

Avaloq maps out Asian growth path

Peter Scott of Avaloq explains some of the firm's priorities in 2017 for growing the business in Asia, especially in terms of business process outsourcing (BPO).

Avaloq is undergoing a big transformation – from being only a software company to its role as a software and managed banking services organisation.

This has come off the back of some consolidation within the company in terms of the creation of a series of BPO centres – in Switzerland, Germany and Singapore – into what the firm calls the global processing network (GPN) of the Avaloq group.

More broadly, it is in the context of where the business is going and how it is going to evolve over time, says Peter Scott, general manager for Asia Pacific at Avaloq, and a member of the executive board.

“Increasingly, institutions will be looking for services that deliver software – either as a full-scale BPO, or in terms of Software as a Service (Saas),” he explains.

This is a trend he predicts will continue to develop and evolve over the next few years.

ASIAN OPPORTUNITY

Scott sees some major trends in Asia which are driving the firm's strategy in the region.

A key one of these is the increasing prominence of Chinese banking institutions, a growing number of which are developing in terms of their ambitions, capabilities and geographic reach.

What this means for the Hong Kong and Singapore markets, for instance, is Chinese banks looking to compete within the private banking and wealth management landscape, with various products, solutions and capabilities.

There are even moves by these organisations in Europe, adds Scott. “This outflow of Chinese banks is similar to



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what happened historically with the US institutions going global,” he says. As far as Avaloq is concerned, it believes

it is well-positioned to support Chinese and other newcomers to the market from the BPO perspective.

This means helping them to get set up and become operational very quickly, all at a relatively low cost.

BPO POTENTIAL GROWING

Scott therefore believes that the firm is in the right place at the right time – and with the right solutions – when it comes to its BPO initiative.

This applies to the more traditional players too. “Many institutions, especially in the offshore market, are under

“Economies of scale, which can be offered through cloud-based service delivery, will replace a lot of the more historically bank-owned infrastructure,” says Scott.

“The Avaloq BPO services offering fits and is right-timed for this development in the market,” he adds.

MEETING EXPECTATIONS

Amid the various changes taking place in the broader landscape, the client experience is a key driver in determining what is expected from firms like Avaloq today. As a result, digitisation is a strategic priority, in terms of the way

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pressure,” he explains. “The concept of BPO combined with the readiness to accept these solutions is definitely growing.”

Avaloq has seen this in Singapore and Hong Kong already, and also in markets like Australia.

This also highlights some of what Scott describes as a “seismic change” in the way many banks now operate.

Historically, he explains, these financial institutions have had large IT teams and extensive technical capacity in place to run their operations. But what is increasingly the case, he observes, is the potential for a disaggregation of functions and capabilities within banks.

this is impacting all products and services. For instance, rather than continuing to just be focused on the back-office, process efficiency and cost-income ratios, increasingly the goal is to “delight the client” through the end-user experience, especially via digital channels, says Scott.

This also includes providing front-line bankers and client advisers with more effective tools to be more efficient and productive. Avaloq is therefore investing accordingly. “The investment strategy of the firm in technology is very much aligned with this,” says Scott.

For instance, the lion’s share of the company’s spend in recent years has been focused on those technologies

Leveraging solid growth

The Avaloq group reported organic top line growth, margin expansion and strong cash generation for the 2016 fiscal year.

Some of the highlights for the company as a whole during the year included six new customers joining the Avaloq Community, with 28 going-live projects completed. These included the migration of HSBC Private Bank, Crestone and Maybank Private Wealth to the Avaloq Banking Suite, as well as the implementation of new digital solutions for several existing customers.

In addition, the BPO centres in the EU (Berlin) and Asia (Singapore) went live, and the BPO centre in Switzerland (Lugano) became a full member of the Avaloq group. Integrated BPO solutions provided by Avaloq’s three wholly-owned BPO centres now represent in excess of 60% of group revenues.

Meanwhile, the Avaloq Digital Suite, which provides digital banking solutions from the Avaloq Banking Suite for client channels, client management and advisory, was further extended and is now also available in SaaS mode for an even swifter adoption by both BPO and on-premise customers.

The firm also launched an open developer portal for freelancers, start-ups, fintechs and banks of all sizes to jointly innovate and enhance digital banking solutions and user experience.

which are forward-facing to the client, rather than on the back-office and operational sides of the business. ■