

Pennsylvania - A mindset at the intersection of forward-thinking and hard work

With the sixth-largest economy in the US, and a GDP larger than wealthy Switzerland's, nearing \$1trn, Pennsylvania is an American economic powerhouse. It benefits from its diversification, with thriving manufacturing, agriculture, financial services, education, and tech industries, as well as its location and large domestic market. The Commonwealth of Pennsylvania, to give it its formal name, is home to world-leading companies such as pharmaceutical business AmerisourceBergen, metals producer US Steel, and Comcast, one of the world's largest media companies. Newly elected Governor Josh Shapiro has outlined his bullish view of the state's future, and his determination to build on the Commonwealth's strengths through unleashing the power of its businesses.

"Thanks to our world-class universities and research institutions, our bountiful natural resources, and our skilled workforce, Pennsylvania is poised to be a leader for decades to come," Shapiro said in his 2023 budget address. "We can secure that future - but to do it, we need to invest more in economic opportunity, cut through the red tape, and move at the speed of business."

In his first week as Governor, Shapiro created the Office of Transformation and Opportunity by executive order. The organisation is a one-stop shop "to help connect the dots" and give businesses the support they require to grow and thrive. The state's chief transformation officer, Ben Kirshner, met dozens of business leaders within months of his appointment by Shapiro in January, identifying bottlenecks that businesses have when they work with the Commonwealth, and drawing up a plan to streamline such processes. In the third week of his mandate, Shapiro signed another executive order to transform how the state government approaches licencing, certification, and permitting, with the aim of cutting bureaucratic inefficiencies and reducing the time businesses have to wait for licenses, certificates, and permits.

The 2023 budget aims to support innovation and economic development through measures including a 50% increase in the state's Manufacturing Innovation Programme, which connects Pennsylvania's universities with its businesses to spur innovation. It also allocates \$13m for the Pennsylvania First Programme, which aims to make the Commonwealth more competitive nationally by providing grants, loans and loan guarantees to facilitate increased investment and job creation.

The state administration's work to strengthen the business environment and support business growth plays to Pennsylvania's age-old competitive advantages, and most of all the mindset of its hard-working, forward-thinking and entrepreneurial people.

"The Pittsburgh area for many years was an industrial centre," says Ryan Hicke, president of Oaks, Pennsylvania-based SEI Investments, which provides technology and investment solutions to the financial services sector. "But there's a work ethic, there's a mindset. You go to work. A lot of us grew up that way, and I like that. I admire that. So we have a natural kind of innovation, and history of challenging the norm. You've got a breadth of youth across all these different educational organizations. And then you are instilling that right kind of mindset around hard work, rolling up your



Josh Shapiro
Governor

sleeves, and challenging the norm. That's unique."

SEI is a Pennsylvania company with global reach, with a particularly strong presence in jurisdictions including the UK and Ireland. It also has an office in Hong Kong, and is looking to Asia for potential long-term growth opportunities as its partners grow in the continent. Wherever it operates, SEI embraces its home state's can-do, innovative, and ground-breaking approach.

"When you're at the top, that just means everybody is coming for you," says Hicke. "And that's a mindset. That's a culture. But you have to create an infrastructure that embraces risk—that actually rewards failure in the right scenarios. Because if you're holding everything to the standard of optimal success, you're never going to experiment. Somebody made a comment to me a few years ago that has always stuck with me: A failure in a science experiment is a success because they're trying to prove that something failed because their next iteration will just get better since they've ruled something out. And I'm fascinated by that. How do you almost think

with that mindset more in the business world?"

This culture has led to Pennsylvania becoming a leading base for knowledge and tech-intensive companies, a position it aims to strengthen with its wave of pro-business reforms and schemes to support innovation.

The US economy has recovered strongly from the covid-19 pandemic, and continues to grow in 2023 despite global headwinds. Inflation is easing, reaching a two-year low in June 2023, and the country is leading the world in investments to boost the energy transition. In this environment, Pennsylvania will surely continue to flourish.

"We have the best, most skilled workers in the country, world-class universities and research institutions, and a growing reputation as a hub for biosciences, robotics, and advanced manufacturing," Shapiro has said. "...I want to plant a flag here in Pennsylvania and show the country that this is the best place to build a business, raise a family, and live a productive, successful life...my administration is sending a clear message: Pennsylvania is open for business."

