



ONE STEP AHEAD

FUNDS EUROPE TALKS TO METROSOFT'S JANUSZ LORENC ABOUT THE IMPORTANCE OF A CULTURE OF INNOVATION AND STAYING A STEP AHEAD OF INDUSTRY THINKING.

THE DANGER WITH the perception of technology use is that there is tendency to think that technology itself drives innovation in the funds industry and that innovation can be associated only with the newest technologies. While it is true that technology can improve existing processes, technology alone does not drive innovation.

Metrosoft has been innovating since 1999, says its chief executive Janusz Lorenc. "We have been constantly helping clients to progress, going beyond what is considered industry best practices. It has been an interesting

journey and it is amazing to see how prestigious clients partner with a company of our size to move ahead.

"They key is to spot the opportunity where others do not see it, apply the business knowledge thinking outside the box, and then use the technology to deliver solutions" adds Lorenc. "Real-time data has always been at the core of what we do. Obtained directly from its sources, standardised and consolidated allows for driving the business and accumulating meaningful history."

Lorenc points to Metrosoft's flagship product Fundsphere Navigator as

an example of a system that is well established but continues to evolve to deliver innovation.

It started as a solution for a Wall Street client that was looking to consolidate its transfer agency (TA) reporting for Luxembourg-registered SICAV funds and US registered funds. Installations in Jersey and Hong Kong followed and in 2001, clients in Ireland, Australia, London and Bermuda came calling with requests for web-based transactions, statements and reporting. "We have kept adding functionality and clients and now it is used globally by asset managers and

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The core application of Fundsphere Navigator is a platform that supports the entire investor journey life-cycle, offering multi-channel communication and access to real-time data, bringing the back office and front office closer together and eliminating unnecessary processes. The system’s main challenge, therefore, is to capture accurate real-time data at multiple sources and enable its efficient use by multiple parties according to the permissioning.

“It is our job to come up with solutions that go beyond the client’s current problems,” says Lorenc. “We need to look well ahead.”

Metrosoft’s approach is based on constant refactoring, he says. “It is not possible to create a system and then live with the same one for five years. We continuously invest in researching and testing new technologies and, once validated, we use them to enhance the product.”

However, the challenge is often not to demonstrate to the client that Metrosoft is using the current technology. If anything, it is the other way around: asset managers are reticent to deploy new technology that has not yet gone through an internal certification process.

The use of application programming interfaces (APIs) is an example of where Metrosoft has been ahead of the game, waiting for the investment management market to catch up. “APIs were not and still are not widely used because the industry preferred the exchange of files as the best way to transmit data,” says Lorenc. “But now the industry starts catching up and being convinced that online access to information is important. We have always focused on real-time data access.”

This approach and the use of REST APIs means that the data is also accessible to systems outside of the client’s (such as distributors, third-party

administrators and their clients) and not only to internal downstream systems.

“Innovation is about the ability to transform the process and extend what you do,” says Lorenc. “Sometimes we have been too early with our innovation. We worked on new ideas and have found in some cases that the market is not ready. You need to be able to accept that kind of failure and pivot quickly.”

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For the past eight years or so, everyone has been focused on regulatory issues, but fortunately this is changing. At the same time, the industry’s attitude to innovation can be very conservative. “Many times, clients are simply looking for ways to improve their existing processes, rather than looking to change their process to make themselves more efficient. Ultimately, this approach does not change the industry,” says Lorenc.

“For the industry to move forward, you have to think seven to ten years ahead. But it can be difficult. You can come up with a great idea, but then the industry can be slow to take it up. True innovation is a long-term investment but often clients need quick returns. But the industry is changing and we again work with clients that are more innovative.

“If the client’s culture is also focused on innovation, then the relationship is excellent and we trust each other,” he adds. “We can create sustainable value together and get far better outcomes.”

The current interest in analytics is another example of waiting for clients to catch up. “We had analytics capability early on, we were telling clients ten years ago that they need large enough and reliable data sets to run meaningful analytics, and few were using it.

“We finally see several clients using Navigator data analytics in surprisingly effective ways.”

When it comes to fostering innovation, Lorenc’s view is that the structure of a company is often overlooked. Almost everyone says, “We have relaxed the dress code, we have flexible work hours,” but in reality, the structure is the most important aspect to consider.

“We have a very flat staff structure where people generate their own ideas. Decisions and responsibility are pushed all the way down. The truth is that everyone must have business knowledge, have the respect of the clients, have technology sophistication and have a passion for what we do. And have fun at the same time,” he says.

“I have never dictated to my staff and told them what they have to do, just because I am the CEO. We decide what outcome we need; we do not focus on output. This is our culture for a long time. Now everyone is calling it ‘agile.’”

Such an approach makes it easier to recruit, but because Metrosoft is looking for applicants who are curious, extremely eager to learn, persistently resourceful, aware of gaps in their understanding and able to challenge authority, the business hires only a small minority of candidates, says Lorenc.

“More importantly, though, such an approach makes it easier to retain staff. The average age of our staff is well below 40 and the average tenure is more than ten years. I don’t think we would be able to keep the young and motivated staff that we have if we didn’t make the work interesting. It is also of more value to the client.”