



# CORE BANKING SURROUND SERVICES



Banks today are reinventing their business and operating models to address increasingly demanding customers and fast-paced dynamic markets. Current market dynamics continue to put pressure on banks to create systems that help improve their customer relationships and stay relevant. Banks are undertaking large core-system transformation programs in pursuit of gaining a competitive advantage.

A survey suggests that only 25%\* of all core system transformation projects are successful, which leads to the fact that existing models adapted by banks have inherent challenges which at times are outrunning the benefits of the program. Given its scale and organization-wide impact, a core banking initiative requires extremely skilled management. Banks need a model that can help simplify a transformation program and not complicate it further.

*\*Source: Xing.com – Best Practice Driven Core Banking system Transformation: It is estimated that 25% of core banking system transformations fail without any results while 50% do not achieve the transformation objectives – costs and implementation times double or triple. Only 25% of the transformations can be called successful.*

## Challenges in the legacy environment leading to transformation decisions

### Business Challenges

- Unable to offer new combination of products and price bundle
- Time to market is not acceptable
- Market expansion is impeded by technological capabilities
- Limited ability to segment customer and markets in different ways
- Product siloed vs. customer centric
- Limited ability for enterprise leverage

### Technology Challenges

- Legacy applications are monolithic and difficult to modify and maintain
- Business rules and logics are embedded in the application making it extremely difficult to change
- Inflexible architecture and multiple point-to-point interfaces
- Limited capability for sharing common services
- Over the years organic development has increased complexity in the environment

## Challenges in the existing model of a transformation program include

- Higher IT cost in the event that multiple solutions need to be replaced
- Insufficient information collected during the requirement gathering phase
- Lack of historical information on geographical customizations made on the legacy core systems, resulting in the existence of multiple versions of the legacy system
- Change in banking dynamics during the project lifecycle, leading to scope change
- Inability of banks to distinguish between “wish list” and “must-haves”
- The banking staff’s preference for existing processes and their reluctance to adopt newer, out-of-the-box functionality/processes from new solutions
- Change in the project management team at the bank level, the SI level and the vendor level during the project lifecycle
- Lack of an appropriate product selection methodology
- System Integrator’s limited capability
- Lack of a well-thought-through model set in place from the very beginning of the implementation can be a major stumbling block that can trip up the initiative





## Core Banking Surround Services Offering-Driving simplification agenda in transformation

Core Banking Surround Services (CBSS) is a packaged offering built on the premise that the existing core banking transformation model for package replacement depends heavily on Independent Software Vendor (ISV) and a System Integrator (SI) and has numerous challenges. The transformation program through this model is becoming far more complex, contrary to the expected outcome. While ISV comes with a wealth of product knowledge, they have very limited understanding of how a bank needs to approach the change initiative. Systems Integrators on the other hand lack the flexibility that is required and are often seen to be driving the program through their own agenda and prior experience, whereas in reality the bank at hand might require a different approach.

Given its scale and organization-wide impact, a core banking initiative requires extremely skilled management. We believe that a bank's own IT department is best suited to manage the transformation program with some help from external vendors in testing, application integration, data migration etc.,

## Driving value through agility and flexibility

ITC Infotech's CBSS helps banks achieve target 'Modular Simplicity' through increased flexibility and streamlined operations. Our flexibility and ability to scale rapidly provides our clients the much desired operational dexterity.

### **Simplified Change Delivery Model**

- Drive out complexity and cost through approach rationalization
- Increased confidence to effectively manage disruptive incidents
- Availability of specialized skills in focused areas for agility and simplification
- Enhanced business enablement from a robust transformation engine
- Resolution of known issues through functional, usability, compatibility, user acceptance and deployment testing
- Focus on core competencies and leverage industry provided scale and efficiency

### **Simplified Business-as-usual (BAU) Model**

- Develop an evolved view of the changed business and technology landscape
- Evolve a robust data management and intelligence strategy to build market differentiation
- Plan for a standard approach for BAU support to customizations
- Optimize support for regular release lifecycle of business changes
- Partner with IT teams to derive strong business analysis and configuration management services



### About ITC Infotech

ITC Infotech brings a strategic organizational focus for the BFSI industry and provides rich domain experience powering services across Application Development, Maintenance & Support, Testing, Infrastructure areas and Domain led Business Consulting. Our services spans across Core Banking and Channels including Retail, Corporate and Wholesale banking, Treasury and Capital Markets and Insurance. We bring in rich experience and expertise of creating focused engagement models varying from large scale Extended Enterprises to individual project centric engagements for leading fortune financial institutions.

ITC Infotech is a global IT services & solutions company, and a fully owned subsidiary of USD 8 bn ITC Ltd – one of India's foremost private sector companies.

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