

Tech in investment management reimagined with Paul Kay and Thomas Schneider

- Part 2

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BRADLEY HOWARD (BH): Hello and welcome back to the *Tech Reimagined* podcast on investment management with Paul Kay and Thomas Schneider. In this half, I'm planning to get to know each of my guests a little better and look back over their careers to understand how they got to where they are today. Can you describe a little bit about your backgrounds and how did you get to where you are today? Let's start with Paul.

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PAUL KAY (PK): Yeah, Bradley. I'd normally start by saying I don't sound English, but I am. So, I was born in England to English parents, English grandparents. So, I'd say I'm probably English. But my parents moved to Canada when I was very young. So, I grew up in Canada. Coming out of high school, chose economics, and I studied at University of Toronto, which I'm always proud to say now is sort of a top 25 university in the world. Not sure what its ranking was 30 years ago, but I always look that up when I'm talking about it. From there, I moved to Bermuda, then Scotland, New York, Switzerland. And I've been based in London now for the last seven years. Married with two kids as well. So, that's a bit in terms of sort of the personal journey. From a professional perspective, came out of university with an economics degree, always wanted to study business. Essentially went into a small consultancy. And from there I ended up with the Bank of Bermuda in Bermuda working on their IT helpdesk, which, you know, was probably a job I wouldn't have taken in Toronto, in Canada. But I just wanted to move, and I wanted to experience something different. And it turned out just to be a great foundation and a great sort of start in terms of a technology career. You just learn so much. And it's not just the technologies you learn. You know, you learn a lot about customer service, how to deal with challenging situations, how to solve problems, etc. I'm always proud to say is, is that HSBC bought the bank at one point and when I left sort of the combined Bank of Bermuda/HSBC 18, 19 years later, I was the head of IT for the HSBC Private Bank. So, always proud to say that I literally went from the, you know, from the bottom to the top in that part of the organisation. And then actually through that, I had some great opportunities to move around. So, from Bermuda, I was involved with setting up what was described at the time as sort of a nearshore centre. So, we set up this operation in Scotland from scratch. So, did a lot of hiring and sort of building new teams out there, which was fascinating. And then from a personal perspective, I wanted to get back to North America. And, you know, the bank was great and supportive when I got moved to the US. And literally 18 months later, I was actually afraid to call my wife. So, I texted her and said, "How would you like to move to Geneva in Switzerland?" And so, this move with the family back to North America lasted about 18 months and we ended up in Switzerland. And from there I did four years in Switzerland and then, for a variety reasons, decided that I wanted a change. And I left HSBC and moved to Barclays in London. So, again, that's a bit of a tour in terms of what I've been through. And, of course, as I said at the outset, I'm at Jupiter Asset Management now, and I've been the CTO here for three and a half years.

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BH: And do you think moving around countries so much has helped you and broadened your horizons?

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PK: Yeah, absolutely. You know, I think the skills you gain are tremendous. The thing about this, me moving to Bermuda in my 20s and locking myself out of the house and not having a key and

having no one to call – you know, so you learn some personal learnings. Working for a company like HSBC and managing global teams and traveling to different locations, learning how to deal with, let's say, you know, the American team is very different than, let's say, you know, the British team, which is very different than a team in India and the team in China. Learning how to navigate the cultures. What works in one area doesn't and that. Very, very helpful. You have to become quite adaptable at that. So absolutely, they broadened not just my skill set, but my mind.

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BH: And Thomas, can you tell us a bit about your background as well?

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THOMAS SCHNEIDER (TS): Yes, I studied economic engineering in Karlsruhe, Germany. And that is – so there are studies where you have some kind of intersection duality between economics and engineering, and I always liked to change perspectives, so I worked more in the area of information technology, the area of operations closely to portfolio management. And I actually never did the same job at a new company. It was always something new and different, which fits very much to my mentality and nature that I can learn new things and try out new things. I've not travelled that much as Paul, though it was mainly in Germany and in Switzerland where I worked. However, for subsidiaries of foreign companies, so I worked five years at the subsidiary of Citigroup Asset Management in Frankfurt. I worked for a subsidiary of a Dutch company, and that is very interesting, and what I like very much in these different companies, and what to see is the similarities and the differences between the European investment fund industry. Although we have the European regulation and everything should be the same in each country, actually it isn't. And it's very interesting to work with all of these different countries and companies launching funds in these areas and seeing the similarities and the differences.

