

Market Commentary

Managed Services: Evolving against the odds

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How do established financial institutions evolve and make progress in 2021? On the face of it, the odds are stacked against them. Alongside addressing continued challenges such as dealing with an ever-growing regulatory agenda, low interest rates, loan impairments, fast-changing technology and the need to bolster cybersecurity, firms face existential questions too: What is their role in their customers' lives and how do they stay relevant to them? How do they take their monolithic and complex legacy architectures and transform them at pace, so they can attract and retain a new generation of digital-savvy customers?

Today, the challenge for financial institutions is not about maintaining business as usual in the face of serious headwinds. They must pivot from where they are now to more agile business models that can react faster to continued changes, such as those brought about by the pandemic. This will allow them to address the cost challenge but also innovate at pace, bringing new products and services to market faster to drive alpha.

About the author



Neil Budd,
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Neil Budd brings over 17 years' extensive experience within Financial Services, advising and supporting clients to shape and execute their complex transformation, leveraging technology and the broader ecosystem to achieve this.

Prior to joining Finastra he held a number of senior leadership roles within the Consulting market. He joined Finastra directly from Accenture where he was a Managing Director within the UK Financial Services business where he worked closely with a range of global Financial Institutions across a broad portfolio of initiatives.

Historically, financial institutions adopted the approach that they will own and run everything themselves, but many are re-examining the sustainability of this model.

As they see the financial landscape innovating around them quickly, digital banks and fintechs are aggressively picking up different parts of the banking ecosystem, forcing incumbents to rapidly assess and evaluate their role in the market, and how they interact and engage with customers throughout their lifecycle.

To address some of these challenges, financial institutions are looking to their technology partners and vendors to support them on this journey. This is driving institutions to once again think about their ecosystem partners and how they work with them. What services and skills that provide them a competitive advantage do they need to keep, and what can they outsource to partners? With a managed service model, banks have a viable way to drive efficiency and innovation that's aligned to their cloud and digital agendas and that will help them to stay relevant against the odds they face today.

Managed services can address many of the challenges that financial institutions face today, by giving them several valuable advantages:

Fast innovation

With a managed service partner to take care of a bank's operational and technology burden, in-house teams can redirect their energies onto innovation-led programs focused on key priorities such as building wallet share or bringing new products to market faster. This way, they are enabled to move at the speed of digital banks.

Continuous improvement

Cyclical upgrades and releases divert huge amounts of human and financial resource as banks face a constant struggle to keep systems and products up to date. It's energy that could be better spent in other areas. In the Finastra managed service model, we take responsibility for the service.

Through our proven "Finastra Transform" methodology we leverage our assets and IP to deliver agreed outcomes linked to agreed KPIs. This means that during operation, the bank can always be running an up-to-date version and operating to the latest standards.

Simplicity

In the traditional model, banks have to manage multiple vendor relationships and ensure that vendors' products and projects are in sync with one another. This creates complexity that has an inevitable impact on costs and resources. Under a managed service model, the vendor can become a partner, working with the bank to ensure it gets long-term strategic value from its services, as well as connectivity to other service providers in its ecosystem. This simplicity enables banks to operate with greater efficiency and less friction.

Total cost of ownership

Finally, managed service models ensure that costs are more predictable and manageable, lowering total cost of ownership over time alongside delivering improved levels of service.

At a time when established financial institutions face unprecedented levels of complexity, the managed service model offers them a way to evolve and compete in a challenging market without the need for an all-consuming transformation program. Most importantly, it sets them up to act with the responsiveness and agility that's essential for success today.

To find out more about Finastra Managed Services, [click here.](#)



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About Finastra

Finastra is building an open platform that accelerates collaboration and innovation in financial services, creating better experiences for people, businesses and communities. Supported by the broadest and deepest portfolio of financial services software, Finastra delivers this vitally important technology to financial institutions of all sizes across the globe, including 90 of the world's top 100 banks. Our open architecture approach brings together a number of partners and innovators. Together we are leading the way in which applications are written, deployed and consumed in financial services to evolve with the changing needs of customers. Learn more at finastra.com

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