

# Shaping a new technology mind-set at UBS

*Stefan Arn probably has the biggest technology mandate in global wealth management. But spearheading change at a bank with the scale of UBS requires the kind of mind-set and vision that a track-record in computer science and entrepreneurialism fosters.*

As a 10-year old, Stefan Arn used to try to convince his dad of the merits of racing fast cars. While that might not be uncommon in boys of that age, he is among a small minority to be able to genuinely claim to have achieved so much success pursuing a passion – although in a different type of hot-seat.

Forty-four years later, the computer scientist and proven entrepreneur finds himself leading a cross-cultural, trans-continental team of more than 3,000 IT professionals at UBS.

As someone who has already set-up, built and sold a highly-successful technology company, in the form of AdNovum, it is no surprise that Arn has a somewhat energetic and charismatic personality.

That has been years in the making, and comes with the territory of awards such as Ernst & Young's 'Entrepreneur

of the Year 2003'. He also represented Switzerland at the 'World Entrepreneur of the Year'.

## UP FOR THE TASK

Arn, who is chief information officer for UBS Wealth Management and also UBS Switzerland, as well as IT head for strategic regulatory initiatives at the group level, has a slightly more alternative way of looking at things. And this goes some way to explaining his achievements to date.

After all, it is his vision and desire to build things and take them to the next level that he says gets him out of bed in the morning.

More specifically, at UBS, he is focused on producing high-end software – not just being a utility for the bank's wealth management franchise.

Among Arn's achievements since arriving at the bank in 2007, are his



**STEFAN ARN**  
UBS Wealth Management

change-the-bank, digital strategy, innovation and transformational agenda. That has led to a solid track record of successfully delivering innovative, and

stand-out next-generation banking capabilities to the UBS Wealth Management and Corporate & Institutional businesses around the world, plus the private client / retail business in Switzerland.

In particular, creating industrialised and standardised platforms seem to be his thing.

And he has won the backing of UBS at the most senior level to pursue his vision of exporting the know-how the bank has, in the form of applications and systems, from the Swiss market via a single global wealth management platform. That is what he is building at the moment.

---

**“We want to further widen the gap between us and the competition by making the experience our clients have with us one that is superior to that of other wealth managers.”**

---

### **COST VERSUS REVENUE**

Arn's responsibility is two-fold. First, as part of the executive committee of UBS Switzerland and Wealth Management, which is involved in creating the strategy, he has a revenue aspect to his job. Secondly, as CIO, he faces a challenging change-management agenda which includes having to reduce costs.

“Achieving productivity gains is vital because it allows us to accomplish more with less in terms of costs and workforce,” Arn explains, citing examples include outsourcing non-core-banking relevant applications and

systems and moving dedicated parts of internal and external workforces from high-cost locations like London, Zurich and Singapore to lower-cost places without impacting the business.

After all, it is not difficult for Arn to find vendors who can tell him how to build the smartest front-end platform. But if there is no back-end to connect to, it will fail. And that's where everybody struggles, he explains.

### **DIGITAL DIMENSION**

It is no surprise that digitisation is a key strategic priority for UBS Wealth Management around the world. “It gives us new competencies that offer added value for clients,” says Arn.

Generally speaking, the bank's digitisation strategy defines the services it wants to provide for its clients, and how it plans on doing this.

This approach comprises two basic components: first, digitising what it already does; and secondly, expanding its offering with new products and services that are only possible thanks to digitisation.

“We want to further widen the gap between us and the competition by making the experience our clients have with us one that is superior to that of other wealth managers.”

### **Role reversal**

*Stefan Arn's career path has been unconventional, at least compared with most of his counterparts working within wealth management and private banking.*

*Before he even stepped foot into the politically-charged environment of a major financial institution, he had already created, run and sold a highly-successful software company in Switzerland. After setting up AdNovum in the late 1980s, he sold it in 2007 to IHAG Holding. That same year, he arrived at the headquarters of UBS Wealth Management, ready to start his next challenge.*

*Most people do it the other way around. They start in large corporations and after a while they develop the urge to pursue an entrepreneurial avenue.*

*Arn has very clear views about this approach. “I think this is a waste of energy. [My] way round is much simpler.”*

*Although this is easier said than done, he is more specifically referring to the fact that content should be the first step for anyone on the technology side of the business. Only after they understand this aspect should they immerse themselves in the politics that goes with working for a larger, multi-national organisation, he explains.*

*Otherwise, he questions how it is even possible to provide high-end software engineering within a large corporation without being constantly bogged down by all the processes and approvals required.*

Essentially, the bank looks to build on digitisation to provide deeper insight from better data.

“This happens when a client adviser can look at a portfolio and add value by bringing real expertise and context to it,” says Arn. “By creating bespoke solutions for clients, we deliver the core purposes of protecting and growing wealth.”

Looking to Asia, in particular, the region’s historical love-affair with technology adoption earlier and more rapidly than the West has made it an appealing place for the bank to assess what can be done digitally to drive productivity and effectiveness among its client advisers.

a complimentary service which allows clients to track and monitor their portfolio information online.

And in 2015, UBS is rolling out in Hong Kong and Singapore its next-generation tablet advisory application.

The focus is on enabling clients to review their portfolios, catch up on financial insights and news, seek professional financial advice, and also explore opportunities for personal financial goals.

