

Acadia, LIKEZERO Independent Market Study Demonstrates Cost-Savings Benefits of Agreement Digitization

Report Highlights Need to Expediate Agreements Digitization in Financial Services

Norwell, MA, August 5, 2021 – Acadia, the leading industry provider of integrated risk management services for the derivatives community, together with LIKEZERO, the next generation contract risk management and data capture software, has published an independent market study, [“Are you invested in agreement digitization? An industry view of the cost and value of connecting documents with data”?](#) The findings indicate two critical takeaways: 1) the financial industry is starting to embrace digitization and 2) the swift adoption of agreements digitization will bring a potential industry cost-savings of US\$622 million to US\$1.19 billion across existing agreements, and savings of US\$42 million year-on-year for new Credit Support Annex (CSA) agreements.

Key Findings:

- **In financial markets, there is a move towards agreement digitization.** While 80% of survey participants indicated their documents were at least partially digitized, costly manual processes still exist and many additional legal hours are necessary to compensate.
- **Digitizing agreements saves between US\$1,100 to \$2,100 per agreement or US\$126 million year-on-year across all types of agreements** when considering outright data processing costs.
- Even with some degree of automation in data collection and aggregation, **firms were still split when it came to whether their internal systems are able to take agreement data from multiple sources with just 30% of respondents confident that internal systems were connected.**
- **Time-to-market challenges appear to impact all participants as onboarding and negotiation steps slow the process down.** This often leads to lost investment or trading opportunities as markets shift and clients find other counterparties to trade with.
- **There is a glaring need for digitization in both new and amended agreement processes.** The manual processes of interpreting and capturing data at inception is error-prone and it can go unnoticed for years resulting in a sudden and significant adjustment to profit and loss (P&L) when corrected.

“The financial crisis highlighted the importance of data and created a path for both buy-side and other sell-side institutions to enhance their agreement process,” said Acadia Head of Industry & Regulatory Strategy John Pucciarelli. “Nearly 15 years later, financial markets are still living in an age where documents are creating data rather than data driving document creation. Our findings reflect what we are hearing from clients – there’s a strong desire for digitization in agreements and it’s time to fast-track this movement.”

For example, Acadia and LIKEZERO's document digitization partnership, offered via [Agreement Manager](#), captures unstructured agreement terms and presents structured data. This process fosters a data model with a single representation of information and forms a continuous bond between data and documents.

"The findings underscore the significant demand on the operational and commercial data embedded in legal agreements. Complex operating models and a lack of investment in complete digitization means too many firms are still reliant on manual workarounds that are error-prone and can lead to significant adjustments in risk profiles and P&L," said LIKEZERO Head of Strategy Geoff Robinson. "The solution offered through the Acadia & LIKEZERO partnership is the key to delivering trusted data and accelerating automation across the industry."

Methodology

The survey was fielded by Aite-Novarica Group between June 11, 2021 and July 7, 2021. Aite-Novarica Group gathered quantitative data and qualitative information from market participants to better understand the degree to which agreements have been digitized at each firm, the challenges associated with manual processes, and the estimated time taken to search and amend ISDAs. Firms in this study account for 59% of the total CSA agreement volume held within Acadia.

Audrey Blater, Research Director at Aite-Novarica, added, "While ISDA documents were the focus of our study, we found agreement digitization stretches across an array of legal trading agreements, including those tied to repo and the TBA markets. ISDA agreements tended to be the farthest along the digitization maturity curve, despite respondents considering them to be in the early- to mid-phases of digitization."

Webinar – September 15

Acadia will host an informational webinar to discuss findings from the conducted research on September 15. The presentation will feature representatives from Acadia, LIKEZERO, Aite-Novarica and a client panel. Register for the webinar [here](#).

For the full report please visit: <https://www.acadia.inc/insight/market-study>.

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ABOUT ACADIA

Acadia is the leading industry provider of integrated risk management services for the derivatives community. Its central industry standard platform enables a network of banks and other derivatives firms to improve efficiency and mitigate costs across the entire trade life cycle.



LIKEZERO

Acadia's suite of analytics solutions and services helps firms manage risk better, smarter and faster. Through an open-access model, Acadia brings together the top derivatives banks and asset managers, along with several market infrastructures and innovative vendors.

Backed by 16 major industry participants and market infrastructures, Acadia is used by a community of over 1600 firms exchanging more than \$1 trillion of collateral on daily basis via its margin automation services. Acadia is headquartered in Norwell, MA and has offices in Boston, Dublin, Düsseldorf, London, New York, and Tokyo. Acadia® is a registered trademark of AcadiaSoft, Inc. For more information, visit acadia.inc. Follow us on [Twitter](#) and [LinkedIn](#).

ABOUT LIKEZERO

LIKEZERO is a next generation data capture software for complex financial contracts. We enable our clients, across the capital markets, to completely understand the legal and commercial risks within their contracts. In an increasingly complex and regulated world, our software allows clients to extract data that they can trust and use to run their business. For more information visit www.likezero.co.uk.

ABOUT AITE-NOVARICA GROUP

Aite-Novarica Group is an advisory firm providing mission-critical insights on technology, regulations, strategy, and operations to hundreds of banks, insurers, payments providers, and investment firms, and the technology and service providers that support them. Comprising former senior technology, strategy, and operations executives as well as experienced researchers and consultants, ANG's experts provide actionable advice to its client base, leveraging deep insights developed via an extensive network of clients and other industry contacts. For additional information, please visit www.aite-novarica.com.

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