

# IBM JEEV

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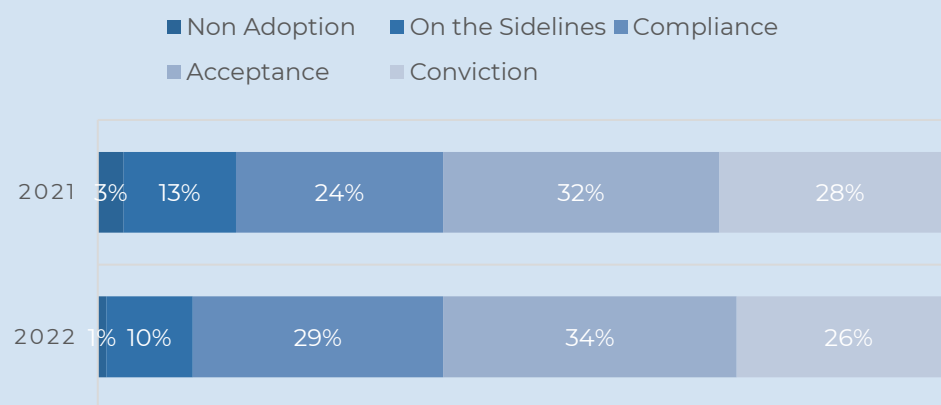
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## THE PROBLEM

### WHY ESG & NOW?

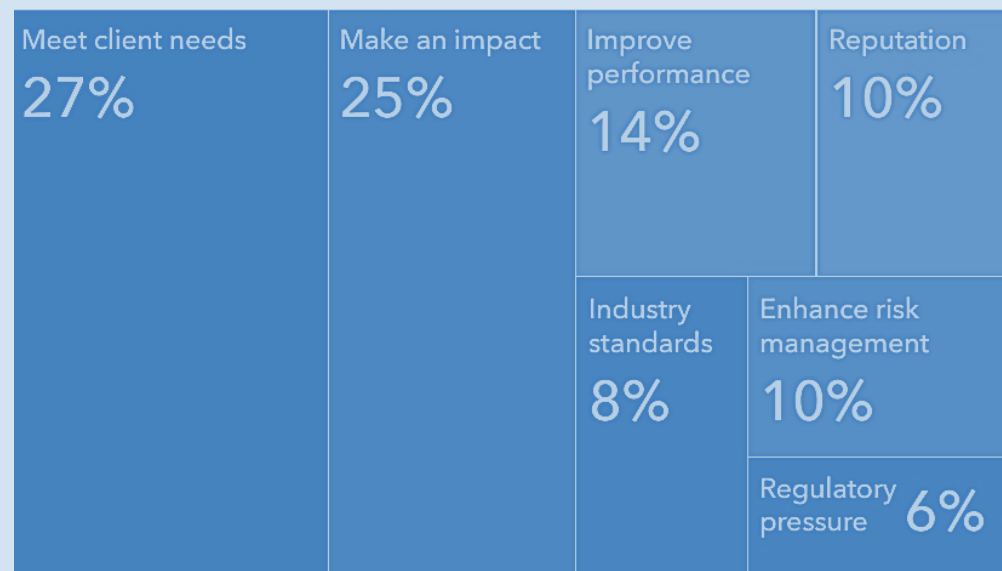
ESG adoption is continuing to grow.

### ESG ADOPTERS HAVE INCREASED FROM 84% TO 89% IN ONE YEAR



Corporations and organisations are not just watching from the side-lines. The adoption is moving from simple regulation compliance to true conviction that is dictated by the governing bodies of the corporates themselves. The world has come to unprecedented consensus and

international agreements that put pressure on the financial sector to adapt and comply. 2022 is a year that comes with heavier enforcement around ESG practices in the financial system, especially regarding collection and reporting of ESG data. [1]. ESG adoption is also increasingly driven by client needs.



