

## Wealthcraft aims to win with strong domain knowledge

*Staying focused on one domain is key to an ISV's success, says Kelly J Tallas, founder and CEO of Wealthcraft Systems* **By Teresa Leung**

*CWHK: Why did you choose HK as your headquarters location?*

**Kelly J Tallas:** Hong Kong is an easy choice for us as a wealth management tech platform provider. The SAR has an advanced wealth management market where banks provide best practices in wealth management services that counterparts in other Asia Pacific markets are keen to watch and follow.

China is the fastest growing wealth management market in the region outside Japan. Besides, Hong Kong is relatively speaking in a better position to protect intellectual property rights of products.

*CWHK: Besides, HK, Shenzhen, and Beijing, do you have offices in other Asia locations?*

**KJT:** Not yet. We work with partners in Singapore, Australia, and the rest of South East Asia. It makes sense for us as a product company to work with partners such as SIs.

*CWHK: How big is your team?*

**KJT:** We have eight people in our Hong Kong office, which focuses on sales and marketing. We also employ 70 people in our Shenzhen product development center.

*CWHK: Why Shenzhen?*

**KJT:** Because of its proximity to Hong Kong

and lower cost of operation. Most of the people in our Shenzhen product development center do programming work while the Hong Kong office provides product management and project management skills.

*CWHK: Do you have plans to offer products to firms outside the banking and finance sector?*

**KJT:** No. We focus on wealth management and the finance vertical because there are more opportunities for us in these areas. It's important for an ISV to gain competitive advantage through establishing expertise in a particular domain. We need to understand customers' goals, pain, and their operations for effective product implementation.

*CWHK: You provide both products and professional services. Which one brings you more revenue?*

**KJT:** Products. We have a professional services team but that isn't our focus. Building products is challenging but that provides us the ability to scale globally. We won't have such an ability if we rely too much on professional services.

*CWHK: How much do you invest in R&D?*

**KJT:** We spend around 43% of our revenue on R&D.

*CWHK: Can you name some of your customers in Hong Kong and other countries?*

**KJT:** In Hong Kong, our customers include DBS Bank, Citic Ka Wah Bank, and Wing Lung Bank. One of our customers is ING Platform Services, which provides a transaction recording, portfolio valuation and reporting service for financial advisors and their clients. We also serve over 35 of ING Platform Services clients.

*CWHK: Which countries are your fastest growing markets?*

**KJT:** We expect to grow in Singapore, China, and Australia.

*CWHK: What about North America and Europe?*

**KJT:** We are pursuing opportunities in mutual fund automation middleware in Europe and Australia. At the moment we don't have any customers in North America. I'm from Canada, and I can tell you North America is a challenging, competitive landscape. There are a lot more companies and products in this market. In the near term, our focus is Asia Pacific and Australia.

*CWHK: Who are your major competitors?*

**KJT:** In Hong Kong, it's Excel Technology International. Globally, we have competitors such as Finaplex, Fincentric, and Xeye. We also face competition from Taiwan companies targeting

## Wealthcraft's Tallas: The subprime crisis will affect our target customers' budgets in the future

financial institutions in China. Like Wealthcraft, many of these firms are SMBs too.

In the mutual fund middleware playing field, our rivals include SunGard and Axway. Our competitors in this segment are all from overseas.

*CWHK: What are the challenges facing you as a HK-based tech firm?*

**KJT:** Hong Kong is an expensive place for doing business. For instance, office rent rose 30% last year. It's also an extremely competitive and dynamic market where tech firms, especially product providers must be able to stick to their guns and not be sidetracked to areas (that aren't their forte).

*CWHK: Do you feel any impacts of the subprime crisis?*

**KJT:** Not yet. But it's certainly going to affect financial-institution budgets when they restructure in the future.



**Tallas from Wealthcraft:** Building products is the way to grow outside Hong Kong