



Giving your platform wings

In this **Altus White Paper**, we've revisited the theme of platform profitability. There is undoubtedly profit to be made in the platform sector, as evidenced by a few of the current high-flyers, however the question is whether the rest of the pack can slim down enough to get airborne.

What did we learn?

1 The platform industry has taken off over the last 6 years but, for the majority, significant profits remain out of range.



2 Margins have fallen, regulatory scrutiny has risen; platforms have had to deal with the turbulence this has caused.



3 Automation is key but it can be expensive, so platforms need to be clear where they will get the most thrust.



4 That means understanding where costs are high, where they are likely to get higher, and how to bring them safely back down to earth.



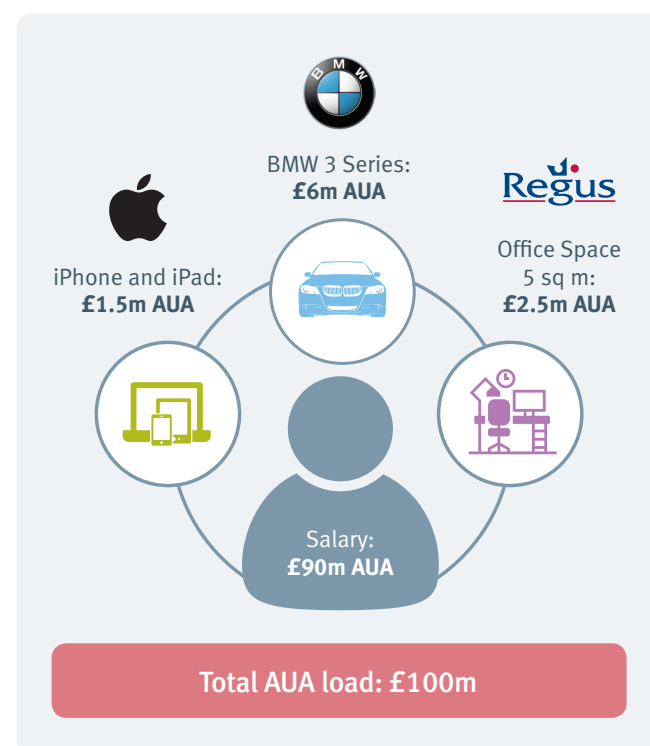
5 Outsourcing can get you off the ground faster, but it will add to your payload over time.



6 The price of flying is key, but don't forget the cost of your ground crew – they can ground your profits too if you're not careful.



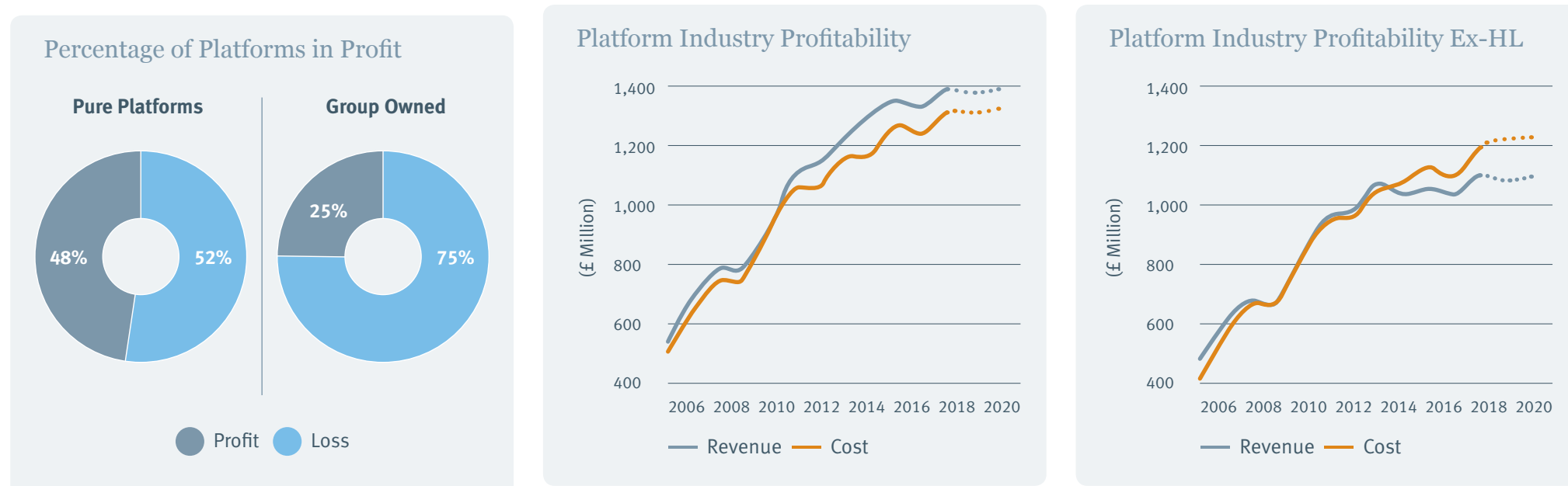
The cost of sales (£160k package)