People are becoming more responsible with the corporations they associate with, and this trickles down to corporates who feel obligated to reciprocate. When surveyed, 27% of companies said that they are adopting ESG practices to meet client demands. A close second reason, at 25%, said there is an internal company governance urge to make an impact in the world. [1] Growing ESG Participation in AUM - Finally, sustainable investments are becoming a larger piece of the pie of total assets under management world-wide. Asset managers, fund managers, investment banks, and the entire financial sector, will be facing higher demand for sustainable, ESG-compliant, products. The opportunity has never been larger. [2]

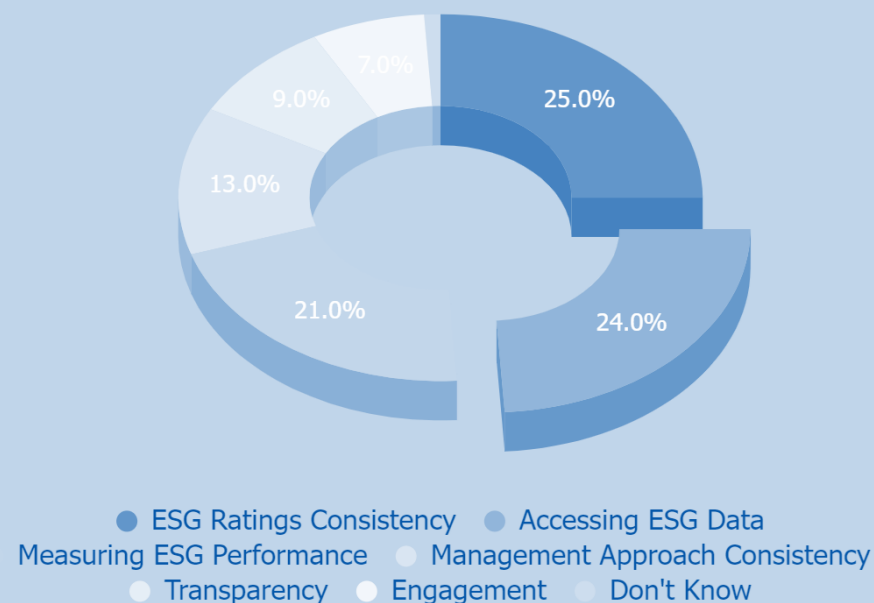
## THE PROBLEM: WHAT IS HINDERING ESG ADOPTION?

“The big issue for us is we have regulations in all these different parts, and we have to peg it to one framework, [1]” says a senior portfolio manager at a German wealth management firm

According to the global analysis of 1,000 investors by Capital Group, active management is preferred, and data alignment is essential. Obtaining access to ESG data and information is the biggest barrier to implementation.

## Challenges When Implementing ESG Investments

Source: Capital Group, ESG Global Study 2022



The uneven nature of ESG scores is another issue. Even though there is more ESG information available than ever before, conflicting ideas of what is "good" in this area annoys investors. Nearly half (49%) of investors in recent research of more than 1,000 investors from 16 countries think that

the lack of trustworthy ESG data is "holding back" the further adoption of ESG by their firm. [3]

Another problem with ESG Data is prioritising and sifting of relevant requests from investors, customers, and partners. [4] These requirements include things like responding to rankings and evaluations, aligning disclosures with accepted standards, and giving supplementary data through original surveys or interactions. It is necessary to have a comprehensive and successful ESG disclosure plan to respond to these various requests. Along with this, there have been massive developments in the regulations side of things which are very well summarized in the below infographic. [5]

