



Leveraging the experts today, while future-proofing tomorrow

Becky Bellamy reports

AST talks to Simon Byles about his new role as global head of business development for managed services at SmartStream

Having spent over three decades in the investment banking operations, strategic change management and managed services domains, Simon Byles has chosen to join the middle- and back-office technology firm, SmartStream.

Byles, who brings a wealth of experience from J.P. Morgan, Credit Suisse and CLSA/SetClear, says: "The leveraging of technology within financial services, is going through a further industry paradigm shift, that is going to present another step-change opportunity and impact."

He reflects on artificial intelligence (AI) and machine learning (ML) among other innovative technology solutions, that are now gaining traction and delivering real measurable results.

With this at the forefront of his mind when making a career change, he comments: "Like many in the industry, I have used the best-in-class SmartStream platforms for several years. With the investment, the firm made in recent years in its Innovation Lab, the results have produced very exciting opportunities in partnership with many of its clients."

He adds: "I have been thoroughly impressed with its investment and more importantly in the delivery of new innovative business solutions. SmartStream's world-class technology platforms, leverage the latest and best in machine learning capability which support, learn from and teach the expert system operators and processing decision-makers, providing greater transparency, cost efficiency and risk management."

Financial institutions around the world are also rapidly trying to develop their own AI tools to aid their operations, as part of the digitalisation strategies that will provide them with the leap forward to a more digital future. This is something that SmartStream has achieved, building its own innovations team focused on developing tools and case studies in the deployment of AI for the use of financial institutions - not only to benefit the experiences of their clients but to also improve the efficiency of their operations.

In explaining his exciting newly created role as global head of business development for managed services, Byles highlights: "The managed services space is not new to our industry, but given the SmartStream technology stack that our industry trusts and relies upon, we have created an opportunity for our market partners and customers to utilise our global subject-matter-experts to deliver true operational excellence. These experienced and knowledge-driven experts are also the early testers and adopters of the latest in technology solutions coming from the SmartStream Innovation Lab, of which AI/ML is already being leveraged to deliver material benefits to services and thereby directly to our customers positive business outcomes", he notes.

SmartStream has swiftly expanded its managed services capability and is currently supporting global banks, brokers and many buy-side customers across many of its best-in-class platforms including reconciliations, fees and expense management, digital payments, reference data utility etc. Byles says: "SmartStream's leading position - its knowledge, scale and expertise, appreciates the specific needs of its clients and delivers effective solutions."

The focus has traditionally been on 'FTE', but perhaps that now should stand for 'Fastest Track to Excellence', not just full-time employees. SmartStream can be leveraged to optimally deliver excellence, he concludes: "It's such an exciting time for the industry and these trusted solutions and expert operators are in such need, our customers both existing and new can look forward to us helping them achieve their desired business results."

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The innovative spirit in SmartStream is evident, providing services that are timely and evolving for financial institutions. Through managed services, SmartStream provides expertise through its people doing the actual work on the technology platforms it knows best.

Looking to the future, Byles added that cost efficiencies through technology, particularly artificial intelligence and automation, will be key. Regulations and compliance have been at the forefront of financial institutions in the past couple of years. SmartStream describes that at the heart of its success is the ability to respond proactively to the client and market needs and regulatory changes through innovative solutions. That is why at the end of the day, it is all about being able to provide a comprehensive suite of solutions to its bespoke clients, ultimately making their operations more transparent, effective and efficient. Larger financial institutions often still have separated silos, maybe two or more similar solutions performing similar functions. Being able to adopt efficiently a true shared services model allows them to reduce their total cost of ownership, with it the cost per transaction and receive a best practice service.

AI can affect and improve the operations of financial institutions at all levels. AI can optimise the workflow in the back-office, including the reconciliation process, where you capture the data, transform the data, match the data and manage the exceptions. Managing back-office processes are becoming more complex with the pressures from increasing regulation and reduced headcount, which requires banks to re-examine their operations. SmartStream has accumulated the experience to help financial institutions with their back-office transformation programmes. A top asset management company approached us as their existing technology could no longer handle the transactions volumes which had increased significantly. As a result, we deployed a hybrid model,

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reconciling a part of their transactions with a cloud-based managed services team. Once they had experienced the benefits of SmartStream's managed services approach in the cloud, the asset manager shifted their entire processing to SmartStream. A big benefit of fully outsourcing back-office operations to SmartStream is that it optimises the total cost of ownership, because no hardware is required, and no software licences need to be purchased. When it comes to staffing, who can better operate and maintain an application than the people who built it?

For the front-office and middle-office, AI-powered tools and technologies can aid in stress testing activities as well as in supervision. For front-office activities, AI can be leveraged for payment scheduling and throttling. Some of the use cases include digital fingerprint, invoice extraction and looking at anomalies on balances and other financial statements.

Financial institutions stand to benefit from AI by coming into the possession of more informed business insights and less exposure to processing failures, which will ultimately help any organisation's decision-making and risk management process. They can also leverage the identification of patterns that could provide customised offerings to clients; alerting and learning from unusual transactions. Additionally, it can also help them to stay competitive through the adoption of new algorithms and better human capital deployment - as the organisation can direct their focus and resources on more skilful and value-adding tasks.

Furthermore, cloud-based outsourcing and managed services are rapidly changing the landscape by allowing financial institutions to mutualise their processes with similarly-situated institutions. Moving to the cloud provides financial institutions significantly more flexibility and scalability. By moving processes to cloud platforms, they can benefit from high-performing technology at a fraction of the cost. Once they adopt managed services,

they benefit from the mutualisation of sharing non-competitive processes across multiple clients, while adhering to data protection rules.

A global investment bank was able to reduce its IT application support resources by 50 percent, by outsourcing their business processes to SmartStream. This resulted in an improvement of the actual performance of the team, demonstrating significant improvement results in the bank's key performance indicators while ensuring timely and accurate reporting. This is simply because SmartStream is not a generalist provider of consultants, it has real specialist knowledge in the marketplace. Combining this with its technology, enables the firm to do things at a significantly higher quality level with much more efficiency than other groups operating in this space. In order to successfully migrate to the cloud, banks need to have a change in mindset about their day-to-day operations and processes. SmartStream provides transparency to the most senior management as to the day-to-day activities of the performance of their business. The firm does this because they know and understand the space that they operate in. Looking ahead, financial institutions are more likely to need to re-engineer their processes and adopting a managed service, is often a faster track to excellence, protecting revenues and delivering improved operational results.

By outsourcing the management of applications and processes that fall outside their core strengths, that don't provide competitive advantage, financial institutions are able to truly focus on their business priorities and maximise value services to its clients. Partnering with SmartStream, leveraging its comprehensive expertise is the proven way to do this effectively and successfully.

Simon Byles
Global head of business development
for managed services
SmartStream