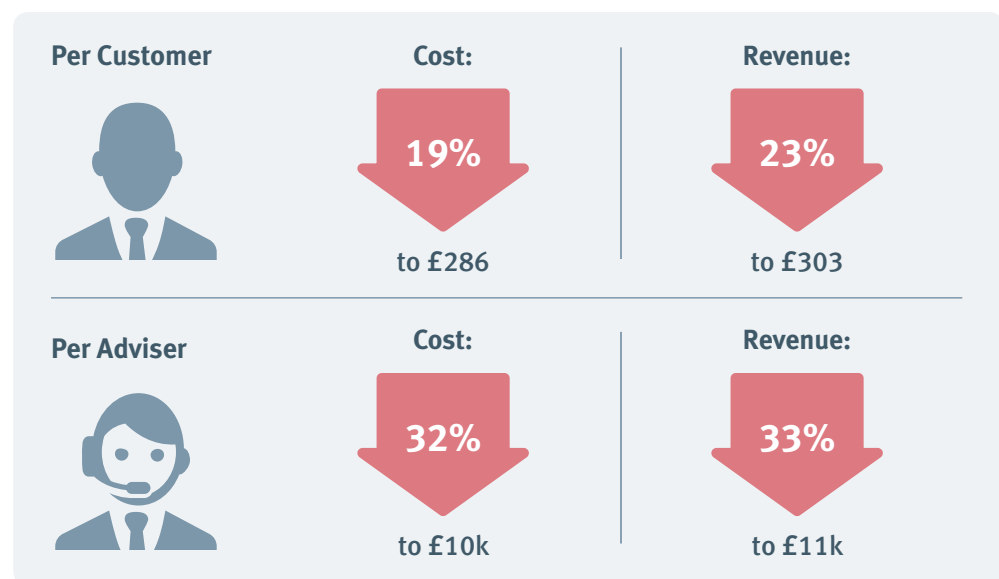
Total AUA and revenue has risen, however revenue in bps has fallen



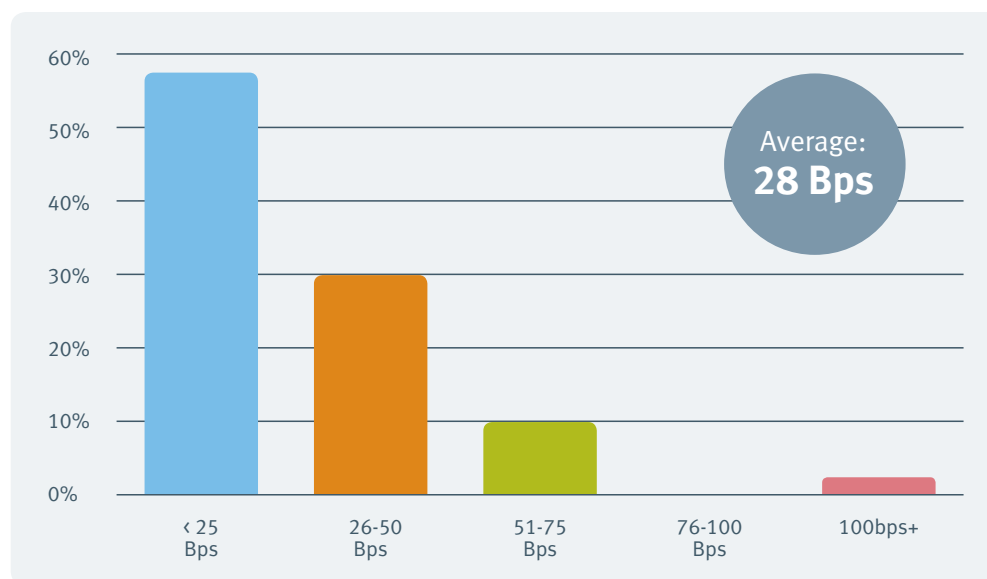
The platform industry is still struggling to make a profit



Run costs and revenue earned are both falling (2011-2017)