Overview ESG regulations	
Taxonomy	<ul style="list-style-type: none"><li>• Assessment of taxonomy-alignment of investments</li><li>• Support clients in fulfilling taxonomy-related obligations</li><li>• Extensive data acquisition required</li></ul>
Sustainability disclosures	<ul style="list-style-type: none"><li>• Disclosures at company and product level</li><li>• Implications for the investment process</li><li>• New data sources needed</li></ul>
MiFID-II adjustments	<ul style="list-style-type: none"><li>• Embedding of sustainability risks in the advisory process</li><li>• Adjustment of risk management</li><li>• Adaptation of target market and preferences</li></ul>
UCITS/AIFMD	<ul style="list-style-type: none"><li>• Embedding sustainability risks in the investment process</li><li>• Adaptation of target market</li></ul>
IDD	<ul style="list-style-type: none"><li>• Potential indirect influence through extended reporting requirements</li></ul>
Benchmark legislation	<ul style="list-style-type: none"><li>• Low impact for asset manager as a benchmark user</li></ul>
Solvency-II adjustments	<ul style="list-style-type: none"><li>• Possible indirect influence through extended reporting requirements</li></ul>

High impact

Medium impact

Low impact

Besides other national and Europe-wide regulatory moves, the European Commission’s sustainable finance work stream is bringing forward a series of regulatory initiatives feeding into the targets set by the European Green Deal. These initiatives are intended to make ESG themes more investable

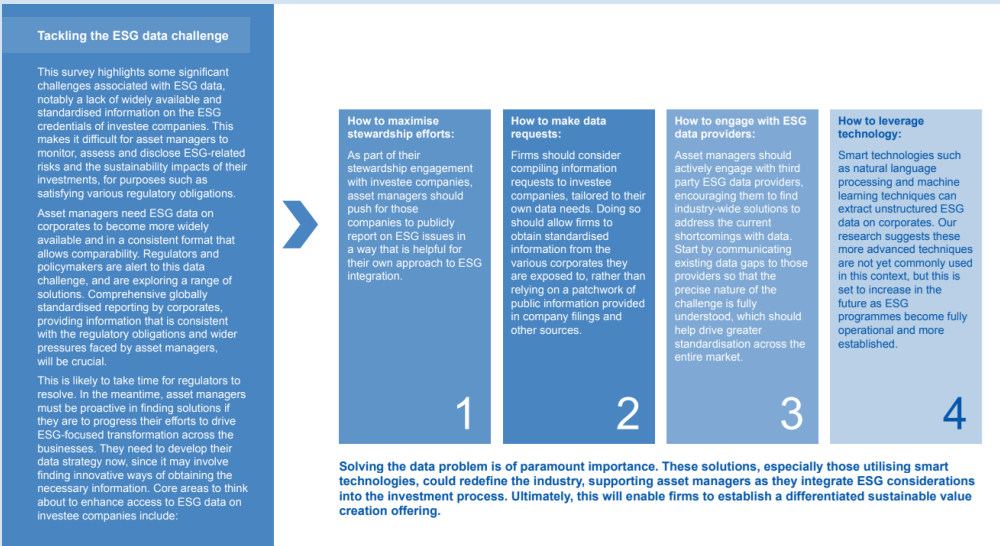
for institutional and retail investors, thereby unlocking huge additional investment flows into this area.

OBJECTIVE

The objective to overcome the above-mentioned problem comes down to the following three goals:

- 1. Establishing trust built on traceability of data.
- 2. Generating compelling ESG insights that aid decision making and empowers investors.
- 3. Data and information need to be easily sourced and searched & as a result needs to be comprehensively indexed.

This objective is based on the following map of actor targeting.



## SOLUTION - IBM JEEV

### MISSION STATEMENT

An automated & consolidated source of sustainability information to help investors, wealth managers & auditors make better informed decisions via one single platform empowered by AI.

### PLATFORM DESCRIPTION

An application that consumes data from ESG reports generated by the corporations, articles, and references from top agencies with trends and insights on Sustainability and other ESG information.

Jeev runs it through its NLU based parser to make the data language agnostic and indexed. This data is then passed to the ML engine. This ML engine is trained on finance, compliance and ESG data domain and constantly runs to find out exciting insights to aid decision making. On top of this ML engine runs OpenScale so that we can trace back how a is arrived at. The data is only as good as it is available. And that is where Jeev shines. Jeev houses a smart assistant that sometimes knows what you need before you know.

