



A new breed of managed services delivers a shot in th...

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Getting to grips with the cost of Covid.

Article by Nick Smith, Head of Managed Services at SmartStream

In the wake of Covid 19 – and facing a tricky cocktail of slimmer margins, burgeoning costs, increased client demands and growing regulatory requirements – banks are under pressure to transform legacy technology and boost operational efficiency.

One route banks are exploring is that offered by managed services. Reflecting this interest is the rising number of engagements entered into by financial institutions with SmartStream's specialist managed services utility, the Centre of Excellence. 2019 was a record year for the unit, with incoming new clients rising by 50%, while deals are projected to increase an additional 50% – 100% by the end of 2020. The year to date has seen a 25% growth in revenue for the utility, while 2019 witnessed a 20% increase.

Outsourcing is, of course, nothing new – banks have regularly turned to BPO (Business Process Outsourcing) in the past to cut costs. Under the traditional model, processing is simply shifted to lower cost locations, using a bank's own legacy technology. Banks have, however, realised the limitations of this tactic, and are now looking for an alternative.

The model employed by SmartStream's managed services unit is very different from the traditional BPO approach: it aims not to replicate existing processes but to deliver an improved outcome and greater efficiency. Working to measurable, agreed levels, SmartStream's Centre of Excellence assists clients to modernise and continuously improve processing, increase productivity and accuracy, drive down costs, as well as reduce IT complexity and meet regulatory requirements.

The centre offers services across a range of back office functions including reconciliations, corporate actions, collateral and cash management, fees and expense management, and reference data. It delivers the highest quality service and is used by a number of well-known organisations, including Deutsche Bank.

This focus on consistent excellence has paid dividends: even through the most restrictive days of early lockdown, SmartStream's managed services utility experienced no deterioration in service. Throughout the pandemic the utility has offered banks continuity and an uninterrupted high standard of service.

Critically, SmartStream's managed services operate using SmartStream's own technology. The company is continually updating its technology, also making sure that clients are always using the latest version of its solutions. By tapping into SmartStream's managed services, banks can achieve a rapid upgrade, accessing the latest specialist technology. It also provides them with an opportunity to make efficiencies and cost-savings.

In addition, SmartStream has directed considerable investment towards moving its solutions to the cloud, bolstering the ease and reliability with which its technology can be accessed. The company has also invested significantly in the incorporation of advanced technologies such as AI and machine learning into its solutions.

The calibre of the centre's personnel is another important factor for clients. Staff are highly experienced, with extensive knowledge of SmartStream's technology – enabling all clients to benefit from best practices. The utility draws on a deep pool of domain knowledge, allowing it to refine and continuously improve processing.

Protecting client data is of great importance to SmartStream and so its managed service operates on a single tenancy basis – unlike some other providers which offer only multi-tenancy platforms. SmartStream's reconciliations platform and OnDemand SaaS services using TLM Reconciliations, TLM Aurora and SmartStream AIR have all gained PCI -DSS accreditation, providing further reassurance to clients.

Managing large numbers of back office staff is an expensive exercise, as well as a logistical and management headache. A specialist managed provider, offering proven technology and service execution, makes an attractive alternative. The best services can have a potentially transformative effect, delivering a rapid technological upgrade, as well as an opportunity to reduce costs and improve performance.

Further information

www.smartstream-stp.com