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BH: And Thomas, when you look back over the last 10 years, what has digital changed the most?

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TS: I think what changed most is the speed that was made possible by the digital development, and that is when I think back the great change. When I think back the last 10 years, it took longer to get the system running. It took longer to onboard a client. It took longer – everything took longer. And in the meantime, we have a tremendous speed. And when I think about the future, it's really threatening what will be the future if we still doubled the speed, and we have doubled speed then today. That's the great change and there's not the change of the, I mean, the technology is substantiating. But it's not the technology itself.

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BH: And along those themes, do you think that regulation is there to try and slow down some of the pace of development and onboarding to make companies stop and think and do all the additional verifications?

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TS: No. I think maybe I'm exceptional here, but I really like MiFID II. We were already using a lot of electronic trading, but the benefit, too, was at the horizon. We made our assessment and with our tech DNA, we decided that we will abandon voice trading at all. So, we have zero voice trading. And so, I'm not complaining about regulation. I think it helps to bring forward development and new approaches. It's not always a burden.

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BH: And Paul, from your perspective, how do you think technology has changed in the last 10 years?

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PK: The word I would use is it's ubiquitous. I was looking at something the other day, and I don't know if these are the most up-to-date stats, but there's something like 3.5 billion smartphones on the planet. So, that covers about 45 percent of the population. And there's 4.5 billion phones on the planet covering 60 percent of the population. And then, you know, never mind all the other devices. So, I think it's just everywhere. If I think about, you know, what I do on my smartphone, right? So, I'm an Apple iPhone user. But, you know, this week, I've, you know, I've certainly called somebody, you know, I've worked on it, right? I've got my emails and my calendar from work, sent many messages to people in many different countries. I've done my banking on it. I've certainly read a lot of news. I think I've even watched a bit on Netflix, right? So, that for me, whether that's a 10-year timeframe or a little bit longer, I don't know. But that's one thing. The other thing is user expectations. And if I think about this, it's sort of the financial services or the work context. If I think about, you know, 20 years ago when my team is to develop some software or, you know, we bought a package even. and we deployed it to a user desktop, they could compare it maybe to other applications we had deployed and have a view of is it better or it's worse. Or if they come from another bank, they might be, "You know what? The platform my last company was better" or, you know, "The platform here is better". And today they're comparing it to what they can do in their personal devices, right? So, we've mentioned Zoom before. Zoom's a good example, yeah? They know they can do it at home, right? You know, they know they can use FaceTime and sometimes when we're struggling with videos, we're like, "Wow". But I called my mother in Australia with FaceTime. It worked beautifully. "How can you, Paul, you can't get it to work at Jupiter?" You've got sort of streaming movies. You've got the slickness of the apps. They all look great. They all look beautiful. And some of our stuff's a little bit clunky I suppose. So, though I would I would call out those two things. You know, the ubiquitousness. I can't pronounce the word. I apologise. And then the expectations.

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TS: Paul, what do you think about the speed? Is it also something that you see that the speed accelerated tremendously?

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PK: Yeah, Thomas, you mean like the speed in terms of like the actual, like, performance of the system, like the latency? Or do you mean, you mean...

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TS: No, no. I mean from the idea to the deployment.

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PK: Oh, yeah. Let's say you have an idea for a great app or a great website or a great business for that matter. If you go back 10 years, you know, popping up a website, it was very different than today. I mean, I think three was on a call. Could probably have a pretty cool, slick looking website up and running by the end of the day if we wanted to. You know, I don't think you could do that in the past. So, the advancement in terms of the tools, you know, whether it be low code or no code – I'm not sure there's no code, but you hear no code. But low code, no code tools. You know, you think about what I said previously, if we want to start a business today and we want to stand up an infrastructure, you know, probably with a credit card, we can launch something pretty substantial in AWS, get it up and running, and start developing. You know, probably do that today, right? In the

past, you couldn't do that. So, speed, Thomas, to answer your question to speed, it's dramatically changed.

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TS: And the question is, what will it do with us? How will it change the way we work and what expectations we have to fulfil and to deliver? That is, from my point of view, something that will change the way we think and when we come to a point of where it is we have to say it's too fast, we can't cope with it, because too many things are changing at the same time.