Jeev helps you be on top of your work as it knows you work on multiple leads at a single time, it automatically categorizes the information and parcels them for you. You want the information on the go? All what you see can be exported into beautiful ML transformed reports for you at the click of the button. This tech stack is kept in constant trim shape by Turbonomics.

Jeev is designed for trustability, consistency and easability. But it is co-created with our user who wants to make responsible ESG investing as their centerpiece. The essence of the platform can be captured in a simple yet

powerful philosophy called the White Space Framework. To understand that better, here's an infographic

#### MESSAGE PENETRATION ANALYSIS (MPA)



This incredibly powerful tool helps an actor identify the message they want to convey and drive the conversation. In the case for ESG data and Asset Managers, for example, a data-driven approach that provides traceability and enough insights on decision making helps convey the investors on the viability of the product.

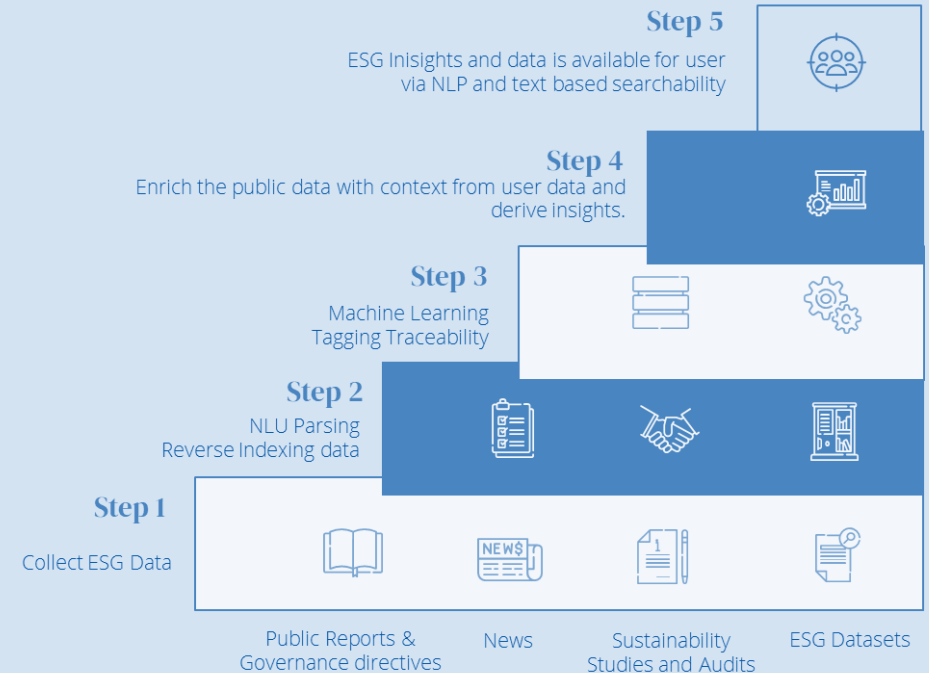
A way to envision the solution with our pillars of objective is the following



**Want to see JEEV in Action? Here's a QR and [link](#)**

## TECHNICAL ARCHITECTURE

The technical architecture is designed keeping in mind the principles of IBM cloud compliance.



The data in system moves from data-profiling and preparation to Quality and lineage and then run through a policy-based governance filter. This ML based filter is developed and trained on compliance, finance and regulation data-domain so that it can emit business KPIs with traceability and fairness

## PARTNERSHIPS

The partnerships for the development of the system are the incredibly powerful services extended by IBM Cloud Pak so that the system is aligned and aided by bleeding edge technology that is well coupled with flexibility and scalability of deployment and operations.

