

InvestSuite lifts the bar on Client Experience and Wealth Digitalisation

InvestSuite is a European B2B WealthTech company providing a differentiated suite of digital solutions to help wealth managers address their rapidly evolving digital needs. Hubbis 'met' recently with Bart Vanhaeren, CEO and co-founder of InvestSuite. He explained that the firm is now significantly expanding its market reach and products, growing the team and bringing unparalleled innovations to customers around the globe, as it accelerates AI-based digital investment solutions for financial institutions to expedite their digital wealth transformation. He explained that two years on from his co-founding of the business alongside an experienced team of bankers, computer scientists and product designers, the company has grown to over 45 employees across Europe with a sales presence in Europe, Latin America, and the Middle East, and is now intent on building its presence in Asia. We also 'met' with Tim Smith, the Sydney-based Managing Director of APAC, who had before joining InvestSuite enjoyed a successful career in private wealth management and institutional banking. Tim is already building relationships and pitching InvestSuite's solutions across the region. Tim says "Digitalisation is already a big step up but it is not enough. Regional wealth managers need to deliver the "best" digital experience, from onboarding all the way through performance and reporting."

**BART VANHAEREN**

InvestSuite

The global wealth management industry is going through massive disruption and transformation at present. There is pressure of fees, increased regulation, greater focus on returns and a completely new generation of investors is demanding a greater customer experience in their wealth interactions.

Established wealth managers in the Middle east and Asia Pacific are not immune from the global changes. InvestSuite's entry into the two regions just mentioned is timely.

Bart says "We see 4 extremely important steps in gaining and keeping clients:

- Onboarding will be digital: make sure it is an inspiring and engaging experience
- Experience is everything; importance of human centric design
- In the end , it's about the return: iVaR is based on how people really experience risk and the engine of our portfolio construction frame work.
- Next to onboarding is portfolio reporting one of the most important moments in a

Getting Personal with Bart Vanhaeren

Born in Leuven in Belgium, which is actually the headquarters of brewer Stella Artois, he studied at the Catholic University there, which is, he reports, rather like Oxford or Bologna amongst the oldest seats of learning in the world. He completed his degree in Chemical and Environmental Engineering, then his Masters in Financial Engineering, and much later an MBA in Lausanne, Switzerland.

His working life began as a consultant with Arthur D Little, and he then moved on to Levi Strauss and GE Capital, working in Europe, Africa, the US, Latin America and sometimes the Middle East. He then joined KBC Bank and became Head of the Organisation Department, responsible for strategy projects, reorganisations and M&A, during which time he was asked to create a 'start-up', which ended up as KBC Consumer Finance, which he then grew to 2000 people in five countries.

"And after that, I was asked to create the bank's digital trading platform., and the result, KBC Securities/Bolero, went on to win three awards three years in a row for the best broker and an international innovation award. I went on to write some books on start-ups and funding new businesses, headed KBC's in-house VC fund and acted as Head of Innovation at the investment bank." Bolero, he explains, is a major Belgian brokerage firm similar to the successful UK operation, Hargreaves Lansdown.

While still at KBC, he then met Laurent Sorber, InvestSuite's co-founder and a mathematics wizard who had developed his own B2C robo-advisory in 2015. "We decided to join forces and set up our own B2B robo-advisory, and here we are today!"

Bart and his partner Sara both enjoy an active life away from work. He enjoys running, jogging, yoga, and skiing, and quieter times at home often see him settling down with a good book, mostly biographies.

He adds that he also loves boxing, but watching not practising, he is quick to explain. "Actually, I set up a boxing club with a former European professional champion in Belgium. I trained there once, that was enough!" Today, he reports, his favourite boxer is Lomachenko from Ukraine, whom he reckons is the best pound for pound fighter in the world.

Skiing is at the couple's house in Switzerland, in a region is called Obergoms near Unterkunft. "I walk up the mountain and try to come down alive," he reports. "It's called tour skiing. We do this together, it's amazingly physical but incredibly exhilarating. A few hours to get up, and maybe 15 minutes to get down, but I can tell you it is quite a ride down!"