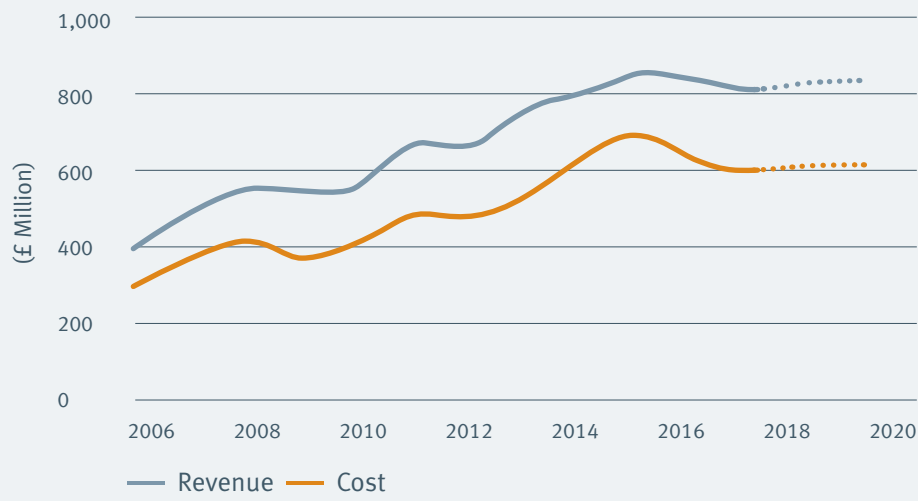


Platform run costs across the industry

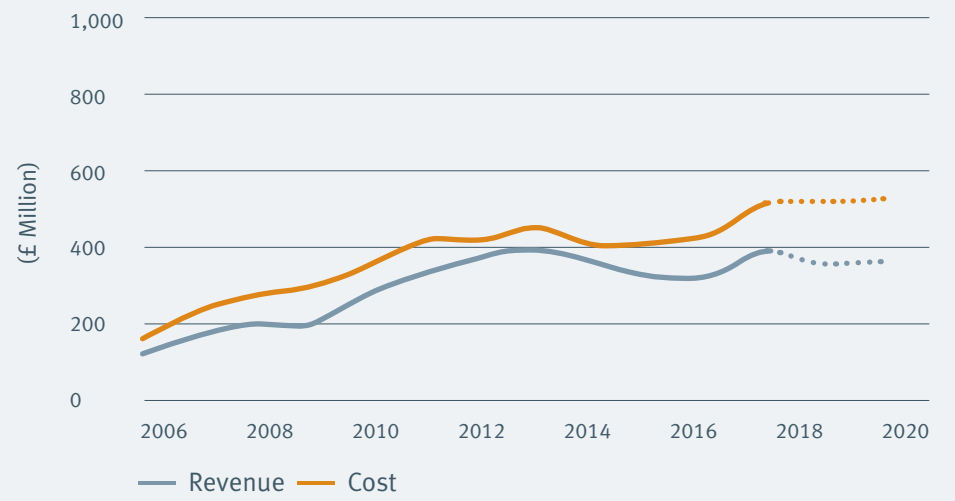


Scale is not the only key to profitability

'Pure' Platforms



Group owned Platforms

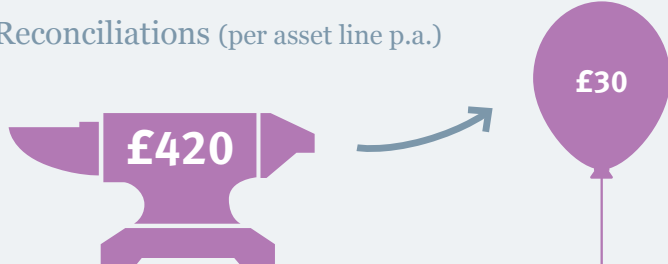


Platforms experience a wide range of operating costs

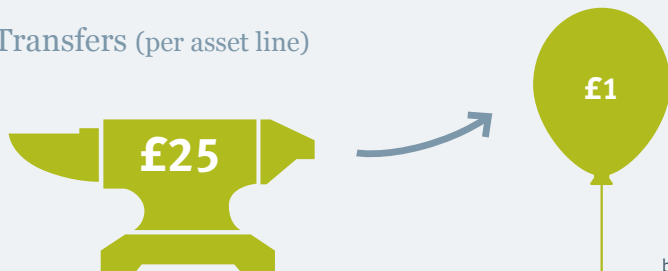
Cost of Trading (per market trade)



Cost of Reconciliations (per asset line p.a.)



Cost of Transfers (per asset line)



Source: Altus benchmark study

Typical platform cost breakdown



Key suppliers and participants in the platform market

