

Roundtable: Talking Technology and Innovation

Innovation and technology are fast transforming fund and corporate services. At a recent virtual roundtable, James Gow, Aztec's Chief Client Officer, was joined by Aztec Group CEO, Edward Moore, and two of the Group's most recent strategic hires, Chief Technology Officer, Charlotte Light, and Head of Innovation, Tom Bennett, to discuss transformation, disruption, Aztec's approach to innovation, 'big data' and the challenges and opportunities facing the funds industry.

Speakers

- **Edward Moore**, Chief Executive Officer, Aztec Group
- **Charlotte Light**, Chief Technology Officer, Aztec Group
- **Tom Bennett**, Head of Innovation, Aztec Group

Moderator

- **James Gow**, Chief Client Officer, Aztec Group

James Gow: Why is Aztec putting so much focus on technology and innovation at the moment?

Edward Moore: We recognise our business is first and foremost about our people providing a high touch service delivery to our clients. However, we also recognise that technology and innovation will play an increasingly important role in what we do as a business and how we deliver that service going forward.

We've gone through a journey over the last five years, strengthening our technology platform with industry leading solutions - but as a business that aspires to be a digital and data leader in its field that is just the foundation. We've now started to turn our attention towards innovation and how we drive a differentiated service proposition. That's one that anticipates our clients' future needs and increasingly uses technology to underpin enhanced service delivery.

We've deliberately looked outside our industry to support the business in this next exciting stage in our growth and as a result I believe we'll become bolder, faster and better as a business with this approach.

JG: Thinking about the pace of change in technology, where do you see that going?

Charlotte Light: It's really interesting. The pace is so much faster than it used to be. In the 90's and 00's you could build a system over three to five years and sweat the asset for 10 years. That was fine because the pace of development of technology was relatively slow at that time.

"The idea that there's a destination that you're going to get to when you've finished is just not real."

- Charlotte Light, Chief Technology Officer, Aztec Group

But now technology's so much more accessible to people in their day-to-day and professional lives. Those cycle times are much shorter. You really need to invest and get a return within a three to five year cycle. And you need to take some risks in terms of choosing where to invest.

The idea that there's a destination that you're going to get to when you've finished is just not real. You have to think about what the stages of change are and how to extract value from our investments in technology at each of those stages.

Tom Bennett: Technology is increasingly outpacing our ability to use it. The reason Aztec's made this investment in technology and innovation is to ensure we can bring our clients what they need when they need it.

Disruption is the most exciting area of innovation. For sure, it's the most difficult and risky, and it can be the most costly as well. It's a different mentality that's required to move into that disruptive space.

But I think it's important that, when we look at innovation in Aztec, we have a balanced portfolio of initiatives. Ones that range from incremental improvements that help clients solve problems to larger initiatives that really push the boundaries in breakthrough and disruptive technologies.

That's a vast area to cover. For me, the most disruptive element of new technology is the ability to create new business models. We've seen it in so many services we consume in our own lives. There are new ways of solving problems, of creating value that were not previously achievable.

And that's what makes disruption so exciting. It leads companies into moving into adjacent markets and sometimes completely new markets that they never thought they would operate in.

JG: There's a huge amount we can learn from other industries, but where do you feel that we are as an industry when it comes to technology and innovation?

CL: I'm new to financial services, so it's hard to say, but historically in terms of adopting new technology, banking and finance has been a little bit behind the curve.

I think part of that is because longer standing traditional businesses typically have big bespoke legacy systems that are hard to move onto modern platforms. That's not as much of a challenge for Aztec. We have off the shelf software and we've got a lot in the cloud, so we are less encumbered by legacy technology.

It's clear that using automation, enabling self-service, and providing information to both clients and employees are priorities right now. Delivering services efficiently and securely are at the core of our business, so we are especially focussed on how to use technology in these areas.

There is a lot of discussion about using AI and machine learning in all industries at the moment. My sense is that, in this industry, lots of companies are still experimenting with these technologies as they are evolving. We're like so many other companies in that we are at different stages of that data and automation journey across different facets of our business. As the technologies mature and become more well established, so will our capabilities.

If I look five years into the future, there will be new technologies being talked about, use of blockchain and distributed ledgers and so on, but in terms of implementing technology many companies will still be on the data, machine

learning and AI journey. We'll all just be much better at optimising use of these technologies.