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PK: If I think about data science capability that I'm building, right? What do I really want the data scientists to do is be looking at data, pulling out insights and providing those to, you know, an investment manager, fund manager, or maybe someone in our sales area. What I don't want them to be doing is spending an enormous amount of time building an infrastructure, figuring out how to ingest data, clean data, etc. So, I think with this, it's a case of freeing people up to do the most value-add work. That, to me, is where the speed really helps us.

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BH: Did either of you have mentors along your way, or do you currently have a mentor?

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PK: I don't currently have a mentor, per se. There's certainly some individuals in my network – generally quite senior individuals who I speak to on a regular basis and I bounce ideas off and talk about, you know, the industry and what they're doing and what I'm doing. But along the way, I have had some mentors. Companies I've worked at didn't have great formal mentoring programs. You know, I could call out a couple of people. One was somebody I reported to it at HSBC and another one was actually a senior stakeholder who I did a lot of projects for and they were really helpful. And I would say in terms of my career advancement, it was sort of twofold. So, one was learning off them and having someone that you sort of trusted that you go to, etc. “I got this problem. I'm not sure how to tackle it. How would you tackle it?” in a so-called sort of safe way. But also, what I found is the mentor, if you like, was the most important person in the company in your network in my case. And when a decision was being made about – let me go back to what I said earlier. So, I moved from New York to Geneva at one point. And essentially what's happening is my mentor maybe like is in a senior conversation about a problem that we have in Geneva, and you know who at that time, HSBC is three hundred thousand people. But, you know, who's the best person to solve that problem? My name gets in the frame because of that. And so, the power for me in terms of that sort of mentor relationship is one in the learning, but two is sort of the network that operates along with it.

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BH: Definitely. And any other pieces of advice that stuck with you that you might be able to share?

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PK: You know, what? There's a real great one, actually. It sort of revolves around clothes. In Bank of Bermuda days – I don't know if you're familiar with Bermuda – but the business attire essentially is like English schoolboy stuff where you have shorts of varying colours. They could be pink, green, yellow, etc. You have socks that match, or you have blue socks to match your blazer and then you have brogues on. So, you can imagine me in brogues, blue socks, pink shorts, a white shirt, a tie and a blazer and looking very, very smart in sort of a Bermuda business-like way. The beggar in me decided to become a bit more progressive and modern and introduced a flexible dress or, sorry, casual dress policy, right? So, if you can imagine suddenly going from that to

wearing, you know, essentially just a pair of shorts and maybe a golf shirt into the office. And one day my boss came to me and said, “Look, I've been meaning to talk to you for a while. You know, you look like a beach bum”. And I hadn't realised that I'd gone from being quite a smart dresser to someone who had, wasn't – it was no longer business casual, which was frankly like, you know, it just looked like I rolled out of bed and was quite dishevelled, if you like. And what was interesting about that, you know, he would sort of say, “Hey, look, right? You're doing a great job”, you know, “But you just don't look the part any longer”. And he said, “Look at the people around you”, you know, “I know you're ambitious. I know you want to kind of”, you know, “Climb up the ladder. Look a level or look two levels above you and look how they present themselves and how they operate”. There was a real nice message mixed in there in terms of not just how I was dressed but round out in terms of the overall presentation is really, really important. And then the second thing – and I didn't really realise this until later on – but there was also another kind of hidden message in there, is that when you become a manager, if you need to speak to your staff about difficult topics, you need to do so. And then in my time at Jupiter, I mean, I clearly won't name the individual, but I had a lady on my team who I completely respected. I thought she's doing a great job, but she wasn't getting great respect across the business. And it was partly to do with the way she dressed. And I spoke her about it very much in the same way. And so that's the kind of interesting thing about it, is that having someone who's willing to kind of have that difficult conversation with you can really make an impact if you listen.

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BH: And Thomas, how about you? Did you have any mentors?

