Towards a new business paradigm

Financial institutions are under mounting pressure to meet stringent budgetary controls and to respond quickly to incoming regulatory requirements, says Haytham Kaddoura, CEO, SmartStream.

SmartStream provides solutions and services to financial institutions. Aimed primarily at the back and middle office, these solutions and services also have a growing front office perspective. This reflects the increased importance of the post-trade aspect for the front office and, in particular, the potential impact it can have on the funding of trading activities.

Firms are increasingly turning to technology in order to comply with new regulatory requirements and budgetary controls. Our technology allows financial institutions to drive down operating costs as it enables them to restructure the organisation of their back office. Uniquely, SmartStream has developed a single technology stack – Transaction Lifecycle Management or TLM® – for the processing of transactions. By deploying SmartStream applications – which offer highly flexible workflow controls and have a great degree of scalability – organisations can rationalise and consolidate the number of solutions they have in use, as well as create an internal utility model and shared services. The same flexibility of design also means that financial firms can respond promptly to new regulatory measures or to market changes.

Driving innovation in the financial industry is a constant focus for SmartStream and the company has participated in a number of major strategic initiatives. The SmartStream Reference Data Utility (RDU), is another example. The first industry utility, the RDU responded to the pressing need across the financial industry for greater market data standardisation, as well as for higher levels of reliability and efficiency in the way data is managed. SmartStream joined forces with Goldman Sachs, JPMorgan Chase and Morgan Stanley to set up the RDU, providing services for instrument reference data normalisation and validation across all asset classes. The founding banks will also become clients of the utility.

Another initiative is the Accenture Post Trade Processing (APTP) utility, set up by Accenture, one of its technology partners and SmartStream. APTP combines Accenture's global business process outsourcing capabilities and global capital markets industry expertise with SmartStream's leading post-trade processing and technology services that support reconciliations, reference data, exception management and corporate actions processing.

SmartStream is well known in the financial industry as a market leader in reconciliations processing. Its strategic application, TLM Reconciliations Premium, reflects the company's

deep understanding of the transaction matching, exceptions and investigations needs of financial institutions – whatever the size of firm and regardless of the processes or the lines of business in operation. By using TLM Reconciliations Premium financial institutions are able to carry out reconciliations across all asset types, unlimited by volume or throughput. In addition, SmartStream has developed TLM SmartRecs OnDemand, a configuration component leverages the capabilities of TLM Reconciliations Premium via the cloud. It features a simple, highly intuitive, wizard-based user interface, as well as drag and drop capabilities. Its simplicity and ease of use make it an ideal solution for business users, enabling them to perform reconciliations tasks without the reliance on technical support.

In recent years, SmartStream has delivered additional specialist solutions for account reconciliations, OTC, ETD and NAV reconciliations, as well as utilities services such as account receivables and last, but not least, treasury confirmations management.

Looking beyond reconciliations, SmartStream provides mission critical systems for the management of cash and liquidity. The company today delivers real-time liquidity management for the back-office and, importantly, for the front-office. By using SmartStream's cash and liquidity management solutions clients are able to understand fully their exposure to trading activities on a minute-by-minute basis.

Another recent addition to SmartStream's suite of TLM products is the TLM Collateral Management solution, acquired from IBM. This provides a fundamental contribution to our liquidity control platform and gives financial organisations the ability to manage exposures in an accurate, timely fashion. In addition, SmartStream's TLM Corporate Actions solution delivers critical management of a client's position at the trade level. It is also fully compliant with the SWIFT message lifecycle.

All of our solutions are underpinned by a common exception management layer. This allows firms to understand the lineage of exception failure, meaning that a failure at settlement can be traced back through all of its previous steps to the initial

trade. Importantly, in recognition of the financial industry's movement towards real-time processing, TLM solutions support real-time loading and processing, on receipt of transactions.

Financial institutions currently operate against a background of reduced staffing levels and we recognise that firms need additional support today with projects. SmartStream can make available remote configuration and project staff, highly experienced personnel who are able to assist customers to expand their utilities or to extend the use of SmartStream solutions within their organisations. SmartStream delivers solutions and services to meet the market demand for traditional on premise deployment but is also responding to the ever-increasing industry appetite for cloud and managed services. To this end, the company provides managed services – as BPO – for all solutions, including reconciliations, corporate actions and cash management.

Reflecting our belief in the necessity to the financial industry of a new business model – one which makes full use of BPO and managed services – SmartStream has established a Centre of Excellence (CoE). The CoE, which has been operating for eighteen months, enables the faster onboarding of reconciliations, as well as a full managed service for reconciliations processing. The Centre has seen a surge in interest and is being used currently by more than twenty major financial institutions. It is already delivering time and cost savings to clients, in some cases lowering the cost of implementing new reconciliations by as much as 65 percent.

In conclusion, SmartStream is fundamentally geared to drive forward BPO and managed services, across the back, middle and front-office. We believe that these services deliver not only substantial reductions in operating costs but also tangible benefits through the mutualisation of common operating processes within these new market configurations, improving not only cost but also quality and, importantly, process governance. ■

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