JG: We have lots of different conversations with our clients on technology, innovation and where we're going. What are you hearing from our clients in terms of their needs, or even where their thinking is, in terms of fund administration and technology?

EM: When we embarked on our latest five-year plan a year ago, we did some work with Bain Consulting. They looked at where we sit within the industry and spoke to a representative sample of our clients, competitors and other participants in the industry.

Bain came up with six key purchasing criteria. Technology came in at number five, just ahead of pricing. The top four being reputation, quality of service, relationship, and experience.

But what I've seen in the last couple of years is a subtle shift in the way our clients buy the services that we provide. Increasingly, it's less about what core systems we use - more about how we use technology to drive operational efficiency, how we manage risk and how we deliver an enhanced client experience.

"We're very ambitious around what we're going to do with technology."

- Edward Moore, CEO Aztec Group

Our clients are very open with us about what's keeping them up at night and we see a number of key themes cropping up again and again. These are particularly centered around how we can use of technology to manage or support security, collaboration, efficiency, and accuracy and assessability of data. Increasingly they are looking us to provide thought leadership about the future, how we are adapting, and what are the opportunities technology can and will deliver to them and to their investors.

We're very ambitious around what we're going to do with technology. I don't really expect the key purchasing criteria rankings to change significantly in the coming 5 years because, I think, intellectual capital is always going to be the key purchasing criteria that clients will focus on.

I do think the winners in our industry over the next five years will be those who can better articulate and drive a more customized service delivery.

Charlotte, have you got any reflections on that?

CL: I've obviously been hearing a lot about what our clients are looking for in since joining Aztec. Many of those things do relate to technology, but the proposition from Aztec is very much based around the extent to which we offer a highly personalised service.

It can be more challenging in a digital experience to provide personalisation efficiently because it requires tailoring and customization of the experience. That means splitting out what is best provided digitally and what should remain a human transaction, and this will vary considerably.

It may be one of the areas that Tom will look at, that is how innovation can help us make it efficient for us to provide a heavily tailored and personalised service.

JG: Edward mentioned some quite big topics coming up in client conversations like security, collaboration and automation. How do you see us responding to these opportunities over the coming years?

CL: From a security perspective, we're in good shape, the team have done a great job of making sure we have strong controls in place. Our clients need to know that they're safe with us. They are. We've got the right level of investment and that will continue to be an area of focus.

In terms of collaboration, we have made substantial investments in Microsoft Azure and moved to Office 365, using MS Teams as many companies have to support collaboration. We use the cloud extensively and will continue to look at how to best optimize our investments in this area

In terms of automation, we are running proof of concepts in several areas and we will be looking at using some of the capabilities from our Microsoft investments. We are also using Alteryx to automate workflows and processes. As a process driven business, part of the challenge for Aztec will be prioritizing and identifying which things to go after to provide maximum value to our clients and business teams.

JG: You mentioned there are some bigger programmes on your agenda, Charlotte. Looking into the future a little, how do you see our technology strategy evolving?

CL: Having only joined Aztec recently, it would be bold for me to make any major commitments. There will be a number of big programmes.

We'll continue to experiment and build wider capabilities with workflows and looking at what the correct automation tooling is. Through this year and into next, we will continue to build out and integrate our technology and optimize our business operations. People are talking about hyper automation, about more intelligent use of machine learning and about AI within automation to deliver the best outcomes we can for our clients – these will be on my agenda.

A multi-year programme to see how we should best aggregate and use our data is also a pressing concern. We have an amazing asset in terms of the extent and depth of our data, seeing how we can use that to provide a differentiated offer for clients is going to be a high priority.

And then looking at our employee experience to determine how we can enable them to continue to work most effectively in providing client services while working flexibly, remotely and more internationally is also going to be key.

Finally, I am also keen to talk with our suppliers about how they are going to evolve their products for us and with us. For those that are not cloud based yet, what does their cloud programme look like? How is that going to work for us? And for all our suppliers, what does their roadmap look like? What new capabilities are they going to deliver? We need partners whose products are going to grow with us.

JG: So, not necessarily a small list, then?

CL: No, I think there's a few things for us to get our teeth into!

JG: Tom, innovation is quite a broad word in some ways. What does innovation really mean to you?

