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Executive Summary

Monica Singer, CEO of STRATE, the organization that did electronic settlement of all equity trades in South Africa, was planning the way forward for the balanced scorecard driven knowledge management intervention that STRATE had implemented over the past eight months. At the beginning, most of the knowledge about STRATE's business had resided with the consultants that had helped to establish STRATE and the IT systems that were so critical to its functioning. It was a situation that could not continue, and Singer had asked Nihilent's business consultants to help her to remedy the situation. What she had initially thought would be a simple knowledge transfer exercise had resulted in comprehensive organizational transformation, and she was delighted with the outcome.

About the Company

STRATE is the authorized Central Securities Depository (CSD) for the electronic settlement of financial instruments in South Africa. It is a regulated body formed by JSE Securities Exchange and five major banks of South Africa. Its core competencies include an IT infrastructure and application to serve the needs of the security trading market.

Initially, STRATE handled only equity market operations. It then acquired Universal Exchange Corporation Ltd. (UNEXcor), which handles bond market depository, clearing and settlement operations. UNEXcor was entrusted with the responsibility of developing Money Market Clearing, settlement and depository operations. With this acquisition STRATE would be a major player in the electronic settlement of financial instruments in South Africa.

Business Challenges

STRATE experienced amorphous growth in its short span of time. It outsourced most of its projects to external service providers and consultants especially in the Information Technology area including a world-class settlement system namely SAFIRES (South African Financial Instruments Real Time Electronic Settlement System). Most of the knowledge and expertise was with third party providers/ consultants and STRATE paid high outsourcing costs.

Another challenge that STRATE faces was that business and technology experts were wrapped in silos affecting productivity and hence "time-to-market". There were low levels of communication between staff and management leading to divided focus on long term and short-term goals across various divisions.

Nihilent's Role

Nihilent implemented its patented MC³ framework for learning and innovation at STRATE. It began with the first phase of scoping that included review of the current status and the business situation of STRATE and suggested areas of improvement for transforming STRATE into a learning organization. To ensure client comfort, reduced risk and to capitalize on experience, Nihilent decided to pilot the implementation in the IT Division in Phase 2 and then roll it out across the organization in Phase 3. Through the MC³ implementation at STRATE, Nihilent built the following:

- A clear and flexible performance model aimed at accomplishing business goals in sync with the vision
- A process for creating and utilizing intellectual capital towards driving its sustainability as a viable service provider
- A process for transfer of required knowledge to role holders within the organization
- A dynamic organization in order to respond to the changes in the market



Business Benefits Delivered

- Reduction in operations cost through enhanced competencies and productivity
- Increase in revenue through new products and services
- Reduction in outsourcing costs
- Clear basis for HR to build performance appraisal systems
- Reduction in attrition risk
- Alignment of business processes to strategy
- STRATE was empowered with a "powerful human performance" engine that proactively aligns itself to dynamics of external market

"In STRATE's case I can confirm that it far exceeded our expectations and on a daily basis we were experiencing the magic of what this process has done for our company and its people"

Monica Singer, CEO, STRATE

"The process opened my eyes to where we are and where we want to go. This process has standardized the applicability of HR processes across the organization and clearly brings out the issues that contribute to the company's progress. We are very pleased. Now we know that KM is not a theory."

Brutus Molefe, Head-HR, STRATE