Integration inertia – how Financial Services can overcome legacy IT issues

As Financial Services companies navigate an increasingly unstable trading environment, there is one surety they can bank on – that digital transformation will be key to future success.

According to Gartner, one third of CIOs in the Financial Services industry identified digital as their top priority for 2019, up 8% on last year. Additionally, research from Deloitte has found that average digital transformation budgets have increased by 25% over the past 12 months, with a fifth of respondents (19%) confirming they will invest $20 million alone on transformation this year.

With such large levels of investment being ploughed into projects, this brings significant levels of pressure to succeed. The issue remaining, however, is that in order to facilitate a successful project, the right infrastructure needs to be in place. Forrester has found that just 19% of business leaders in Financial Services believe they have the right technology in place now. In addition, just 14% believe they have the right processes to execute their digital strategy, demonstrating that there is a significant amount of ground to cover for Financial Services companies to successfully implement digital transformation strategies.

Challenges to overcome

As the Financial Services sector looks to integrate increasingly digital infrastructures to meet growing customer demand, it must overcome its kryptonite. – efficient and reliable IT infrastructure. PwC recently reported that 77% of financial institutions are increasing their efforts to innovate, with a strong, digital presence core to this. However, the sector does not have a good reputation in this arena.

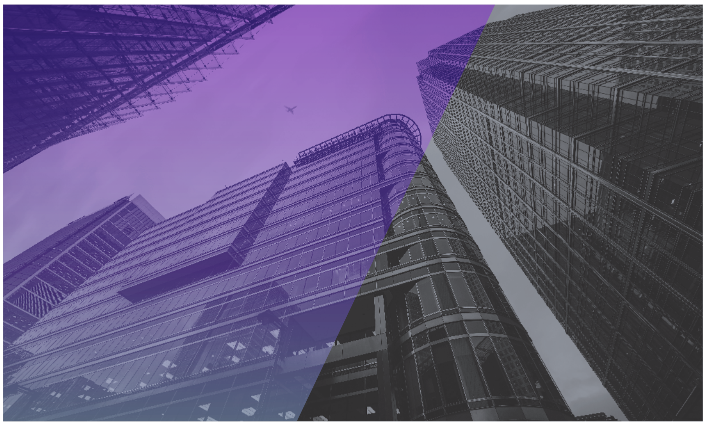
The banking sector is certainly a standout example of complex and disjointed IT systems. According to the recent Which? report, which followed a Financial Conduct Authority survey in November 2018, UK banking has been in meltdown. The sector was hit by IT outages on a daily basis in the last nine months of 2018 – six of the major banks suffered at least one incident every two weeks. Perhaps the worst culprit was TSB, which lost 12,500 customers and £330 million in the wake of its IT systems mitigation failure.

These outages were caused by disjointed and decentralised systems, as legacy IT and resultant tool sprawl continues to pain this largely traditional sector. The reason challenger banks such as Monzo and Starling have not suffered like the more established players have is due to the fact they have built digital into the heart of operations, instead of it being an afterthought eventually built into established systems.

It must be said that the answer is not to simply rip out legacy systems and start from scratch – this would cripple most companies. Many companies' complex systems are built on years of increasingly sophisticated software being patched together, meaning legacy must remain at the centre of operations – it's about getting the most out of these systems and ensuring they work with the new, spangly technology.

“manage the provisioning, capacity, performance and availability of the computing, networking and application environment”

GARTNER



Regulation looms on the horizon

Following the spate of IT outages in the sector and resultant poor customer service, the Financial Conduct Authority has now stepped in and said that any IT outages should be limited to a maximum of two days in this mission-critical sector. Whilst this is certainly a step in the right direction, for customers this is still too long. Individuals, and firms of every size rely on quick access to their financial assets, and system downtime not only costs them financially, but reputationally too. This then reflects on the financial institutions themselves, meaning they not only have to deal with the initial financial trading hit, but further consequences down the line, such as threat of litigation or loss of customers.

Financial businesses therefore must adopt new processes and tools that leverage the very best systems available today, and seek to reduce the two-day maximum to a mere matter of minutes in the next two years, working towards a new virtual zero-downtime model; if they want to stay competitive.

There is only one answer

What is clear is that for Financial Services companies to meet their ambitious and expensive digital transformation goals, they need to get their digital houses in order. This can only be achieved by securing visibility across all areas of IT, unifying it via a monitoring system utilising a single pane of glass. At its heart, IT monitoring carried out effectively, is a key component of IT Operations Management [ITOM] which are designed to “manage the provisioning, capacity, performance and availability of the computing, networking and application environment,” (Gartner), and not only provides a holistic view of the health of the system, but also provides a single version of the truth by preventing tool sprawl. This avoids the duplication of effort and unites siloed teams. Often when companies do decide to consolidate systems, they also take the opportunity to upgrade or re-architect their existing solutions, thereby taking advantage of the most modern implementation strategies, architectures and versions. Being able to capably monitor this – which is often done in a way that has not been done before – is essential to ensure success, and the single pane of glass approach is not only the most efficient, but effective too.

Outages can strike at any time and without warning. In these cases, it’s vital to detect the system failure as quickly as possible, to understand the scale of the issue. Once identified, organisations can put in place steps to mitigate the issue – thereby reducing downtime, unsatisfactory user experience and lost revenue. This is only possible with a clear view of system health. Otherwise financial companies are rooting around in the dark trying to identify the affected area.

Financial Services is a mission-critical sector, and in this 24/7 society any blip will be discovered – putting firms in the firing line. Financial Services companies need to change their approach to IT monitoring and integrate old systems with the new, underpinned by one single pane of glass if they want to prevent outages and drive digital excellence. With Gartner estimating that IT downtime costs $300,000 per hour, rising to over $500,000 for the biggest brands (it famously cost the New York Stock Exchange $2.5 million per hour in its four-hour outage), today’s financial institutions can little afford to not take action; a band-aid over a bullet hole will no longer suffice.

Learn from the mistakes of others and prepare for failure – otherwise prepare to fail.

FIND OUT MORE

USA: +1 866 662 4160

sales@opsview.com

EMEA: +44 1183 242 100