**Department of OM&IS**

**Course name: Digital Transformation Strategies (OMIS 697)**

**Case Study 1 (CS1)**

**Fidelity Labs and the Digital Transformation of Fidelity Investments**

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**Fidelity Labs and the Digital Transformation of Fidelity Investments - A Case Analysis**

The report discusses the fidelity labs case study, which is managing a particular issue. Fidelity Investments, also referred to as Fidelity, is a privately held investment management company that was founded in 1946 as a mutual fund company by Edward C. Johnson II. By 2019, the Boston-based investment management company—currently the second-largest U.S. company behind Vanguard—will have over 26 million clients, $6.5 trillion in total client assets, and more than $2.4 trillion in assets under management globally. Lawyer Edward C. Johnson II of Boston acquired the Fidelity Fund in 1943. The Fidelity Fund began operations in 1930. The managed assets of the Fund were roughly $3 million at the time of acquisition. Johnson founded Fidelity Management and Research Company, now known as Fidelity Investments, in 1946 to offer financial advising services to the Fidelity Fund. Johnson mostly focused on non-blue-chip businesses with promising growth possibilities. In order to improve the client experience, it redesigned its business model by substituting Johnson's goods and services, which ultimately developed into a separate business unit. Their offerings transformed not only how businesses could expand their capacities but also how they handled their funds and payments, which helped Fidelity become a preeminent commercial entity. Fidelity Labs' initiative to organize its operations into groups where employees may collaborate and exchange ideas on business transformation, creative concepts, upcoming trends, and new technology has helped it succeed in the digital age.

**Questions**

**Q. What can be the solution to improve the customer experience?**

Answer: Fidelity has invested more on developing good customer relationships and providing their best solutions to their requests. The way that fidelity followed to analyse the previous customers data collected while they reach out them was a termed to be a good move towards understanding the expectations of the customer which led towards providing best customer services and solutions for them. Though the algorithms they used to analyse provided inconsistent solutions at the initial stages, their introduction of the leading technologies like artificial intelligence and speech processing tools have made their customers addressed with the accurate questions.

**Q: What led fidelity to grow as leading individual firm?**

Answer: Fidelity has developed a lot from what it was started in early 20th century. The move of an attorney Johnson II to establish Fidelity management and research company in 1946, to focus on non-blue-stocks with higher potential is an initial step for its business development. In 1950, the strategic move after hiring Gerry Tsai as a stock analyst, to decide to buy stocks from Xerox and Polaroid, the fidelity funds observed a growth of about $1billion. After Ned Johnson III started managing the company’s Trend fund, which was newly established, it became one of the best trending funds in US by 1965 and firm owned its first supercomputer from IBM. In later stages market shares has experienced a lot of shifts and the company assets value depreciated by 30% of and to account $3billion. After Johnson III became the president of fidelity in 1977, after his father, he also followed the belief of his father to take the risks rather than following the usual business. After Robert C. Pozen who worked as a vice chairman of Fidelity Investments and president of Fidelity Management and Research Company, only portrayed Johnson III as a leader who embraced changes in technologies. Later it became the first mutual fund firm to provide its customers with its products and services

**Q. What approach does fidelity followed for providing technological solution?**

Answer: The establishment of Fidelity Center for Applied Technology which was intended for research on the trending technologies made efforts in helping Fidelity’s clients and business to improve its services to the customers. In later stages it developed best solutions for brokerage services and to maintain their finances and check writing services which created a new business for Fidelity and led it to be a leader in trading for retail investors. Its approach of dividing the business into multiple portions and analysing on improvements from all the divisions and sharing it to the all employees makes its vision outstanding to succeed.

**Q. What did Fidelity achieve through technological advancement?**

Answer: Fidelity provides innovative products and services through the lean principles, processes and design thinking. It is effective in establishing information systems to speed up processes and provide updates to the customers to use the latest versions of its products. The introduction of cheap computer resources and wide connectivity of made the customer focus shift on technologies like machine learning, Artificial intelligence, and analytic tools helped in achieving the best results after implementing it in their processes. This also decreased the manual intervention for directing their customer calls to the respective department to answer their queries without any delay.

**Summary and Recommendation:**

Abigail Johnson must steer the company toward ground-breaking innovations while Fidelity's structure and value proposition must continue to evolve. Fidelity must maintain an inventive culture and transformative spirit while keeping up with product and technology improvements, engaging in disruptive change to take on the competition. By embracing a customer-centric design philosophy and moving swiftly to develop and launch new products, Fidelity has maintained its lead in product and technology development (Ramos et al., 2022). The first mutual fund to provide customers with access to goods and services via a website and mobile app was Fidelity. Additionally, Fidelity Labs was founded as the organization's internal incubator for initiatives that support the business's growth and innovation efforts to best serve its clients. The Fidelity Center for Applied Technology (FCAT), which focuses on cutting-edge technology and applications for the company's internal units and external clients, is one of these business units.