

# Change: humans and technology

CURRENTLY, THE FUND INDUSTRY USES TECHNOLOGY TO IMPLEMENT REACTIVE CHANGE, TO AUTOMATE AND IMPROVE EXISTING PROCESSES, WHICH ALONE DOES NOT LEAD TO A PARADIGM SHIFT. BY METROSOFT CHIEF EXECUTIVE **JANUSZ LORENC**.

**HUMANITY IS UNDERGOING** an unprecedented change at an ever-accelerating rate. The way we think, interact, make decisions, behave and even our identities are constantly evolving. This transformation is driven by human curiosity and technology.

Organisations do not change easily, with only a few exceptions. These leaders create novel technologies to aid their transformation. Contrarily, the fund industry in particular is slow to innovate. Technology as a tool to support innovation does exist and has been used effectively in other industries; however, technology alone will not drive desired advancement. Currently, the fund industry uses technology to implement reactive change, to automate and improve existing processes, which alone does not lead to a paradigm shift.

The industry faces many known external challenges: increasingly complex regulatory requirements, shrinking profits, rising customer expectations, and most importantly, changes in human behavior – in both the investors and the teams that form organisations.

Unknown yet expected threats to the fund industry call for preemptive transformation: change to the way the industry operates, the manner in which people use IT systems, and to work habits – but this will be an uphill battle. Change is met with organisational resistance, mainly because of intuitive beliefs and habits. Though both hinder progress, habits can be changed and



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intuitive beliefs and impulses can be inhibited and replaced with deliberate analysis to discover relevant facts, discard the irrelevant, and decide on the appropriate course of action.

What is needed is a shift in the mindset of everyone in the organisation. How is this achieved? Daniel Kahneman, psychologist and Nobel prizewinner in economics, spent over 40 years studying the psychology of intuitive beliefs and choices leading to bounded rationality and cognitive biases. To address these human weaknesses and promote open minds and innovation, organisations

must first understand human beings, especially in today's rapidly changing world. Once they identify both their teams and the clients' underlying beliefs and needs, they initiate change by presenting a vision that is compelling and achievable, understanding people's perception of risks and minimising these, clearly spelling out everyone's growth potential and needs, and thus gain everyone's support.

In today's open, connected and collaborative world, past management techniques are becoming obsolete. Organisations must be open to accepting the recent emergence of self-governed teams with their internal drive to innovate and transform the world around them. They should view technology as a tool rather than a driving force of change. They should focus on understanding how humans think, make decisions, and what motivates them, on top of understanding and foreseeing relevant external threats. Imagine that your teams buy in and share your vision. Energised people are naturally curious, resourceful, and not only open to change but actually driving it forward.

Only after this shift can technology be applied to support evolution of the organisation, its processes and habits. This way, internal transformation will determine suitability of existing or new technology, rather than the other way around.

To paraphrase Ray Dalio: evolution is the single greatest force; transform or die.