

# SAP Platform & Technology

4<sup>th</sup> April, 2017



**SAP**

# Changing Drivers in Capital Markets

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## ·Business Factors

- - Banks no longer have the balance sheet they once had
  - Sell side now an agency/sponsored access business
  - Profitability massively down forcing change to business models:
    - Reduced operational capacity
    - Race for ROI
  - Most firms running toward efficiency
    - Includes 'outsourcing' anything that is not a strong differentiator
  - Banks no longer engaging in proprietary trading
    - Proprietary trading at banks has been regulated away
    - Product creation to offset held positions is done

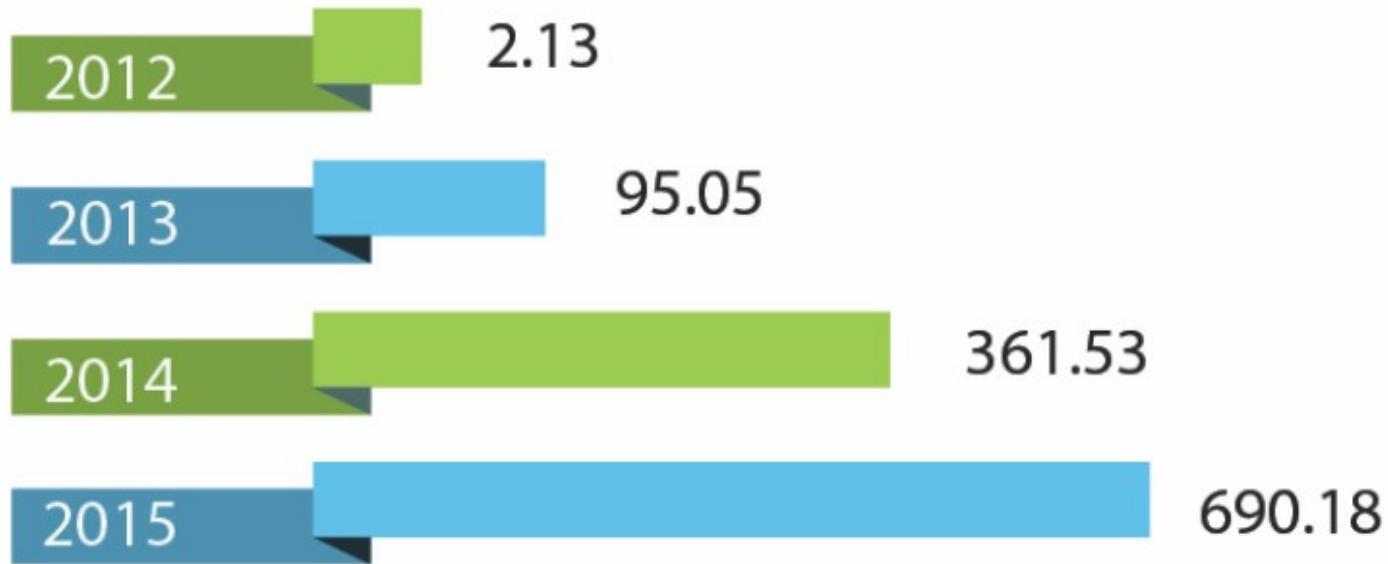
## ·Data & IT Factors

- - Holistic view of all data is needed to unlock value and comply with regulation
  - Effective data aggregation challenging for both compliance & alpha
  - Data constantly shifting and growing exponentially year after year
  - Service paradigm shifting to '... As A Service' models – Third Generation platforms combining, cloud, mobile, social, big data/big data analytics and micro services
  - New models to achieve differentiation must be embraced



