

Q&A with Bruce Bent II, Vice Chairman and President of DoubleRock Corporation

Bruce Bent II - DoubleRock Corporation
<http://www.doublerockcorp.com/>

Interview conducted by:
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CEOCFO: *Did you always know the world of financial services would be your focus? After all, your college degree is in philosophy?*

Bruce Bent II: At about the age of twelve I decided I wanted to run the family business one day. That business at the time was providing money market mutual funds to individuals and institutions. I had always worked for our family company the Reserve Fund from the age of seven. And at the age of seven, "working" for the company meant stuffing envelopes with prospectuses and annual reports under the kitchen table in our home after school and on weekends. As I grew older it meant working in customer service, then operations, then the trading desk, etc. Being a Philosophy major just happened to be the only way I could get through my bachelor's degree. I originally started out as a business major, but because I had already spent so much time working in financial services over the summers, the business courses seemed too abstract. Nobody actually makes widgets, not to mention most manufacturing, at least domestically, was dying at the time. Finally, as far as I was concerned (rightly or wrongly) the college professors had never actually worked in the "real world". So I felt no connection to the courses. This actually worried me a lot because I still needed to get an undergraduate degree, so I desperately searched for something that would speak to me personally. I took a few psychology courses thinking maybe industrial psychology would be interesting, but that didn't click either. Finally, I discovered Philosophy. It was like brain candy, and somewhat easy for me, so I did fairly well. It also led me to study eastern philosophy and religion which introduced a whole new way of thinking that I still try to apply today.

CEOCFO: *Where do you focus in the financial services industry?*

Bruce Bent II: The core of our business was the invention of the first money market mutual fund in 1970. It was something my father, Bruce Bent, and his partner at the time, Harry Brown, came up with.

Eventually it grew to a multi-trillion dollar industry and put tens of billions of interest in the pockets of average Americans that normally would have been profits of the banks. So naturally my original focus was on cash management. We expanded the business to include other types of cash management products, growing to over \$130 billion in assets under management.

Today, I think there are still many opportunities within cash management, especially as technology makes investing and moving money from one place to another more and more efficient. But I've also been working on a start up in consumer financing recently. In addition we've got a very interesting fintech company in the retirement space that's been way ahead of its time, but I think its day in the sun is getting closer.

CEOCFO: *What did you recognize as areas that needed attention and change?*

Bruce Bent II: Before Double Rock there was the Reserve Fund, the company that offered the first money market mutual fund. I don't think it was the case that any one area needed a change when I first joined the company in 1991. It's more like someone needed to see the full potential of the organization and then start taking it on the road to fully actualize that potential. For me it was like finding a Ferrari sitting up on blocks in the garage. I was very fortunate to have a basic platform to start with, then I just had an intuitive vision for the future. It was like, "Are you kidding me, do you realize what we can do with this thing?" So rather than "change", I think we evolved and matured, and we did it across the whole company, with people, technology, management techniques and culture.

CEOCFO: *How have you innovated and created solutions, not only for DoubleRock but eventually for the industry as well?*

Bruce Bent II: Today we have an entirely separate company called Island Intellectual Property that holds over 60 patents of inventions we developed over almost 20 years. I feel like even though those inventions have influenced cash management and inspired hundreds of billions of investor dollars to move into new products and services, the reason it happened was because we answered existing needs. In other words we never thought about what we could do for the industry, we always thought about what we could do for our existing customers and what we could do to win new customers. That meant answering needs that both those groups already had. When we found things that worked, then the rest of the industry tried to replicate our success by creating similar products and services, and that's how the industry itself moved forward.

CEOCFO: *How has technology changed the world of financial services? How do you incorporate fintech into your vision?*

Bruce Bent II: Fintech for us at first was simply a necessity. When my father and his partner invented the first money fund, it was so unique that they couldn't find outside providers to support the product. So they were forced to support themselves, and eventually that included building their own software and

implementing their own hardware in house to run it. I still think software and technology is a tool rather than a driver. For example, we never start with the technology. We start with “what value do we think we can provide to our market?” Then we look at the most efficient way to deliver that value, and therein lies the use of technology. I’d say technology has changed the world of finance everywhere, it’s made everything faster and more efficient when used correctly. But it has to be considered and viewed as a vehicle, a means to an end, and not an end in itself.

CEOCFO: *What has changed in your approach over time?*

Bruce Bent II: Not much has changed other than I think personally I’ve learned how to deal with challenges and forks in the road better. I feel like I’m more graceful and less tolerant at the same time, if that makes any sense. If I like it, I do it, if I don’t like it, I don’t do it. There’s less of a struggle to decide where I should spend my efforts.

CEOCFO: *How has the strategic vision for DoubleRock evolved?*

Bruce Bent II: We’ve continued to evolve with the times since 1970. Strategically, I think we’re more aware of the importance of technology and we’re more open to a wider variety of opportunities.

CEOCFO: *Would you tell us about your 60+ patents in finance?*

Bruce Bent II: As time went by we noticed that we were being noticed...by competitors. And in the early years of the company those competitors were always much bigger companies than ours. We realized they were happy with us being pioneers in cash management because it meant we were almost doing their research and development for them. And this could be little things or big things. When we found something new for us that worked well, I was surprised by how quickly our competitors imitated us. Finally the light went off that we were being watched. So that led us to try and protect our inventions by patenting them, and today we have over 60 patents. So staying ahead of competitors was one reason for patenting our inventions. The other is an obvious reason. Can you imagine if we had gotten a patent on the invention of the money market mutual fund, how lucrative would that have been?

CEOCFO: *What areas of financial services stand out in your career? What areas would you like to tackle in the future?*

Bruce Bent II: The big one for me was developing extended FDIC covered cash management products for banks, broker dealers and individuals. It’s hard to say exactly, but that area has probably grown to about a trillion dollar market. In the future I’d like to see our other companies and products be just as influential. There is a lot of opportunity to improve healthcare financing for example. It’s a huge expense for every American today and everyone deserves the best healthcare possible. The reality is that healthcare is also very expensive today, at least good healthcare is, so there’s a

need for efficient, affordable and fair financing. Likewise, there's a big opportunity in retirement savings, to help people save more for the future. I think we can help there as well.

CEOCFO: *What is on the horizon for you?*

Bruce Bent II: I'm still passionate about cash management. I think we can use technology to deliver more products more efficiently to multiple markets using the same technology hub to do it. So I'm working on figuring that out with one of our companies. Then as I mentioned, we have another company that's focused on helping people save more for retirement, again using technology and innovation. And finally, we've got this start up in patient healthcare financing that we think can truly change people's lives and well-being for the better. Finally, as always we love new ideas and welcome conversations with entrepreneurs and innovators from all industries all over the world.

The logo for DoubleRock, featuring the words "DoubleRock" in a large, dark red, serif font. A registered trademark symbol (®) is located at the top right of the word "Rock". Below the text is a faint, light-colored reflection of the same text.