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TS: I wouldn't say mentor, but when I think about my professional career, there is one person that is outstanding and exceptional, which is because in our industry, we do not have much diversity. It's very much male dominated. And at one company I worked for and I reported directly to the general manager who was a lady, and that was different. And that was a very fascinating experience because she had a different view and I would say would be better for the for the industry to have more diversity. I'm glad that I had this experience and an opportunity. Regarding mentors, currently I like to listen to younger people. I'm interested in getting context to university. So, that is currently, for me, more important to understand the younger generation. How do they think? What is important to them? What does it mean when our generation talks about Generation Y? What is really behind it? That is interesting for me to listen to them.

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PK: In my time at Barclays, one of my directors came to me and he wanted to put in place a reverse mentoring program, and it was exactly as Thomas has just described. And it was essentially pairing yourself up with somebody who is early in their career. I won't put an age on, but early in their career to get a totally different perspective. We never did it fully, but we started to kind of experiment with it and kind of play around with it a little bit. And it was absolutely fascinating. So, whether you wanted to talk about something like UX, right? So, we're building a mobile app, you know, what should it look like? How should it work? Or whether you want to talk about, you know, diversity, inclusion, or whatever topic, their perspective was so much different than what I had and what my leadership team had, because as Thomas has just said, it's a male dominated industry. So, we can imagine, so the seven directors, yeah, And, just kind of terrible saying this, but essentially, I had seven directors all within sort of the 45 to 55 age bracket, all male at the time. And you know, I'm not proud to say that, but that's just what it was at the time. Getting that perspective from someone early in their career was extremely powerful.

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BH: Do either of you read business books or listen to any business podcasts? Except for, of course, *Tech Reimagined*, which I'm sure you listen to religiously.

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TS: The last book that I read was not really a business book, but I think important for our business. It's *Life 3.0* from Max Tegmark about artificial intelligence. And what I like very much in this book is that it is not so polarised as what you read as well, because it's either a discussion about we will end up like the *Terminator* movie with the machines taking over or it will be brilliant future like paradise. My impression is that the discussion is always very extreme either/or. And this book, there are scenarios, different ways what could happen, a lot of philosophical foundation to make your own thoughts and especially is encouraging us to think about it, because he says it could be that we have artificial general intelligence within 50 years or not within 500 years. But we need to make some thought about it now, because if it happens, we need to be prepared.

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BH: Very deep. And Paul?

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PK: So, very interestingly, I have read *Life 3.0*. I have it on my bookshelf. I'm looking at it right now. Totally agree with everything Thomas just said. I'm quite an avid reader. My mother ran one of the University of Toronto libraries for 25 years. Sunday in my house, you know, no television. Everybody had to read something. I kind of lost it for a while, but I've kind of come back to it. I'm trying to read a lot more this year. Probably best business book I've read this year has been *How Google Works* by Eric Schmidt. Really, really interesting. And there's one particular part of it that I found fascinating as we think about, you know, our future model in terms of working from the office versus working from home. And what I learned in the book and didn't really know is Google essentially set the offices up to, you know, to keep people there. And they really valued those quarter conversations. People running into each other and collaborating, you know, in one location, so being co-located. So that's quite a fascinating thing to read and think about now as we all think about our future models. But I would say actually the book I enjoyed the most this year is not a business book, but it was a bit of fiction by Lionel Shriver called *The Mandibles*. And it was recommended to me by someone who's often recommending books, and I picked it up probably towards the end of March. So, maybe the second or third week of the UK lockdown. And this book is about the collapse of the US dollar and the subsequent collapse of the US economy. And it kind of follows this Middle-Class Family and they go from one dire situation to another. Quite a depressing read and a scary read, but ultimately, like a thought provoking read, reading at that time. If I'd read it last year, it wouldn't have been as impactful, but that's that. And then podcasts. It's quite interesting. I don't really listen to podcasts. My eldest son is often quoting podcasts and sharing little tidbits with me, and I think it's something that I need to think about more. But recently the ones I have listened to have been Jupiter ones. So, Jupiter has an 'Active Minds' series and it's quite interesting. I think the last one I listened to is our vice chairman talking to the CIO about the markets. And because we're in this business and I know the individuals, it was fascinating. So, Bradley, maybe more podcasts in my future to kind of complement my reading.

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BH: And I like that plug, Paul. That was very smooth. Very smooth. Yes. I will let you have that one. So, in terms of *How Google Works*, have you adopted some of the practices which Schmidt talks about? Have you adopted those into Jupiter?

