



HOW FINANCE LEADERS ELEVATE THE ROLE OF BACK OFFICE IN FINANCIAL SERVICES

HOW CUSTOMER-FACING AUTOMATION IS SPURRING A BACK-OFFICE TRANSFORMATION

SPEAKERS



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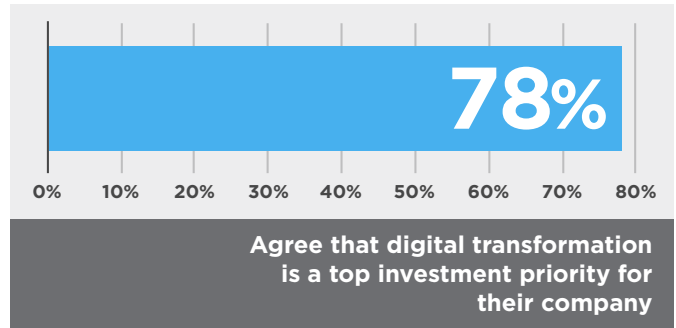
JUST AS TECHNOLOGICAL ADVANCES led to the emergence of oil as the fuel that powered the 20th century, technological advances are now bringing about the emergence of data as the fuel that powers the 21st century. Financial services firms in particular have devoted much of their attention to data, with a focus on improving customers' access to data on a variety of devices.

Yet financial services firms have not always been able to provide their back-office workforces with the same ease of access to data that the firms' customers have come to expect from the front office. In the wake of the 2008 finance crisis, banks concentrated on modernizing the front office, according to Jerry Silva, Research Director, IDC Financial Insights. Silva spoke on a recent Workday-sponsored CFO webcast, where he presented some of IDC's recent research findings.

“Since the financial crisis, and up until a few years ago, banks have really been focusing on the front office and the consumer,” Silva said. “That’s only taken us so far though, and so at some point over the last year or two we’ve started running into problems with the back office.”

Many financial organizations are taking the opportunity to undergo a digital transformation, which Silva defined as “the continuous process by which enterprises adapt to or drive disruptive changes in their customers and markets by leveraging digital competencies” to improve the customer experience and boost operational efficiencies and performance.

“Digital transformation is not a technology initiative. It is not a technology strategy. It is about enabling the business to become much more agile and much more innovative,” Silva said.



Source: Live webcast audience poll

Silva highlighted statistics from a recent IDC survey showing that IT spending by global banks on the fundamental technologies — cloud, Big Data/analytics, and mobility — are expected to rise during the next five years. But spending on innovation accelerators such as next-generation security, Internet of Things, and cognitive computing will rise significantly as well.

The webcast audience mirrored the IDC findings, with an overwhelming majority (78%) agreeing that digital transformation is a leading priority.





EVOLVING ROLE OF THE BACK OFFICE AND IMPACT OF TECHNOLOGY

Following Silva's presentation, the webcast pivoted to a discussion of the changing role of the back office. "The back office has always had high expectations which resulted in too many manual processes, too much Excel, and too many late nights and weekends," said Chris Artemenko, Strategic Advisor, Financial Services Industry, Workday.

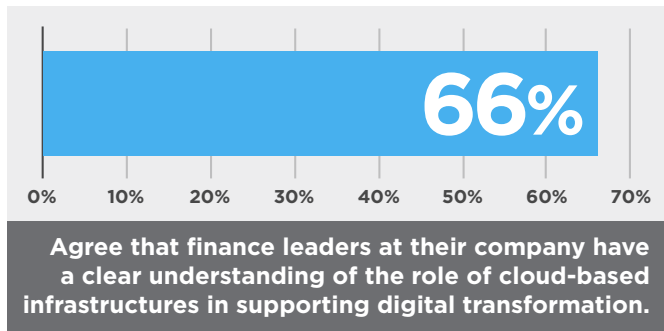
The back office continues to focus on reliability and security, which has some executives concerned about adopting a cloud infrastructure. "You don't have to sacrifice those aspects of your operations by moving to the cloud," Silva said. "In fact, it is actually going to get better."

Workday's Artemenko noted that the proliferation of data makes it challenging to effectively leverage and manage it. She noted

that many organizations keep 20 years' worth of data, which is rarely useful. "I remind them that the trends of 10 years ago are not the trends of the next 10 years."

In the next 24 months nearly half (49%) of banks expect to have broadly implemented an optimized cloud-native strategy — which is defined as proactively managed and clearly driving business innovation while improving operational efficiency — according to IDC's 2019 WW Industry CloudPath Survey.

The cloud migration trend was confirmed by a poll of webcast attendees, two-thirds (66%) of whom expressed confidence that the finance leaders have a clear understanding of the role of cloud-based infrastructures in supporting digital transformation.



Source: Live webcast audience poll

“Going forward, the cloud is going to be one of the best tools in the toolkit for institutions to improve agility, to improve flexibility,” Silva noted.

Workday’s Artemenko noted that technologies such as conversational banking and AI-assisted customer service — which are being used in customer-facing applications — will gain traction in the back office with the migration to cloud-based platforms. “Before I leave my house in the morning I’m going to have Alexa telling me that I’ve got an anomaly that is putting my close process behind, that we didn’t do certain accruals, or the balance of an expense account.”

The cloud can also help address some of the data challenges that banks are experiencing, including data silos, duplicate data, and a lack of master data files, Silva said. “It doesn’t help the customer if you’ve got data everywhere.”

While financial services firms can easily drown in data, Artemenko noted that it is important to understand the organization’s data goals. “You need to understand the reporting requirements

from the Board of Directors and regulators. It is going to take some leadership, creativity and flexibility. You need to decide what data is critical and what data needs to be consistent, knowing that whatever you decide today is going to change tomorrow.”

The cloud will also facilitate the adoption of emerging technologies to automate routine tasks and improve efficiency. “If you’re afraid to move data out of the closets where the servers are living, you are not going to have the ability to implement machine learning and analysis that can be done much better by machines than humans,” Artemenko said.



CONCLUSION

In the aftermath of the financial crisis, automating front-office operations was a primary consideration, as financial services firms concentrated on customer-facing technologies to differentiate themselves in a highly competitive environment.

Modern back-office functions require an innovative approach that mirrors front office systems in their abilities to deliver real-time results to users quickly, efficiently and in a format that will enable them to leverage and amplify the information available today and in the future.

Key takeaways from this webcast:

- Financial services firms are recognizing the need to dedicate resources to back-office operations, and digital transformation is a top priority.
- Finance leaders at financial services firms can leverage cloud-based infrastructures and other technological advances to support the emergence of the new data-driven back office.
- Collaborating with other senior executives to identify and develop capabilities can help the role of the back office in financial services firms.

[To learn more watch the webcast replay](#)