TB: Innovation means challenging yourself as a business. You hear the term reinvent quite a lot, which we don't necessarily need to do straightaway in Aztec, but future technologies might mean we have to do some of that.

For me, it's about working with our clients and identifying where we can create value in new ways. That's what innovation is all about. We can look at building new products, we can look at building new services, we might even build a whole new business, it just depends on how these things turn out.

Virtually all of the CEOs of Fortune 500 companies or FTSE 100 companies state innovation as a key priority. That's because the lifespan of these companies is now less than 15 years. It used to be 75 years not too long ago. You have to invest in innovation just to make sure that you're relevant for years to come.

JG: There's no end of things we could pick up when we talk about change, transformation, and disruption. Edward, I'm interested in your views. How do you see our technology journey impacting on that client experience?

EM: I really feel that we're in a bit of an arms race with our competitors now in terms of the role technology and innovation will play in the industry of tomorrow.

I'm also really excited about the future and probably more so than at any point in Aztec's history.

Because Aztec's quite a thoughtful, reflective business, we've mapped the client experience journey right the way through from onboarding investors and onboarding a client, through the lifecycle of a fund, through to ultimately its

dissolution.

Then what we've done is identified the key pain points in that journey and reflected on how we can deploy technology to improve either the experience or to take some of those pain points away. That's a really important part of what we're doing today. I think that's, to my mind, an ongoing investment that we're going to need to make.

However, that's just the start. I'm sure we're going to talk about big data in a minute. Our innovation team are horizon-scanning some amazing tech, not in our industry, but outside it. What they're doing is anticipating how we can meet our clients' future needs as we become digital and data leaders in our field.

That's thrilling because that's not just about doing what we're doing today better or faster or bolder, it's about doing things differently and doing different things in the future. To my mind that really is disruption.

CL: It's interesting reflecting on how the technology experience has been for our clients and our people. Part of thinking about technology and innovation afresh is thinking about how to delight our clients and employees – to work backwards from there in terms of what would be a really incredible experience.

JG: Charlotte, Edward mentioned a fairly big term - big data. What is big data?

CL: Big data is exactly what it says on the tin. It's a big set of data, big in size, broad in nature and processed with frequency.

There has been a lot of hype about big data, it's been talked about for a decade plus, that is the idea that from big data you can derive all the insights in the world. Possibly from a big enough data set with smart enough data tools and scientists you could... but I think as with all things, you need to be focused and sharp with your pencil about looking at what to do, what to go after.

It's not something where you're going to go from nought to great within a short space of time. There are definitely phases of evolving your capability, identifying and shaping the partners that you're going to work with and learning as you go.

A couple of years ago, I was at a conference and I listened to a talk about small

data, small datasets and the great insights that can be derived from that. I thought that was interesting and that's not a bad place to start when you're on your data journey. Rather than going straight to what the big data could give you, seeing where you've got some really great small data sets with value. Certainly, with our volume of data relating to our market we can leverage value from both.

EM: At Aztec we have the largest combined market share in the alternative assets space in Europe. That gives us a unique opportunity to work with our clients and with their investors to provide insight.

We've got 20 years of processing their data and the amount of that data that we play back to them is a very small subset of that. The way we currently do it is to provide it on a very siloed, discrete basis, one client fund by one client fund, etc. But of course, you've got a reference point there and, with our clients' support, we can replay that data back to them and, leveraging our market position, deliver real insight to them.

There's so much more that we can do. We have some deep-seated industry sector experts in our business, so if anybody can turn big (or small) data into an opportunity or into a service, I think Aztec can.

"We've got teams dedicated to improving the today while we're investing in the tomorrow."

- Tom Bennett, Head of Innovation, Aztec Group

TB: We're working with structured and unstructured data from inside and outside our organization all the time to solve problems, it's more about bringing in the right skill set and the right group of diverse thinking in order to solve those problems.

For me, it's about helping Aztec to leverage other skill sets that we won't have in the business to unlock value in that data for our clients and for our staff. Because there's this big opportunity there. I think the possibility of AI and machine learning alone will transform this industry.

This is something we need to invest in now so that we yield the returns longer term. But that's the benefit of creating the construct Aztec has. We've got teams dedicated to improving the today while we're investing in the tomorrow.