FIS

Managed IT Thought Leadership Study

TECHNOLOGY TRANSFORMATION

Get the scalable infrastructure you need to control your costs, enable growth and reduce risk

INTRODUCTION

Over a recent span of five months, FIS conducted one-on-one interviews with senior level executives in over 100 financial institutions.
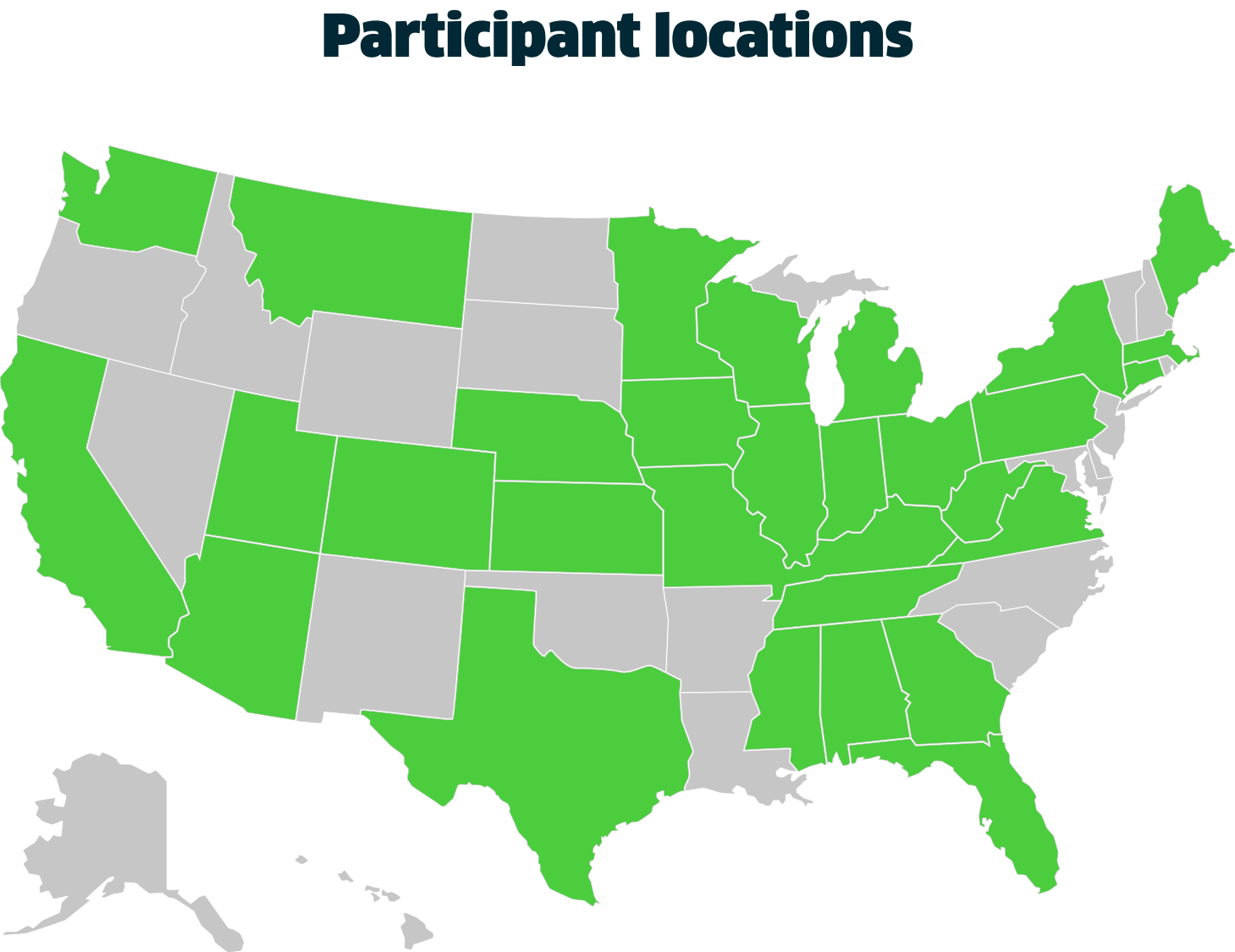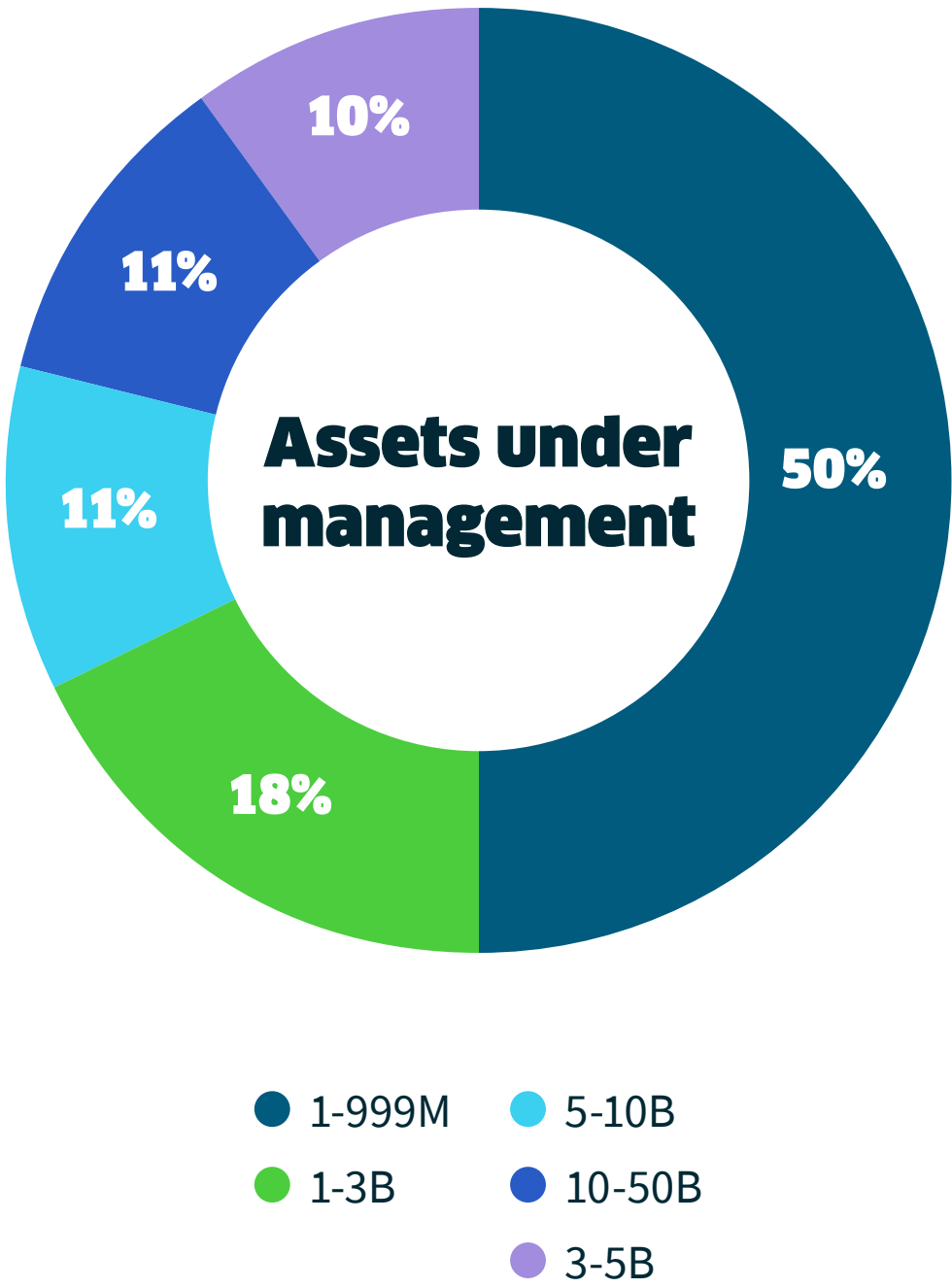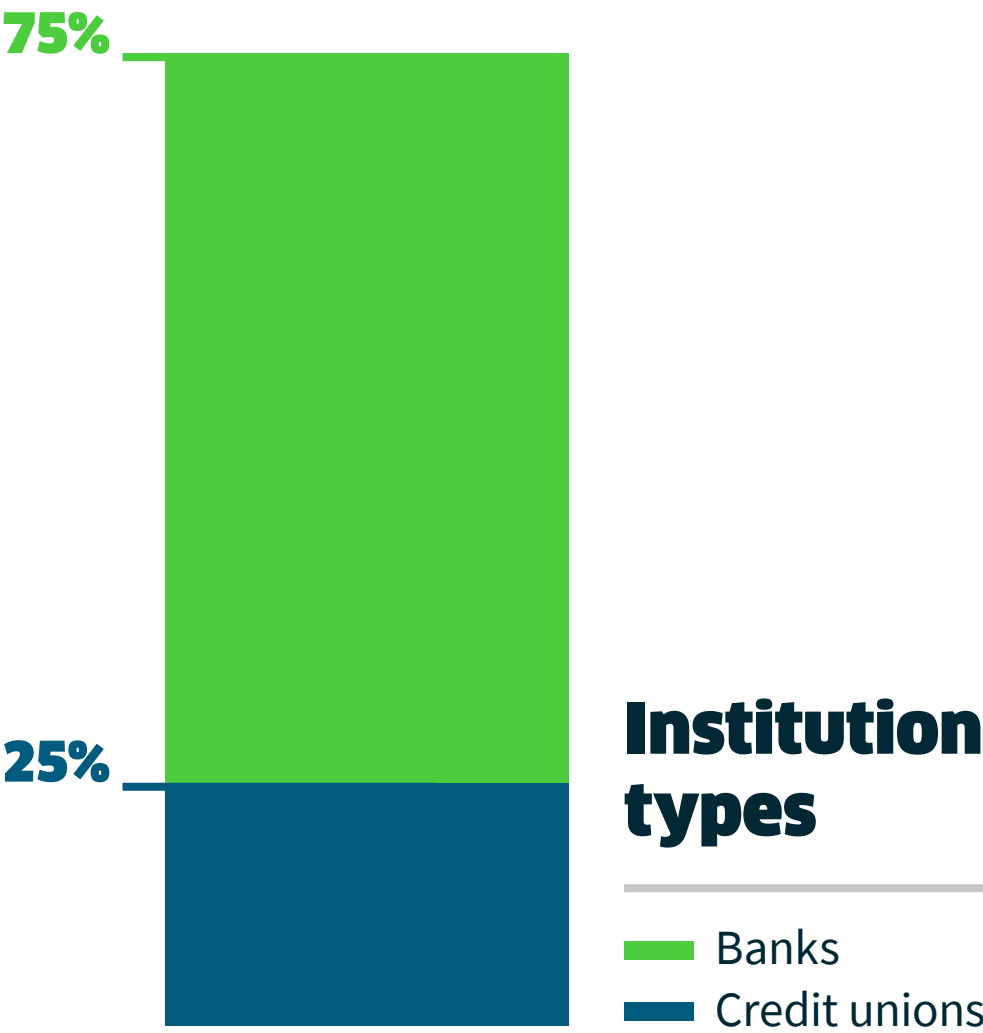
The report provides you with an overview of the results and also helps to create a complete picture of how financial institutions are handling IT challenges, trends and best practices.