TIM SMITH
InvestSuite

client lifecycle. With the use of AI we can make this a moment that counts. A hyper personal and truly insightful experience”

“Investing is all about harmonising the challenges of seeking return and mitigating risk,” Bart reports. “Our approach to AI and robo-advisory is truly different. We have a truly differentiating algorithm; we do not use Markowitz and volatility as risk parameters, we have gone well beyond risk definitions such as VAR, and we have developed a fourth-generation proprietary risk approach which we call iVaR. This is our proprietary solution for minimising risks while seeking returns. Nothing is guaranteed in the world of investments, but we aim for the smoothest journey to creating, then re-balancing investment portfolios for our bank and wealth management clients, and of course, for their end-clients.”

The Four InvestSuite Products

In all, InvestSuite has four core products. InvestSuite’s Robo Advisor was designed as a customisable and low-cost digital wealth management service for retail clients. It provides

Getting Personal with Tim Smith

Tim hails from Melbourne, and studied there at Monash University, obtaining his degree in Banking and Finance and then completed his post-graduate in Accounting and Finance.

He is a banker by career. On his LinkedIn page, he describes himself as an experienced business leader with over 25 years’ experience leading, transforming and delivering growth across businesses with the financial services sector. He says his experience extends across corporate treasury, corporate and institutional banking, wealth and asset management and private equity, and reports that he has also worked across many industries including commodities, e-commerce, mining, distribution, media and start-ups including FinTech early stage growth.

“Of course, I now work in the FinTech and start up space helping businesses achieve their potential and will certainly really enjoy driving InvestSuite forward across this dynamic APAC region.”

The two earlier career highlights he points to include the 2004 reopening of Westpac’s institutional bank in Asia in Singapore and helping rebuild that business from zero to USD3 billion of corporate deals through Asia, essentially selling Australia to Asia. Then he left Singapore and returned to Sydney, taking Westpac’s private bank from the worst rated private bank in Australia to the number one rated private bank within five years. “And we held that title for five years running,” he reports. “That is perhaps my biggest achievement in the banking world.”

Home life involves his wife and two daughters aged 19 and 17 and like many a true Australian, he was in his earlier years involved in plenty of sports, including cricket (and even played hockey whilst in Singapore for the Singapore Cricket Club) and the famous and locally much-loved game of Aussie rules. “I have had two re-constructive knee surgeries, so these days I enjoy somewhat less dangerous and rambunctious games,” he quips. “Walking seven kilometres round the bay each day and then the gym, that’s enough nowadays.”

He also describes himself as a long-suffering fan of the Australian Wallabies rugby union team, which for some years now have been playing second fiddle to their All Black neighbours and arch nemesis.

Mifid-compliant onboarding and risk profiling, along with portfolio reporting and re-balancing. It is fully customisable at the front end

and can be used with your own or third-party funds. It even provides options for fully personalised portfolio construction.

Self-Investor is a next-generation, intuitive and user-friendly online trading platform that helps wealth managers and private banks stay ahead of the competition. It enables clients to manage a part of their portfolio in a self-execution setup. It allows them to research and trade investments themselves for that part of their portfolio, while the private banker/relationship manager gets automatically informed, providing touchpoint opportunities.

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StoryTeller helps wealth managers calculate and report investment performance to end investors in a fully personalised way, using relatable, understandable language. It analyses the drivers of investment performance thanks to state-of-the-art performance attribution and news aggregation algorithms and outputs the results in an intuitive, fully personalised and automatically generated report. “In short,” Bart reports, “it is a completely new way of relaying performance of a portfolio in plain language.”

And Optimizer is the firm’s next-generation quantitative portfolio construction solution. It offers a portfolio loss protection

methodology that can be overlaid on any investment strategy.

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can offer a solution to this, but suffer from high fees, are often illiquid and not compatible with an actively managed investment process. But using Optimizer, this is exactly where the firm’s state-of-the-art iVaR portfolio construction methodology aligns with traditional portfolio insurance algorithms.”

He explains that it works ideally with either a defined investment universe or model portfolios.