# Blockchain: Hype or Reality?

## Venture Capital Funding in Blockchain Technologies (\$M)



Source: Coindesk

## The Financial Services and Strategic Investors in Blockchain and Bitcoin Startups



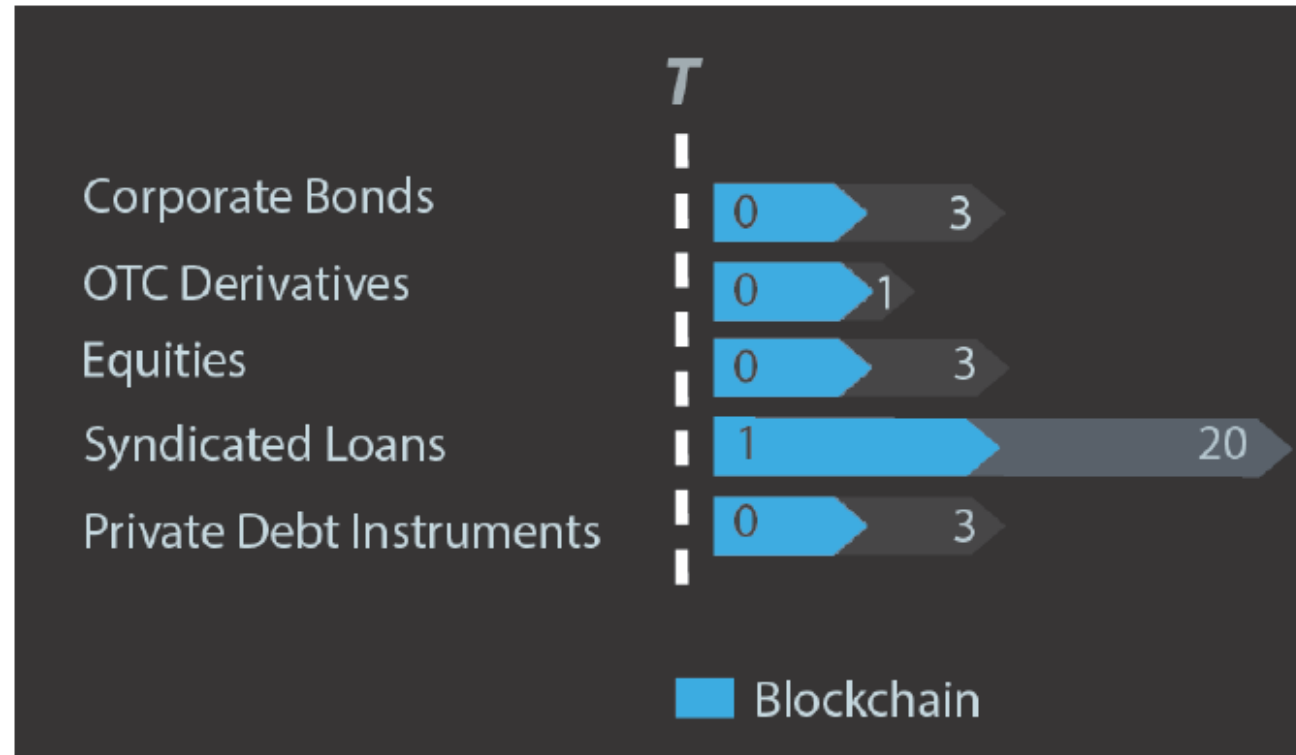
***“Blockchain technology should be taken as seriously as the development of the internet in the early 1990’s.  
It is analogous to email for money.*”**

Blythe Masters, CEO,  
Digital Asset Holdings

# Expected Business Benefits

***Distributed ledger technology could reduce banks' infrastructure costs attributable to cross-border payments, securities trading and regulatory compliance between \$15-20 billion per annum by 2022.***

The Fintech 2.0 Paper: Rebooting Financial Services  
Santander InnoVentures



Source: Accenture

# Blockchain & Distributed Ledger Technology Activity in CM



DisLedger - Distributed Concurrence Ledgers™  
Distributed Ledgers for Capital Markets and Internet Of Things (IoT) micropayments.

SETL.io

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Smart Securities, Intelligent Markets

March 1, 2016

**BAML prepping blockchain-powered trade finance test**

Anna Irrera

Bank of America Merrill Lynch is developing a blockchain-based experiment for trade finance transactions, as financial institutions step up their efforts to bring bitcoin's underlying technology to practical use.

WSBA

Wall Street Blockchain Alliance

Digital Asset Holdings


# SAP Database & Data Management – Meeting the Need for Strategic Regulatory Compliance

## Key Attributes of Regulatory Needs


- Focus on systemic health, transparency and protecting the investor
- Data volumes are 10-100x previous reporting obligations and will only grow further
- Almost any data type
- Highly granular reporting requirements from

## Principles for Successful Implementation


- Reduce Operational Cost




Regulatory reporting is becoming an increasing overhead, a holistic approach drives down cost to the market
- Regulatory Freedom




Supervisory agencies have access without delay and query in flexible interfaces to meet changing needs
- Ability to Support Multiple Data Types




Aggregate data from across silos, in structured and unstructured format at the most granular level
- Leverage Data to Support Other Requirements



Improve systemic insight by ability to trace activities on-demand and see impact on market structure
- Run at Real-Time



Transactions and related data available at any time to ensure monitoring during black swan events
- Accuracy and Auditability



Data can be processed and stored in a way that guarantees a complete and instantly available audit trail

## SAP Solution Fit

- SAP Financial Services Data Platform –**  
to bridge silos and maintain flexibility and allow data to be accessed and analysed in a consistent manner
- Altiscale – An SAP Company**  
data structures and analytical expertise proven in the market
- SAP Business Analytics –**  
cross desktops and mobile devices available on premises and in the cloud
- SAP Enterprise Information Management –**  
consistency and the ability to allow for consistency in the audit trail



Transaction is...