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PK: No, I just literally kind of finished it recently. There's definitely some things that I'll go back to and sort of think about. It's more of kind of a thought-provoking book, right? In the sense of, "Well, they do it like this and we do it like this, and how should I pivot", right? The size of our company and operation and our business versus their business. Not going to replicate what they do, but there's definitely some ideas there. And the chap actually who recommended me to this book, his view was everybody in the c-suite should read this book. And this guy is somebody I respect. That's quite an interesting plug. So, not yet, but maybe next time we speak, I'll either update you or I'll have a slightly different answer.

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BH: Yeah, I can just imagine the next time walking into the Jupiter office and everyone's wearing blazers with shorts, matching socks, and you're saying, "No, I want to have this dress code". So, let's talk about graduates. What do you think has changed between you starting your career, Paul, and today's graduates? And as a follow-on question, what piece of advice have you got to graduates entering the workplace today?

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PK I think if I start with the second part of that, when I talk to sort of people early in their career, I say, "OK, so, you know, you've got to do your part. You've got to put your head down and work hard and have the right attitude". And so, I really try to impart on them that you have to kind of day in and day out, kind of perform with the right attitude and you're sort of, you know, you'll get noticed, right? So, kind of what I said earlier, you know, there'd be a – a decision needs to be made, a senior meeting, we have this problem, who are we going to put on it? You know, you're not going to put someone on who's not performing. The second thing I tell him is that, you know, you need to network. You just network internally and then ideally externally. That, and so, I think that's incredibly important. So, again, it's back to that discussion where we have this problem, who do we have to fix it? If nobody knows you, you're kind of in behind a desk somewhere, you know, you're just not going to be in the conversation. I think that's really important. I think the other thing is I sense with some of the people early in their career, they almost want their career to be done in, you know, the next five years. I'm telling people to slow down. You know, learn, you know, take your time. If you don't get that promotion, you know, you're – you know, my example now – you know, you might be under 30 and there's lots of time, so be a bit patient. I think in terms of me entering the workforce 30 years ago versus now, the world's very different. You know, I think people have to be extremely aware of office politics – what you can say, what you can't. You have to be very, very respectful, very, very mindful of the kind of diversity, inclusion, whereas 30 years ago, frankly, the organisations I worked at, those things weren't really on the agenda. And looking back at conversations, I may have heard, maybe embarrassingly even say being in, you know, I'm appalled, right? And so, I think that is very, very different. And then, of course, you know, we're talking a lot about technology today. The technology has changed dramatically, right? And so, people coming into the workforce, let's say you are at university right now. It doesn't matter what you're studying. Obviously, if you're in one of the STEM subjects, you're going to be pretty tech literate. But, you know, if you're in history, geography, etc., I think you really need to be tech savvy. And I think the younger generation are using this term 'digital native' is one that kind of has bounced around, because when you get into the organisation, you're going to be using technology to do your job no matter what it is. And then if I had them focus on anything it'd be focused on data. It's interesting in terms of what I say internally now is that the graduates coming in will not have learned Excel necessarily. We have to assume that the graduates coming in are going to come in with, you know, Python skills, our skills. You know, if it's not Excel, maybe it's Google Sheets and that sort of stuff. So, they've got to come in with those tool sets and be able to kind of use them.

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BH: Lots of tips there for graduates. Thank you for sharing that. And Thomas?

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TS: Yes, I would say, though. Actually, so much didn't change since they made those studies. As Paul mentioned, it's important that they build networks. But I see what dramatically changed are the opportunities to study abroad. When I think back, when I went to the university, it was a huge effort and very difficult to go to another university abroad. And then I now look at the studies that my daughter took. She went half a year to Sweden, to the university. Left in the south of Sweden, had a interim work student position in Denmark, moved between Sweden and Denmark. So, before COVID-19, that was a tremendous. It was things that we couldn't imagine 25 years ago. And so, the recommendation, the advice that I would give is if it comes back and COVID is some in some way mastered, take the opportunity that is there that we have the European Union that you can move between countries. That's very different compared to the past.

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BH: Well, thank you both, Paul and Thomas, for spending some time with us to reimagine the relationship between people and technology in the investment management industry. I hope you will join us next time for another interesting discussion on the *Tech Reimagined* podcast. Please remember to like this podcast and hit the subscribe button.