Seeing the big picture trends

Stepping back somewhat from the detail, Bart scans the markets and identifies some key trends. He comments that the firm strongly believes that cooperation between

traditional financial institutions and FinTechs generates mutual benefit, with both having advantages and aspirations that are complementary, making it worthwhile to form partnerships. “Our proposed approach can be best symbolised by a bridge,” he says, “providing a structural connection between two different worlds with the aim to take the best from each for the greater good of both.

He reports that well-constructed alliances with banks will provide their customers with benefits which are far superior to those that could be assembled individually. “Armed with our collective experience of banking and the investment needs of banking customers,” he says, “we believe we have a true appreciation and aptitude for managing the required integration with banking systems to deliver a reliable and seamless solution.”

He adds that InvestSuite sees the combination of changing customer expectations, technological evolutions and the emerging new ecosystem of financial institutions, FinTechs, core banking platform providers and others has been creating enormous growth opportunities. “With our suite of white-label solutions we help financial companies extend their product range with next-generation tools, in an agile, fast and cost-effective way,” he reports.

He notes that as such, InvestSuite is essentially a pure B2B WealthTech company, with a team of seasoned experts who operate across AI/ machine learning, design, human insights and wealth management. “Our shared goal is to create user experiences that open up new markets and drive commercial success for our clients,” he states. “In the wealth space, InvestSuite



helps banks, brokers, wealth managers and other financial institutions serve their clients better with its suite of modern digital investment solutions.”

Helping the WM industry compete

“We are therefore instrumental in helping the private banks and wealth managers develop digital solutions to retain these clients while avoiding excessive investment in proprietary systems and keeping up that crucial element of personal service,” he reports. “Our suite of digital tools has been designed to help private banks and wealth firms to build on existing expertise and processes, and deliver the next-generation services that will help set them apart, but crucially without burdening them with huge, and potentially often failed, digital transformations expenses.”

When it comes to wealth management and investments, the incumbent players, perhaps especially in Asia, are generally still actually lagging behind, he observes. “We therefore see this huge need out there, driven by the end-customers, for banks, financial managers, private banks, pension funds even, to offer clients their services in investments and wealth management in a fully digital way. But it is not easy. Working with us, they are able to efficiently launch a robo-advisor, and use our investor platform. Our work is therefore from the front-end, the digital part, up to the middleware or the core banking. That is the landscape we operate in.”

Leading by example

Bart cites the example of a Dubai-based retail banking client that wants to launch a robo-advisor that will allow their clients to get

digital advice. “We have done exactly that,” he reports, “and in their case the broker custodian is Saxo, so we connect with Saxo too, but we take care of the whole digital journey and also the portfolio construction element.”

He adds that for other bank clients, for example, those with high volumes of uninvested client savings sitting in accounts, they are helping such institutions activate those savings by offering the customers easy to access investment solutions. “And then the next step,” he reports, “is to help them extend these offerings well beyond their branches and make access seamless and digital.”

The investment universe

Bart explains that they try to keep the world as simple as possible, seeing investments in three forms, namely advice, discretionary and self-directed. “That whole world, all three forms, in our view is digitising by the client’s needs and expectations,” he says. “People don’t go to a branch, or their broker, that’s all gone, irrespective of Covid-19, which has simply accelerated matters. So, our big thesis is basically that the whole world of investments will, to a large extent, move online or in a digital way. For private banks and higher wealth clients, human contact will be still important, but that whichever form, even higher wealth advisory or even DPM, digital will be important. For each of the three forms of investment, the firm has solutions in the shape of our four products.”

Shifting the discussion to expansion across the world from its core strengths in Europe and of late the Middle East, Tim Smith reports that in APAC, Australia,



Singapore, Indonesia and Malaysia are the first targets. “The opportunity in Asia is similar to the rest of the world, which is basically that whichever institutions one works through, one is investing either as self-directed, through advisory or via discretionary,” he reports. “And digital is the evolution required for all. However, for a bank to build a robo-advisor themselves, it will cost perhaps as much as EUR10 million and take three years or more. And it might not even be successful.”

