

SmartStream's Managed Services

Joining the Dots and Responding to Clients' Demands

Mark Morris, head of sales for managed services at SmartStream Technologies, discusses the ongoing surge in demand for managed services, how SmartStream differentiates itself from other similar providers in the industry, and how it is working on joining the dots between all of its on-demand solutions.

There is little doubt that the popularity of managed services has grown since the onset of the Covid-19 pandemic in the first quarter of 2020. How well prepared was SmartStream to respond to the surge of inquiries from new and existing clients looking to take on either new or additional services from the business? Was it business as usual from SmartStream's perspective?

Mark Morris: I wouldn't call any facet of last year—and certainly not the early part of last year in Q1—normal. I think the Covid-19 pandemic hit financial services firms particularly hard, and I feel a lot of them were ill prepared for the extensiveness of the remote-working requirements and the impact that would have on various aspects of the trade lifecycle, whether in their captive organizations or through a managed service provider. That really hurt them and led them to start looking around to see who had really robust processing capabilities during the advent of the pandemic. Smartstream had multisite capability and 24/5 follow-the-sun accessibility, which was one of the things that stood us in good stead. We were business as usual throughout last year, even during Q1.

SmartStream is by no means the only provider of managed services in the financial services industry. What factors set SmartStream apart from other similar providers in the space?

Mark Morris: When financial institutions originally set up their own captives or managed service functions, they typically did a “lift and shift”. They didn't send those processes to the receiver (outsourcing provider) with any idea of making efficiency gains/savings and inheriting state-of-the-art technology supported by deep-domain subject matter experts. With us, they get all of that. If they go for the full-blown managed service, they get experts in reconciliations, for example, who intimately understand SmartStream TLM and our Corona solution, and we immediately start looking at their day-to-day [operations] in order to understand how we can drive efficiencies, which equals cost benefits.

We have trusted service provision and we produce key performance indicator packs for our clients where they can review how we and they have performed. Also, with the advent of a lot of the cyber issues we've seen over the past 18–24 months, we offer best-in-class security and all the right regulatory accreditations and external audits, all of which are key aspects of our managed services business.



Mark Morris
SmartStream

Where are you finding most of the demand coming from right now in terms of the types of capital markets firms looking for managed services support, and specifically what types of managed services are they looking to consume?

Mark Morris: A lot of our demand starts with the tech lead or CIO at companies that may be burdened with expensive datacenters and old kit, and they want to dip their toes into the on-demand or managed services space by moving their technology function to us in the cloud. That's reasonably easy for us to do and there are a number of those projects that we've delivered over the past year. In terms of the types of financial institutions we are talking to,

it varies from tier-one, tier-two and tier-three banks, and broker-dealers to a number of buy-side firms and insurance companies. In some cases, clients want to go straight to a full-blown managed service where we run not just the technology but the day-to-day [business processes] for them as well. For example, we could end up running their entire recs lifecycle.

What does SmartStream have in store from a managed services perspective for the year ahead, especially considering the range of middle- and back-office platforms sitting within its product portfolio? Is there anything particularly noteworthy that your clients need to know about?

Mark Morris: What we're looking to do—and we've already started this with two key clients—is establish a more collaborative, structured partnership with more spatial awareness across the whole gamut of what we can provide through the various SmartStream components versus what the customer needs.

The segue typically goes like this: we do on-demand reconciliations for a client, which means they get cleaner cash breaks, which in turn means they can use our cash management solution for better forecasting, stress-testing and more accurate intraday liquidity management. If they have clean stock breaks—which we can definitely provide on-demand through machine learning, artificial intelligence and our subject matter experts—that gives them a cleaner stock record, which means their corporate actions and dividend and coupon management is cleaner, and next year, with the advent of the Central Securities Depositories Regulation, there will be reduced numbers of security fails. That is how we are working on joining the dots between our reconciliation solution, cash management solution, corporate actions solution and our collateral management solution. [wt](#)