

# COVID-19: A Challenge, Opportunity or a Watershed Moment for our Industry?



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What a difference a few months make. It wasn't too long ago that most of us were working in offices, business as usual. Now many are working remotely, keeping safe with the added stress of maintaining the same level of services, efficiency and security expected of their firms prior to COVID-19. Financial services firms and their people have been challenged to mobilize their workforces and not only meet previous levels of efficiency, but to exceed them – a task made even more complicated by the added impetus of regulators' heightened interest in operational resilience.

The UK's Financial Conduct Authority has promised to review firms, including Asset and Wealth Managers, for business resilience with evidence of robust processes and their ability to support clients in an effective manner. Other regulators in the US, EU and Australia are similarly focussed and want to see evidence of a structured strategy that builds robustness into everyday processes and tests vulnerabilities on a regular basis. Many situations that currently require a wet signature can now be replaced with digital automation technologies. Corporate and regulatory requirements such as Know Your Client (KYC) are even more in focus with the level of efficiency needed during lockdown. Firms that previously relied on the verification of physical documents are now looking for a digital solution, such as DocuSign in the United States, to certify Social Security Numbers.

With the increase in virtual meetings and remote interactions caused by COVID-19, there is a common misconception that the world is completely digitally transformed and connected. We know that this is not the case for firms' back offices. The abrupt change in work/home life

didn't stop the demands of business – corporate accounts still need to be closed accurately and on time. The expectations set for firms now exceeds traditional crisis planning; which begs the question: Could the COVID-19 crisis be a watershed moment for our industry?

For many financial controllers, there is enough complexity in 'normal' times, often involving multiple portals and disparate platforms that require cumbersome follow-up processes to determine accuracy and transparency. Taking billing as an example, some firms still rely on email and Excel for collecting data and processing complex fees. Managing these time-consuming processes from home is doubly challenging for staff, placing added pressure on communications and workflow management. The risk of incorrect calculations, late payments and over/under/not billing at all is heightened, resulting in the deterioration of a firms' customer services and bottom line.

Globalization, heightened client expectations and increased fee complexity are further compounding the pressure on stretched billing processes. Our research has shown that firms are struggling to meet key goals which include the ability to:

- Manage all revenue associated tasks on one platform in a controlled manner
- Increase efficiency, scale and a streamlined STP exception driven process
- Reduce risks inherent in complex billing relationships and associated errors
- Provide trusted data via automated interfaces to the general ledger(s) and other downstream systems

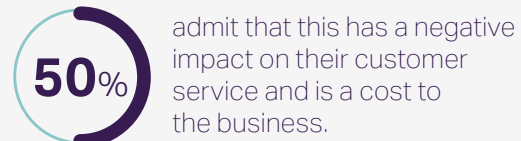
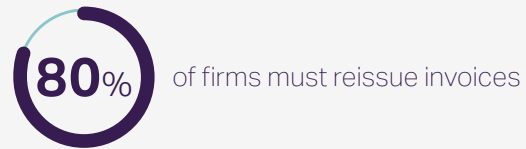
Where manual processes proliferate, increased risk becomes inherent, and many firms are experiencing this more deeply as a result of Covid-19. The benefits of automation are clear: trust, accuracy and client transparency are improved, while potential risks to compliance and a firm's reputation are diminished.

A recent Tegra118 study (Fixing the Leak, 2019), showed that harnessing technology to automate billing processes is one of the top priorities for Chief Financial Officers; 60% named it in their top three. Understandably so, as automating processes helps free up time otherwise spent on repetitive clerical tasks. This extra time allows back-office teams to focus on activities that generate revenue, provide better customer service and maximize returns for their members.

After recent discussions with top asset management firms, many having just concluded their quarterly close with finance teams working remotely for the first time, we observed the following:

- Those who had already embraced automation had fewer challenges and errors
- Firms that relied on printouts for auditors had difficulty conducting internal and external audits. Verifying the source of truth was compounded by remote working
- Relying on the same individuals introduced a 'key person risk' where processes became bottlenecked

The research from Tegra118 revealed that 80% of firms must reissue invoices and 50% of firms admit that reissuing invoices has a negative impact on their customer service and is a real cost to the business. Furthermore, 61% of firms only have a partial consolidated view of their revenue streams. This is a real issue for both internal and regulatory reporting and is further exemplified by The Royal Commission investigation on the Superannuation industry in Australia. Recently, they have escalated their focus on operational processes and reporting in order to increase transparency of transactions. As a result, many firms are planning to make investments to address this gap in the near future.



Partnering with clients is essential to determine what features will help reach the highest level of operational efficiency. Clients expect intelligent, user-friendly, tech-enabled solutions that help solve their business problems. They require an agile investment operations platform that delivers efficiency, transparency and seamless integration with other technologies.

A fully automated billing solution, such as Tegra118's comprehensive revenue management and fee billing solution, can offer immediacy, accuracy, resiliency, trust and certainty of reconciled data, while driving out errors and costly delays. As an industry leader, we are embracing new technologies application programming interfaces (APIs) and identifying ways which can bring additional value for our clients.

Firms can achieve new revenue and deliver value to clients, but they must first ask themselves whether the exact same benefits can be realised by leveraging or improving upon their existing technology and processes. If COVID-19 has taught the industry anything, it is to be prepared for the unexpected, while keeping the client front and centre. Organisations that address this are well placed to provide ongoing client satisfaction and enhance their reputation.