“The banks want to offer a digital solution to their customers, and from our perspective, B2C does not work at all in investments and wealth management, so we believe these banks should go and buy a B2B service to obtain their robo-advisory and other solutions, and not do it themselves. In robo-advisory, I think that there are only five, perhaps six players now worldwide who are in a position to be called a real B2B player as a potential partner for a bank. We are certainly one of them.”

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Opening doors in APAC

Tim explains that with the strength of this offering, the firm’s

uniqueness and its four state-of-the-art products, the firm can open doors to major banking groups and names in fascinating markets such as Indonesia, for example.

“It is incredible to see our solutions pitted against everyone else in the region, and we are starting to get shortlisted by household names across the world,” he explains. “And that tells us that we’re on track to truly differentiate ourselves. We have one major universal bank in Asia telling us now that we have a

unique offering. So, when I look at the opportunities in Asia, and here I’m speaking of the Philippines, Hong Kong, Malaysia, Singapore, whenever I present to them across our broad stable of products, particularly with StoryTeller, or our optimised self-directed platform, the Optimizer product, which is more for family offices in Asia, feedback has been really positive.”

He adds more detail on the Optimizer, commenting that it is both the heart and the engine of the robo-advisor, but it is also a separate product that like a private banker might do, builds highly relevant and goals or needs-based portfolios, but fully automated. “To clarify,” he says, “Robo Advisor

has Optimizer within for simpler, lower wealth portfolios, and then Optimizer can be acquired separately for example for a pension fund managing hundreds of millions of money, providing them with tailored, risk-profiled investment solutions and portfolios that offer scalability.”

For the APAC region, Tim explains that the firm is first promoting its AI-driven machine learning reporting tool to the banks, and for the family offices and EAMs is promoting a version of Optimizer. “Nobody has better solutions than us, it is that simple,” he states. “The fact that we’ve got a Danish pension fund running somewhere north of EUR300 million using this technology is outstanding for a business of our size. If I look at it from the bookends, I look at customer experience and delivering a new way of guiding someone through their financial performance, and no one has what we have, and at the other end, we deliver very sophisticated quant management to deliver a better result. These two aspects will resonate in Asia first, I believe.”

Bart adds that what he and colleagues see in Asia, is that there are a lot of B2Cs and very few real B2Bs. “We founded InvestSuite because when I was on the board of the investment bank at KBC, I was charged to develop a robo-

advisor, this was a few years ago, and honestly there was nothing that could satisfy our bank’s quality requirements with respect to the customer journey, literally every aspect of what you would need to have a proper solution. And it is that which will drive us forward in the dynamic and diverse Asian markets.”

InvestSuite’s Key Priorities in Asia

“First,” says Tim, “we are setting about letting the whole of Asia know who we are, what we have, and what makes us special, different and better, especially with the Robo Advisor, which we believe is well ahead of the competition. Number two is to gain a foothold in the Asian market with the Portfolio Optimizer product, and later StoryTeller. And third, we are in advanced discussions with parties with regards to brand recognition and thought leadership.”

Bart adds: “This last point is a big area for us right now – we want to use thought leadership to convey how we are combining all aspects of the latest technology in the world, and bringing that to some of the more established players in the region to truly give them the ability to leapfrog the competition.”

The right partner

They draw the discussion to a close by acknowledging that it

is not easy always for potential customers to differentiate, to sort the woods from the trees when it comes to selecting the right digital solutions partner.

“Look at the whole team,” says Bart. “Look at their track records, consider how the tech stack can actually be integrated, and look intensely at the products. If you can get through steps one and two and then get the ‘wow’ factor for the products, then they are on track to making a good decision. We are winning these beauty parades because we have the experience, we understand exactly how these solutions can be effectively integrated, and we offer the wow factor. We actually make our clients smile, and that is some achievement.”

The real competitive edge

And most importantly, Bart says InvestSuite is providing their clients with a real competitive edge, and that also means that customers are prepared to pay fairly for the products and the collective solutions and expertise. “These should not ultimately be cost-based decisions; they should be success-based,” he concludes. “These solutions, if constructed and delivered optimally, will make crucial, critical differences, while getting this wrong might have dire consequences.” ■

