IBM

Rational® software

Addressing evolving compliance, governance and reliability challenges in the financial services marketplace.

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Standardized offerings and technical constraints: breaking down barriers

Finding ways to meet more of your customers' financial needs can be a great way to gain a competitive foothold in a saturated marketplace. But it also creates a host of business and technical challenges.

Take the example of a large bank in Europe that made a series of acquisitions— including other banks and insurance companies—across a number of countries. The bank's goal: to become a single source for all its customers' financial needs. On the surface, a great idea. But when you peel back the layers and compare the bank's approach to IT with its acquisitions' approach, things can quickly get complicated. Although the bank relied on a mainframe environment for most of its core systems, many of the acquisitions had standardized on UNIX® technology-based systems. Moreover, multiple languages across the different countries significantly raised the hurdles. The challenges for this bank—which are growing increasingly common—were to:

- *Create uniform applications enterprise wide.*
- *Resolve language and technology barriers.*
- *Establish governance to hasten synchronization between newly acquired distributed applications and headquarters, and to speed time to market for new offerings.*

Any solution required the firm to break down skills-related barriers that were slowing development time. Ideally, the bank wanted a solution that could deliver the reliability benefits of a strong mainframe environment with the local agility of a distributed environment. As a result, the bank shifted its development focus from technology specialists working on targeted platforms to developers focusing on business components. Why did the bank do it, and what are the lessons?

Reusing the wheel

The bank decided to modernize its mainframe applications and push out much of the modernization efforts directly to the distributed environment. It didn't reinvent the wheel—it reused it. As a result, the bank expects to see an improved return on investment and business results from IT efforts related to collaboration and workflow. The bank can also more quickly allocate existing resources and software assets while minimizing duplication of efforts.

Across the financial services industry, your competitors are looking for ways to reenergize and grow their companies. With the increase in the rate of mergers and acquisitions within the financial services industry, these competitors are also leveraging their economies of scale to increase technical efficiencies that drive value to the business. In this changing environment, your success will increasingly hinge upon your ability to optimize operational efficiencies and improve customer self-service facilities. At the same time, you must focus on enhancing information technology that can drive the benefits derived from economies of scale. But how?

Evolve and grow to meet the demands of the business

Profitable growth, increased operational flexibility and improved productivity through the governance and reuse of business-driven IT assets can help firms realize and communicate business value. Have you discovered new ways to reduce operational and IT costs, including those related to your aging, maintenance-intensive back-office mainframe operations? One way you can achieve greater efficiency is to simplify your business structure and improve back-office operations. For example, if you can more efficiently manage call centers and redeploy some of the associated resources, then you can focus on core competencies such as claims and underwriting or asset management. Or you can address the needs of specific marketplace segments.

Profitable growth, increased operational flexibility and improved productivity through the governance and reuse of business-driven IT assets can help your financial organization realize and communicate business value.

In the financial markets industry, each hour of downtime can potentially cost tens of millions of dollars. Resilient IT infrastructures can reduce expensive downtime.

Improve reliability to help maintain profits and marketshare

Financial services companies must take a proactive approach to managing governance and addressing compliance issues to help reduce the impact of external regulations and legislation related to privacy, security and operational risk. At the same time, uninterrupted access to financial services is a must. Since customers use services around the clock, operations must support customers' needs with accurate and timely information. To help with the measurement and management of project scope, executives can leverage business dashboards to get an up-to-the-minute picture of where their company is—or isn't—meeting compliance mandates. Dashboards can provide the constant visibility required to help determine where your company may be experiencing operational or IT slowdowns that you can quickly address with remediation procedures.

Given the rapidly evolving nature of the financial marketplace today, IT organizations face numerous challenges to supporting business needs. For example, they must find ways to meet regulatory requirements and customer demands for personalized products. At the same time, already stretched teams must support increasingly complex IT environments. And privacy, security, operational and compliance risk considerations require a more proactive approach to the governance and quality control of applications and assets. Whether you're deploying packaged applications from companies such as Oracle or SAP; customizing packaged applications; managing outsourced development; developing custom in-house applications; or maintaining

deployed integrations or applications, it's important to seek technologies and processes that can help you reconfigure and reassign legacy operations, break down silos and eliminate redundancy to improve operational efficiency.

Improve operational efficiency

Figuring out ways to optimize or create efficiencies can seem daunting. Fortunately, there are strategies that can help. You can find new marketplaces and develop products and services while keeping a sharp eye on your company's core competencies and marketplace differentiators.

You can use an SOA and a Web services framework to leverage existing IT investments and create a more nimble infrastructure.

Your existing technology environment may not be designed to support responsiveness to changing customer, partner and marketplace demands. But you can use a service-oriented architecture (SOA) and a Web services framework to leverage existing IT investments and create a more nimble infrastructure. An SOA coupled with standards-based Web services can help you free components and functions from the constraints of their original applications. You can combine and recombine services to meet changing business requirements. For example, you can easily provide an in-the-field insurance sales representative with access to customer credit data that previously existed only within your mortgage customer database and its associated applications.

Freeing information for access by employees who need it is one way to make more efficient use of information. Another is to better leverage and optimize existing data. For example, with the help of disciplined processes and updated technology, you can provide banking clients with customized services. For the insurance side of a financial services business, increased benefit from information could be obtained by implementing a process that

connects claims adjusters in the field to local body shops. And in financial marketplaces, it may mean global operational support when the bell rings and the New York Stock Exchange opens for the day.

Get a jump on the competition

Operational risk is altering the way financial services companies do business and is creating the demand for environmental changes. The challenge is to foster growth while increasing efficiency. Many companies have already begun this ongoing journey—and those that are most actively engaged are progressing more rapidly. Don't be left behind.

Rational software tools are designed to provide the essential capabilities your IT group needs to architect flexible business processes that can streamline workflow and help enable faster development and delivery of mission-critical applications.

IBM Rational® software tools are designed to provide the essential capabilities your IT organization needs to architect flexible business processes that can streamline workflow and help enable faster development and delivery of mission-critical applications. They can help you organize a lean technology department around business processes to more efficiently deliver and maintain applications, so instead of being constantly sidetracked by technology issues, you can focus on what's most important—your business. Whether you want to implement an SOA or other technologies, IBM Rational software can provide the essential capabilities that help enable your company to leverage technology and transform your operational vision from concept to reality in a highly responsive manner. And we provide innovative tools and approaches for governance to help ensure service quality and compliance in SOA environments.

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For more information

For more information about how IBM Rational software and our financial services capabilities can help you on your journey, contact your IBM representative, or visit:

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