API Connect  
Web Hosting

Cloud Pak for Data,  
Watson Studio  
Pipelines

Data Refinery,  
DataStage, Match360

Watson Knowledge  
Catalog

GaiaLens  
S&P Global  
Worldbank

Data Delivery

Orchestration & DataOps

Metadata Activation and Data  
Preparation

Knowledge Graph  
Augmented Data Catalog

Data Sources

## FINANCIALS

### COST

Fixed costs are at 470K USD for the first year which include development team (1 technical analyst, 1 business analyst, 2 Full Stack Engineers, 1 Lead Architect, 1 Product Manager) and cost for dataset from GaiaLens [6](4k USD quarterly and 10k USD for historical data). After the launch of the MVP at the end of the year 1, the cost to increase with the number of subscriptions, making variable costs integral to our profitability, with an estimate of 200 queries per user / day, keeping our costs down will be fundamental to profitability.

### MARKET SIZING

### OPPORTUNITY

The increase in supply of data makes the need for AI more essential to the research and analysis efforts that go into managing ESG assets which are expected to grow by 60% in the next 4 years. Currently valued at 1.3B USD further growth expected at 30%, puts more data points to consider at the hands of the decision maker, cementing the need for AI solutions further. [7]

### COMPETITION

We identified the following 3 main players in the market that have similar offerings to our proposed solution. IBM Jeev will be a one stop consolidated platform for investors as we offer all 3 features which displays ESG Metrics, data aggregation with clear costing.

1. **Intelligent** is a climate risk analytics platform that measures and manages investment exposure to climate risk. [8]
2. **OneTrust** [9] helps companies manage privacy, security, and governance requirements in a regulatory environment that constantly changes.
3. **FactSet** [10] is a financial research company that offers risk analytics tools and real time data feeds for institutional investors.

### BUSINESS MODEL

Multi-tiered subscription model that gives potential users the option to either keep up to date with recent industry data and news, get in depth insights to aid with their decision frameworks, or connect to existing tech infrastructure to make a two-way seamless integration.

### REVENUE

Our solution is cost effective, since the initial equity going into product development is small, making a lean cost structure that's split over fixed and variable costs, the fixed cost will in the first stages be restricted to

people, while incorporating tech stack, licensing costs as well as data delivery. A conservative outlook projects a positive profitability by year 3.

## IMPACT

### GENERAL IMPACT

#### FOR CUSTOMERS

the potential to reduce human capital and salary cost for teams to do manual searching, indexing and consolidation of investment related ESG data.

#### FOR IBM

1. Another revenue stream,
2. Improved reputation for the AI service in a new segment reinforcing their claim to be the leader in the technology.
3. help to position the company as being a net benefit for the world.

### SUSTAINABILITY IMPACT

#### FOR CUSTOMERS

The impact for the customers will be reflected in the reduction in time related to the research done involving ESG data, used for investment, the implementation of good practices or the creation of production and services. Jeev will allow our customers & stakeholders meet their personal and organizational goals in relation to ESG performance and positive impact. Every organization is beginning to or has already aligned themselves with the UN SDG goals, and our solution can help validate and ensure they are where they believe they are. Jeev will indirectly ensure these groups continue to follow the actions and indicators of the SDGs.

In the finance sector, all the SDGs receive considerable attention, but those linked to economic growth and decent work (SDG 8), climate action (SDG 13), sustainable cities and communities (SDG 11), and responsible consumption and production (SDG 12).

#### FOR IBM

The sustainability impact for IBM, Jeev could directly impact the following SDGs:

Number 10: Reduce inequality within and among countries, 12: Ensure sustainable consumption and production patterns and 13: Climate action.

Focusing on the target indicators 10.5: Improve the regulation and monitoring of global financial markets, 12.6: Encourage companies to adopt sustainable practices & to integrate sustainability information into their reporting cycle, 12.8: To ensure people everywhere have information for sustainable development & lifestyles and 13.2 Integrate climate change measures into national policies, strategies, and planning.

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