



Where IR tech can really make a difference

While there is a temptation to focus on revolutionary near-future technology, Michael Hufton suggests that IROs need to consider what they currently use first.



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Artificial intelligence, machine learning and the metaverse are the tech buzzwords of the moment. Articles discussing tech trends often pounce on current hot topics with revolutionary zeal: the next big thing that will change the world as we know it. But reality is more prosaic: very often the technology which really makes a difference is much less exciting, but delivers carefully designed, incremental improvements to our daily workflow.

Email distribution is one of these areas. A combination of evolving IT security standards, legal frameworks and behaviour post-COVID-19 has conspired to make this a common, chronic pain point in IR. Ever had issues with bulk emails being filtered as spam? Or wondered how to manage contact lists, unsubscribes and calendar invitations in a GDPR era?

Junk

The growing volume and sophistication of phishing attacks, (eg, money transfer requests from seemingly legitimate senders), led the software industry to develop new security standards for email known as SPF, DKIM and DMARC. These enable sending servers to embed complex digital signatures in headers, which receiving servers can check against public records to verify the authenticity of the email. These new protocols have become the industry standard, in widespread use among both global corporates and financial services firms.

“It’s imperative these emails successfully pass through email gateways, meet required standards and look good”

The practical consequence has been a huge increase in failed deliveries of emails sent by third-party blast systems, which often work by ‘spoofing’ the sender’s address, as receiving servers detect the sender is not who it claims to be, resulting in the email being automatically rejected or quarantined by the recipient’s gateway. These emails don’t get filtered as junk – they’re stopped before they enter the recipient’s network.

Legality

Legislative and regulatory shifts add further complexity. Compliance with the Privacy and Electronic Communications Regulations (PECR) requires unsubscribe links on bulk emails, so recipients can remove themselves from distribution lists. Further, what are now two GDPR regimes, EU and UK GDPR, require a lawful basis for processing of personal data, and therefore maintaining contacts on distribution lists. Of the six lawful bases for processing under both EU and UK GDPR, consent is the most widely quoted and understood, but it’s onerous for IR teams to manage and maintain the records required: the practicalities of retaining proof of permission to send an analyst or fund manager a results release are time consuming.

The most flexible lawful basis for processing is ‘legitimate interest’. Using this gives you the ability to make reasonable judgements, such as sending information you think would be

of interest to market professionals without explicit prior permission, but using legitimate interest comes with additional requirements and safeguards, such as conducting annual ‘legitimate interest assessments’, mandatory privacy policy and unsubscribe links in the emails – and not attempting to track read receipts.

Some European jurisdictions also impose reporting requirements: date and time stamping of additions to and deletions from contact lists, or delivery reports, demonstrating that an email campaign was delivered within a five-minute window. A send stamp on an Outlook email tells you it went to the sending server, delivery to the receiving server is quite another matter. Sending large email volumes in a short time window is technically challenging, but it is feasible using large cloud infrastructure platforms where server farms can be leveraged at scale for short periods.

Simple solutions

Changing working patterns post-lockdown are another important factor, making email even more critical as the de facto format for professional communication. Working from home, flexible hours and growth of VC calls via Teams and Zoom have pushed more vital comms to email and VC calls scheduled via email, away from traditional or unscheduled phone calls. It’s imperative these emails successfully pass through gateways, meet required standards and look good – so the intended message gets across.

This is how tech can really make a difference in IR. It’s about combining modern technology standards with deep knowledge of the industry, the requirements and the problems to provide solutions which are exactly fit for purpose.

The hardest thing in technology is creating simple solutions to complex problems: achieving it requires long cooperation over many years between engineers and client facing staff to develop a detailed understanding of the issues. A state-of-the-art email distribution system will cater for all the issues described above and more, navigating the technical standards, legal requirements and changing market behaviour to provide a solution which delivers best-in-class results and is simple and easy to use, saving time.

To quote John W Gardner: “Excellence is doing ordinary things extraordinarily well.”

By contrast, bleeding edge technology is inherently experimental. Might we one day use AI algorithms to target our next 3% shareholder and engage them in our equity story in the metaverse? Maybe, maybe not. But it won’t help us deal with the problems we’re grappling with today and tomorrow. ■



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