### **DELIVERING ON THE DIGITAL PROMISE**

Arn has a different take on what digital means. “To me, if you are successful in creating a digital journey, as an

---

**“We have launched a multi-year investment programme to improve our multi-channel offering [in Asia Pacific]. Among the improvements to our digital presence are our digital briefcase and other ipad apps for our client advisers, out of Hong Kong and Singapore.”**

---

“We have launched a multi-year investment programme to improve our multi-channel offering [in Asia Pacific],” explains Arn. “Among the improvements to our digital presence are our digital briefcase and other ipad apps for our client advisers, out of Hong Kong and Singapore.”

This adds to the introduction of UBS Advice in March 2014, the bank’s flat-fee advisory solution which digitally reviews and monitors portfolios in a structured manner. A month later, the new UBS e-banking followed, offering

outcome you will see better client interaction with 24-hour, seamless coverage,” he says. “But most projects I see start at the other end.”

In short, creating a robust environment is the key for Arn. This translates to infrastructure with as few breaks in the process as possible, to get as close to 100% straight-through processing (STP) as it can. This is the case in the bread-and-butter parts of the business, which include domestic and international payments as well as order execution.

## **Aiming high**

### **1. Culture of innovation**

*Alongside Jürg Zeltner, president of UBS Wealth Management, Lukas Gähwiler, president of UBS Switzerland, and Dirk Klee, COO of UBS Wealth Management, Arn has spearheaded UBS’ digital and multi-channel strategy by building a culture of innovation, resulting in solutions such as UBS Advice, E-Banking, Itop in Asia, and E-Private bank.*

*UBS has launched a number of projects with academic and industry institutions. It also keeps a close watch on the FinTech scene while working with several start-ups. Further, Arn pioneered the ‘UBS Innovation Challenge 2014’ in Asia Pacific in collaboration with Expara, a venture creation company.*

### **2. Cetus Germany and one-platform strategy**

*In November 2014, UBS Germany was successfully migrated onto the Swiss platform as part of project CETUS. Clients in Germany now benefit from the full range of products and services – including e-banking.*

*This is the first step in delivering a single wealth platform – a phased plan to streamline and unify operating models, platforms and core banking systems across the globe.*

*More specifically, it aims to onboard various locations onto a clone of the UBS wealth management platform in Switzerland to offer advanced functionality across all booking centres to support business process convergence and regulatory requirements.*

Only once that is in place can he build everything else he needs.

In particular, he is proud that UBS won the 'Best of Swiss Apps 2014' award for the simple, cost-effective and security-certified SumUp cashless payments service.

"That is a competition for design agencies and software companies, but we submitted our e-banking platform in the technical area and we won an award," recalls Arn.

The bank also claimed the Silver medal at the Swiss ICT Public Award 2014, and the Bronze medal at the Sitic (Swiss IT Intelligence Communities) Innovation Award 2014.

The latest achievement, its ubs.com homepage, which re-launched in early 2015, has won three industry awards: the 2015 silver Annual Multimedia award; the people's choice Lovie award in the Financial Services category; and the 2014 Lovie bronze award in the same category.

#### REDEFINING A VALUE PROPOSITION

If Arn has any private concerns about the disruptive nature of so-called robo-advisers, he doesn't show it.

Looking at the numbers of clients these organisations have, for example, or at their AUM, they are more akin to retail players – with average sizes of between US\$5,000 and US\$8,000.

Plus, he adds, the money is held with a custodian.

This keeps the playing field open for true game-changers within global wealth management.

In Arn's definition of this, these are "institutions who can provide scalable services at the back-end to ensure regulated wealth," he explains.

With the number of banks shrinking, those firms who occupy the centre of that industry will survive, he predicts.

In practice, that means having multiple front-end interfaces in order to cater to different client segments depending on what they need and what is most appropriate for them. In turn, that leads to larger banks onboarding smaller organisations in more of a white-labeled approach, where it is more realistic for them to use the larger platform in order to meet their execution needs.

That approach goes one step beyond what some of the existing outsourced options claim to offer.

#### HUMAN TOUCH

Despite Arn's instinctive innovativeness, he doesn't envisage a world without client advisers.

"I think there will always be a client adviser, although they will have a very different purpose than today," he explains. "They might be called a 'client adviser', but they will play a fundamentally different role".

Ultimately, it comes down to know-how, especially when there is a need to bridge the gap between putting a few thousand dollars into an online platform such as the Nutmegs of the world, and investing US\$1 million plus.

"I see the role of IT in a digitised world as providing the STP environment," predicts Arn, "to provide a compelling offer and bring clients up to a certain level of knowledge before the client adviser takes over at that point."

#### TO DO IS TO ACHIEVE

In today's wealth management landscape, those banks which are not already investing strategically in technology, and which don't appear to have the conviction or commitment to do so, will get left behind.

"If a bank has so many human beings involved in each and every step of the

---

**"I see the role of IT in a digitised world as providing the STP environment, to provide a compelling offer and bring clients up to a certain level of knowledge before the client adviser takes over at that point."**

---

banking process, the cost of doing business will become prohibitive," claims Arn.

"Many will even struggle to comply with the regulatory requirements they face," he adds.

At the end of the day, it is about scalability he adds. He must be in the right place then, and at the right time. ■