

HOW MUCH COMPLEXITY IS STILL EARNING ITS KEEP?

Executive Briefings

Key Takeaways

- **Necessary complexity creates value; unnecessary complexity simply creates cost.**
- **Processes, exceptions, and handoffs should be periodically tested against the reasons they still exist.**
- **Simplification should begin by asking what the firm should still be doing — not what it can automate.**

Estimated Reading Time: 4 minutes

Complexity rarely arrives all at once.

It accumulates.

A new client requires a variation in process. A new product introduces another workflow. A regulatory requirement adds another control. A system solves one problem but creates another integration point. A reporting need produces another data source, reconciliation, or exception.

Each decision may be reasonable on its own.

Years later, the firm is operating the sum of all of them.

As asset and investment managers look toward 2027, the question isn't whether complexity can be eliminated.

It's whether all of today's complexity is still worth carrying.

Complexity Has to Pay for Itself

Some complexity is necessary.

Different clients have different requirements. Investment strategies differ. Controls exist for reasons. Regulatory obligations aren't optional. Specialized expertise creates value precisely because the business is not simple.

The objective should never be simplicity for its own sake.

But complexity has a cost.

It consumes time. It creates dependencies. It increases training requirements. It can make information harder to reconcile and processes harder to change. It creates more places where errors, delays, or misunderstandings can occur.

Necessary complexity earns that cost.

Unnecessary complexity merely imposes it.

Yesterday's Exception Can Become Today's Process

Exceptions have a tendency to become permanent.

A temporary workaround remains because it works. A special client requirement becomes embedded in a standard process. A manual step survives long after the reason for creating it has disappeared.

Eventually, people stop asking why the exception exists.

They simply learn how to perform it.

That's how complexity becomes institutionalized.

A useful review doesn't begin by assuming those processes are wrong. It asks whether the conditions that justified them still exist.

If you were designing the process today, would you build it this way?

If the answer is no, there is probably something worth examining.

Count the Handoffs

Complexity often becomes visible at the boundaries between people, teams, and systems.

How many times does information change hands before work is complete?

How many systems must someone consult to answer a routine question?

How often is data exported, reformatted, reconciled, or re-entered before it becomes useful?

How many approvals exist because of genuine risk — and how many remain because they have always been there?

Every handoff doesn't represent waste.

But every handoff creates an opportunity for delay, error, or ambiguity.

The more important question is whether each one still contributes enough value to justify its place in the process.

Simplification Is a Business Decision

Removing complexity is sometimes treated as an efficiency exercise.

It can be much more than that.

A simpler operating environment can make the organization easier to scale. It can improve visibility. It can reduce dependence on individual knowledge. It can make future technology changes less difficult because fewer unnecessary processes must be preserved or recreated.

It can also give skilled people more time for work that actually requires their skill.

That is why simplification shouldn't begin with, ***“What can we automate?”***

It should begin with, ***“What should we still be doing?”***

Automating unnecessary complexity only makes unnecessary complexity run faster.

Closing Thought

The end of a year provides a useful opportunity to question things that have become familiar.

Not because everything old should be replaced.

Not because every manual process is inefficient.

And not because technology automatically provides a better answer.

The purpose is to distinguish between complexity that protects, enables, or differentiates the business — and complexity the organization has simply learned to tolerate.

Those are very different things.

The operating model you carry into 2027 should reflect what the business needs now, not merely everything it has accumulated along the way.

Finishing strong means that before you decide what to add next, decide what is still worth carrying.

Start the Conversation

- Every successful modernization initiative begins with a shared understanding of where you are today and where you want to go next.
- If your leadership team is evaluating modernization priorities, Anchor Bridge Innovations would welcome the opportunity to start that conversation.