

Ongoing reinvention for client needs

A key partner to banks of all sizes and a purveyor of AI-enabled solutions that are helping the financial services industry thrive in an increasingly challenging and competitive environment, SmartStream is known for its intense focus on clients' needs. But it was not always so. Jim Banks looks at how the company has been transformed under the leadership of CEO **Haytham Kaddoura**.

Today, SmartStream is known for bringing the most advanced technologies on the market into the financial services sector – and making them work to address the specific needs of banks of all sizes. It is a company that understands the industry's current and future challenges, creates innovative solutions, and steers them towards the pain points the industry is facing. And it is a big step forward from when Haytham Kaddoura stepped in as CEO in 2016.

Kaddoura is credited with improving the company's fortunes around quickly and decisively, bringing to bear his experience in computer science, organisational restructuring, management consultancy and financial services. His journey towards SmartStream began back in 2007, when he set up the Dubai International Financial Centre (DIFC) and helped set up a wealth fund that acquired the company.

"The fund was always looking to build its capability and my job was to look at the dynamics of different acquisitions," he explains. "SmartStream was the one I was most heavily involved in. I had oversight of it from a portfolio management perspective and I was on the board. I liked the team and I saw its potential."

From his position on the board, Kaddoura was quick to see how the company could better help its impressive roster of loyal clients adapt to the rapidly changing world of digitalisation.

"The company, as is often the way with organisations led by technically focused people, had lost sight of what investors wanted," he explains. "The person at the helm was too technically focused and playing with new technological toys was the priority for the company, but it was not always done for the benefit of the client."

"The company had moved away from what it was known for and was chasing fringe technologies, so the financial results were heading south and the board asked me to step in and make a quick turnaround in six months."

In that short time, Kaddoura was able to make the company profitable and he has remained CEO ever since, achieving consistent growth in revenue along with an on-going focus on investment in new technologies. Most important of all, however, he has seen SmartStream get closer to its customers.

A strong belief in innovation

Kaddoura's belief is that technology only has value when it addresses the specific needs of customers.

"In the early days, it was about looking at what kind of investment was needed," he says. "The next year the focus turned to AI, blockchain and other emerging technologies. That led to the launch of the Innovation Lab in Vienna in 2018."

The Innovation Lab, led by chief innovation officer Andreas Burner, frequently partners with tier 1 banks to investigate the use of AI and emerging technologies, exploring how they can help re-engineer traditional processes to reduce cost and boost efficiency.

"When Haytham became CEO, he immediately founded the innovation lab to look at increased automation and reduce the number of touchpoints," says Burner. "We are always looking at AI, ML and blockchain too. We also anticipated the importance of the cloud, AI and ML early because of his belief that, for many problems, the solution is not to put more people on it but to solve it with technology."

Kaddoura understood, moreover, that SmartStream had always been a good software company with a large and impressive client base. But he also realised that innovation needed to be seen through the lens of client problems – not the technology itself.

"He greatly increased R&D investment because he anticipated that ML, AI and the cloud needed that investment to be mastered before they would pay off," Burner continues. "He did that at the right time. He completely changed that as CEO. He specifically put money into research, not just into headcount and development."

"If you look at SmartStream and its positioning today, and what we stand for, you can see a big change," Burner adds. "Before Haytham took over, we were a stable banking software house with good solutions. Now, we are a leading provider of innovative solutions in many areas, and we have put AI into cash and liquidity management, cloud-native reconciliation software and much more."

Push beyond the boundaries

SmartStream has successfully transitioned from a traditional software house to an innovation company. Kaddoura backed his belief in innovation with significant investment, creating a completely new entity in the form of the Innovation Lab and empowering people to look at the whole financial services domain with a desire to invent new solutions, rather than remaining tied to the company's existing software.

"All of this represents a massive change for the business," Kaddoura explains. "Now, we look at technologies in light of what is good for our clients. That is our priority."

One of the early moves Kaddoura made to orient SmartStream towards its clients was to launch development of its managed services offering. Now one of the company's core growth centres, the managed services division delivers a range of flexible deployment options for SmartStream's key solutions, among them reconciliations, corporate actions, collateral management, cash and liquidity management, fees and expense management, and the reference data utility.

Nick Smith, executive vice-president of managed services, joined the company in 2017 and has seen much of the transformation Kaddoura has delivered.

"Our financial management has been completely overhauled, as has our focus on cost management and financial transparency," says Smith. "As a corporate entity, management of the balance sheet is night and day from where it used to be, so when I look at the numbers, we are a much more healthy business."

"Furthermore, there is continued investment in our solutions," he adds. "We reinvest 25% of revenue straight back into R&D. And we are continuing to increase the number of developers for our products, while some of our competitors are putting solutions into maintenance mode. Haytham is not focusing on 'cash cow' products but pumping money into them to develop them for the future."

A family with strong values

In essence, Kaddoura has refocused SmartStream around a core set of values, chief among them client-centricity. Equally important is a short-term return on investment, which can only follow if technology development is aligned with customer needs.

"Our core values are embodied in our approach to software development and our desire to look after our customers, rather than just selling a shiny new box to make more revenue," Burner explains. "We are very customer-centric, but Haytham is also very much about bringing different departments together, rather than managing by division."

"SmartStream has a lot of people who have been here for a long time and Haytham has created the right environment for people to be creative, to build their skills and experience, and to take time for that to lead to creativity and unleash their potential," he adds. "There is healthy competition internally, which is a far cry from management by division, but there is also a collaborative mentality here."

Kaddoura believes that SmartStream is one big family. With 1,200 employees, the company is a large community – but one in which everyone has a voice. People know they have to achieve, but they strive to do it together and therein lies the crucial difference. At SmartStream, there is a need to compete to achieve excellence, but there is no excuse not to collaborate.

That closeness within the company is felt even by relatively new arrivals, for whom senior management is present, engaged and available. Peter Dehaan, new business director for cash and liquidity management, for instance, joined the company in early 2021, but already feels embedded in the organisation.

"Haytham is very supportive," he says. "He has always been there whatever I have asked. I've come from companies where there have been 100,000 employees, so you don't often meet the CEO unless you get in the wrong lift, but that is very different at SmartStream. Haytham has got time for people and that is key."

That collaborative approach and the sense that everyone has a role to play in moving the company forward are crucial to the company's ability to remain dynamic and adapt to address the challenges its customers will be facing in the future.

"I am a firm believer in change," Kaddoura says. "We need to constantly re-evaluate how we do things. You can't sit and wait for things to happen. I like to challenge people, to break things down and to think outside the box about how we can do better as a team and as a company."

Whether it is the emergence of a new technology or the application of existing solutions to a new problem, SmartStream will pull together to help clients innovate and adapt. That shift in attitude is perhaps the biggest change that the company has made since 2016.

"We are embedded in the fabric of the financial services industry and whatever the next challenge is, we will face it together," Kaddoura says. "We are a big family and we love it. That's the approach that we have as an organisation. We've got each others backs." ●