DXC TECHNOLOGY

2. Change can be difficult, but it doesn't have to be

The Capital Markets Enterprise 2021

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In light of the structural challenges confronting many financial institutions, operational needs go beyond mere simplification, no matter how radical. It's about questioning and redesigning the core of the organization itself, rather than just addressing the technology architecture. It's about deciding what's vital and differentiating for the business, dedicating appropriate strategic and technological resources to those areas, and treating non-differentiating functions as services that can be handled by outside parties.

I'm not suggesting that making the necessary structural changes to take advantage of new opportunities will be a walk in the park. But look around and you'll find that most of the arguments against fundamental change will be coming from the departments most affected by that change.

Ask yourself whether they're part of the problem or part of the solution; whether they, or the work they do, are part of what differentiates your business in the eyes of your clients. Do those clients trade with you (and does that business get done) because, or in spite, of that work?

What makes you so different?

Perhaps an easier way to assess that level of differentiation is to ask yourself, “Do your clients notice when the work gets done right or only when it goes wrong?”. If the answer is the latter, then that work and those business processes could, and should, be done by a service provider. That would allow your firm to focus, wholeheartedly, on what it does best.

While simplification is essential for reducing costs, it’s also a fundamental part of restoring agility to capital markets firms. Orchestrating change across the complex technology stacks of today’s financial institutions is a prohibitively expensive and time-consuming exercise. Plus, clients and business opportunities rarely wait the months that are often required just to add a new product, let alone the years involved in more wide-ranging developments.

It’s a jumble out there

This isn’t simply a question of consolidating an assortment of outlier systems and replatforming the essential core. Granted, consolidation can’t be put off because today’s tangle of systems, feeds and interfaces isn’t going to straighten itself out, and the longer it’s left, the greater the cost of unravelling it all. The first, big decision firms need to make is to determine what’s core (and needs to stay that way), and what’s non-core and open for consumption on an as-a-Service basis.

Let’s be clear. I’m not advocating more of the same sort of outsourcing that has dominated this industry for the past 20 years. In other words, an approach centered on reducing the human cost of the work but, by and large, leaving those humans and their output in place.

That traditional kind of outsourcing adds value as a short-term fix where cost savings are needed fast. However, the need to manage those people and to oversee their working methods remains, crucially, unique to each firm. You, or people working for you, must do all the thinking, take the risk of things going wrong and bear the cost of building, maintaining and running the systems.

There's a better, more cost-effective way

Imagine how much cheaper and better that work would be if done at scale and as-a-Service, by providers who mutualize the cost across multiple parties.

The concept is not all that new. Cast your mind back to the days when the clearing of derivatives was all done in-house rather than through clearing-house utilities. Or the days when all trading was OTC and voice-based, rather than executed as standardized products via electronic platforms. Think how much it would have cost to create platforms as firm-specific services. And then compare that to today's pay-per-use subscription fees and the lack of management headaches that such mission-critical platforms cause.

In case you missed part one of this blog series, **you can read it here. If you'd like to find answers to some of these burning questions, visit our LinkedIn**.

Alternatively, if you'd prefer to talk changeability with one of our experts, contact **financialservices@luxoft.com.**

Agility makes you money

These are just two elements of your end-to-end business that are now done on an as-a-Service basis. Imagine a world where this sort of as-a-Service delivery is the norm for most of what firms do. How much agility would this inject into your client-facing business? How much more bandwidth would you be able to devote to what best serves your clients, and makes both you and them money? And, ultimately, how much more efficient would your operations be?

About the author

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Matthew has more than 20 years' combined expertise and international leadership experience as a CIO and COO in the Financial and Capital Markets industry. His career spans Credit Suisse, Deutsche Bank, Credit Agricole, Daiwa Capital Markets and Lloyds Banking Group. He joined DXC Luxoft in March 2020 to lead Capital Markets Solutions globally.

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About DXC Luxoft

DXC Luxoft is the design, data and development arm of DXC Technology, providing bespoke, end-to-end technology solutions for mission-critical systems, products and services. We help create data-fueled organizations, solving complex operational, technological and strategic challenges. Our passion is building resilient businesses, while generating new business channels and revenue streams, exceptional user experiences and modernized operations at scale.