class opportunities are great examples of how newer products can be introduced in the market through the composable enterprise business model.

Data Monetization: Integrating Data Services to Offer Data Products

Data monetization is a new growth opportunity that can be unleashed through a composable enterprise model. Market participants are sitting on a wealth of data that can be monetized to create more avenues for revenue. There is increased demand from customers to gain insights from alternative data, data analytics, and artificial intelligence/machine learning (AI/ML) models for better decision-making.

Video

CIO's Vik Iyer and Hexaware's Ravi Vaidyanathan on growth opportunities in emerging financial services markets



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Crypto: A High-Risk, High-Return Asset Class

Investors are always looking for higher alpha. By unitizing each asset class in a composable business model, market participants can derive maximum value from the most profitable asset classes. Crypto is one such high-risk, high-return asset class that is therefore in high demand. The crypto asset class offers opportunities across the entire market value chain: asset management, asset servicing, broker/dealer, and market infrastructure providers.

Organizations will likely continue to become more digitally enabled and data-centric and move from being monolithic to more componentized or composable. CIOs should enable their own organization to be domain-driven, with each domain offering consumable services so that business users can bring data in their own way and create data products or services. This will help organizations capitalize on new trends and opportunities.

To elucidate the composable enterprise business model, let's explore data monetization and crypto asset class opportunities and how CIOs can help accelerate these opportunities.

Data Monetization

According to fortune business insights report, the global data monetization market size was valued at USD 2.60 billion in 2022 and projected to grow from USD 2.99 billion in 2023 to USD 9.10 billion in 2030, exhibiting a CAGR of 17.2% during the forecast period.¹

Demand for data insights is ever-growing. Data monetization is creating data insights from raw data and providing the insights as a service for quantifiable economic benefit. For example, market infrastructure providers have a wealth of data that can be enriched with alternative data sources such as news and social sentiments to provide insights into economic and business cycles, industry trends, drifts in asset allocation, behavioral patterns, market anomalies, asset-specific risk and return trends, and so on. These insights are in high demand among fund managers, wealth and asset managers, and other market participants. Organizations can also use data insights internally to enable better business decisions and improve organization efficiency — and, ultimately, to improve margins for their business.

Data monetization involves creation of data products and services that can be made available in a marketplace for different market segments or client-specific needs. Data monetization begins with an open data ecosystem in which product owners can integrate different data sources to

Use cases for data monetization in different market segments:

Asset servicing/exchanges

Asset servicing/exchanges can provide insights into:

- Macroeconomic trends (leading economic indicators [LEIs])
- Investible trading patterns
- Sustainable industry trends
- Investment strategy trends
- Correlation of news/events/sentiments
- Risk analytics: credit risk, market risk, operational risk
- Compliance analytics: regulatory risk/product and policy
- Behavioral analytics: market momentum
- Market anomalies
- Expense budgeting: predictable cost
- Gold copy positioning for exposure analysis

Fund/wealth/asset managers

Fund/wealth/asset managers can integrate data across the firm to deliver better decision-making for:

- Developing predictive and prescriptive analytics
- Risk management analytics
- Compliance analytics
- Performance analytics
- Comparative analytics
- What-if analysis (scenario-based)

Market infrastructure companies

Market infrastructure companies can provide insights into:

- Correlation of news/events/sentiments
- Micro-industry trends
- Corporate action impact analysis
- Decision intelligence

1. fortunebusinessinsights.com/amp/data-monetization-market-106480



derive insights through correlation driven by causation. Ease of product creation with access to reliable quality data sources is the key. A domain-driven data governance framework is required to bring high-quality data at a faster pace for consumption and distribution. Data visualization, modeling tools, and AI/ML capabilities pave the way for the creation of data products and services.

To implement data monetization engines, CIOs should:

- Modernize the data ecosystem
- Enable business users to bring data in a self-service fashion, whereby business users can create new data products with great agility
- Distribute data products digitally on marketplaces such as Snowflake
- Embrace the cloud to benefit from increased agility, scalability, and reliability and shorter time to market

Hexaware's Amaze® for Capital Markets is a purpose-built solution designed to accelerate and improve the open data ecosystem. With Amaze, customers can accelerate data integration and consumption by up to 60% while reducing costs by up to 40% – all while enjoying an error-free, highly reliable integration platform.

Crypto Economy

Crypto as an asset class is gaining traction and acceptance from high-net-worth individuals (HNIs) and institutional clients for generating more alpha and portfolio diversification. This is being catalyzed by a growing ecosystem of players in digital assets custody, crypto wallets, crypto exchanges, venture capital, investment products, and so on, enabling investors to explore investments into these assets.

The total market capitalization of cryptocurrencies has grown from ~\$200 billion in January 2020 to ~\$3 trillion in 2021 and is now hovering around \$1.15 trillion.² Crypto tokenization has also helped build new marketplaces for liquid assets such as real estate.

Recent developments in the blockchain (distributed ledger technology [DLT]) space:

- DTCC recently developed an alternative settlement platform under Project Ion, which is based on distributed ledger technology. The Project Ion platform can process an average of more than 100,000 concurrent bilateral equity transactions per day.
- Coinbase provides an ecosystem for the crypto economy by integrating multiple DLTs on its crypto exchange platform.
- BlackRock has partnered with Coinbase for providing institutional clients of Aladdin® direct access to crypto through the Coinbase Prime platform with crypto trading, custody, prime brokerage, and reporting capabilities.

To adapt to developments in the crypto economy, CIOs should:

- Build a business-specific crypto ecosystem
- Decide which DLT (permissioned ledger) platforms best fit their business
- Integrate different DLT platforms to work together by using digital wallets and integration service providers

Hexaware offers consulting services for defining and designing business-specific crypto ecosystems with fit-for-purpose architecture and infrastructure, info security frameworks, and enhanced customer experience. Hexaware can work with market participants to define a business case and develop a minimum viable product (MVP) or point of view to help raise awareness and confidence within the business to offer the full crypto ecosystem.

Enterprises can unlock bigger value by considering composable business models and unitizing their business. Hexaware offers business consulting in the composable business modeling space and a componentization framework for reimagining products and services to leverage new opportunities such as data monetization and crypto assets.

Learn More

To learn more about how Hexaware is the ideal partner in your journey to unlocking new revenue streams, [visit the Hexaware website](#) today.

2. "Global Cryptocurrency Market Cap Chart," CoinGecko, February 23, 2023.