SEI Investments Company

Building Globally for the Long Term

With strong consumer demand and prime age labour force participation rising beyond its pre-pandemic peak, the US economy has proved “resilient” in an environment of rising interest rates, according to a June 2023 report by the IMF. Real wages have been outstripping inflation - a testament to the country’s economic strength. Pennsylvania is a key engine of this, the world’s largest economy, and achieved growth of 3.2% in the last quarter of 2022, above the national rate, with the state capitalising on advantages including its economic diversification and industrial and agricultural traditions. As the world’s largest economy, and a global economic superpower, the US is backed by a strong finance and insurance sector, worth around \$1.7tn of GDP, according to official figures.

Oaks, Pennsylvania-based SEI® provides technology and investment solutions to the US and global financial services sector, with assets under administration of approximately \$878bn, and assets under management of approximately \$418bn, at the end of the second quarter of 2023.

“We have an unrivalled breadth of clients,” says SEI CEO Ryan Hicke. “We have 10 of the top 20 banks in the US and 49 of the top 100 investment managers worldwide¹. About 85% of our revenues are generated in the US, 15% outside - we have global offices and nearly 4,900 employees spread across the globe, and I’m interested in building our global footprint.”

Hicke took over as SEI’s second-ever CEO in June 2022 from the company’s legendary founder Alfred “Al” P. West Jr., who successfully led and built up the company for more than half a century, from what amounted to a fintech start-up in 1968 to a global provider of investment management, operations, and processing capabilities that connect the financial services industry. West is credited with creating a unique workplace that Wharton Magazine described as “both casual and crackling with energy”. West is now executive chairman, and also serves as chairman of the Washington-based American Business Conference, and chairman of the Board of WestBridge, a non-profit that supports the recovery of those with co-occurring mental illness and substance use issues.

“How Al built this company, the epicentre of everything we do is: Is this going to help our client? And that’s always been our North Star,” says Hicke.

SEI’s global footprint includes substantial centres in Dublin and London. Hicke himself spent 12 years in the British capital, where the company has been for 25 years. As its clients look to expand in Asia, launching funds for that fast-growing market, SEI will be there, building its regional capacity alongside them, including looking at opportunities for co-investment. Wherever it goes, SEI will seek to understand its clients’ needs and build its presence strategically, offering services across



its business lines, as it does in the UK, for example. Throughout, the company will look to transfer models of best practice from regional operations to its offices around the world, and give staff the opportunity to work internationally to support its global, diverse mindset.

“I’m most interested in markets where all of SEI’s capabilities have value,” says Hicke. “We can’t be everywhere. We need to be thoughtful and strategic. We have a tremendous runway in the US right now with things that we’re doing. We have a lot of growth potential in the UK. We have a Luxembourg office, so we have a lot of opportunity in Europe. But without a doubt, Asia has to be on our radar in the next 3 to 5 years.”

Hicke has been with SEI for 25 years, and defines three priorities for his leadership of the company. Firstly, revitalising its growth engines. Secondly, reinvigorating and refreshing its culture. And thirdly, attracting and retaining talent inside and outside the

US to deliver on long-term goals. Hicke emphasises that both the importance of culture as a differentiator on the market, and SEI’s long-term approach to business, are rooted in the values West set from the beginning.

“When I think about my role, it’s how I’m doing my job to set the company up 8 to 10 years from now, for another 55 years,” he says. “We know how reliant our clients are on the stability and longevity of SEI, and we’re proud of that. We have a lot of pride and protection in the trust that is associated with the brand. The shareholders trust us, our clients trust us, the employees trust us. We are going to protect that element of the brand.”

One of Hicke’s tasks is to “get our brand out there” globally, without compromising the humility that is an essential part of its culture. Hicke is keen to highlight the company’s size and breadth of operations to potential clients and partners.

“This will give us a chance to get to know people,” he says. “When we get people on this campus, they’re blown away by the culture, how open we are. But more people need to know who we are.”

West refers to innovation as “the key to success”. As it enters a new chapter of its development, SEI will continue to place a strong emphasis on innovation and adaptability - and helping its clients innovate and adapt in an uncertain world. This approach is rooted in the culture of its home state - which SEI is proud to call home.

“Firstly, I like the diversity of industry in Pennsylvania,” says Hicke. “You’ve got some big financial services players like SEI, PNC, and Vanguard. There are a lot of pharmaceutical companies. You’ve got media-communications like Comcast. Secondly, the number of colleges and universities we have is an enormous advantage for us and external investors. We need to figure out how to get the top talent that goes to university in the region to stay. And thirdly, there is culture and mindset. There is a work ethic in Pennsylvania that is extremely impressive. This is the birthplace of America, and it’s an exciting place to be.”

¹ Based on Pensions & Investments’ “Largest Money Managers” 2021 ranking.