LET'S REIMAGINE THE FUTURE OF IT MANAGEMENT.

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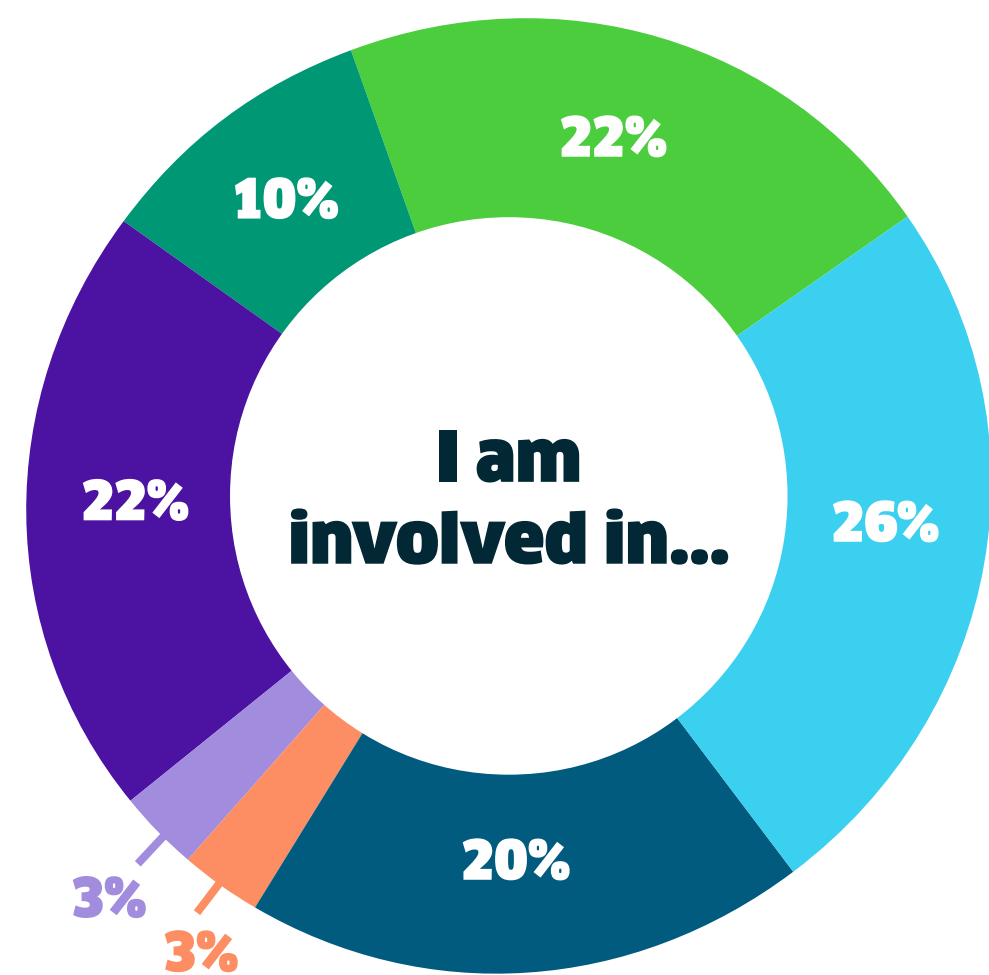# STUDY DEMOGRAPHICS


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STUDY DEMOGRAPHICS

Institution types

- ██ Banks
- ██ Credit unions

75%

25%

Assets under management

50%

18%

11%

11%

11%

10%

- ██ 1-999M
- ██ 1-3B
- ██ 5-10B
- ██ 10-50B
- ██ 3-5B

Participant locations
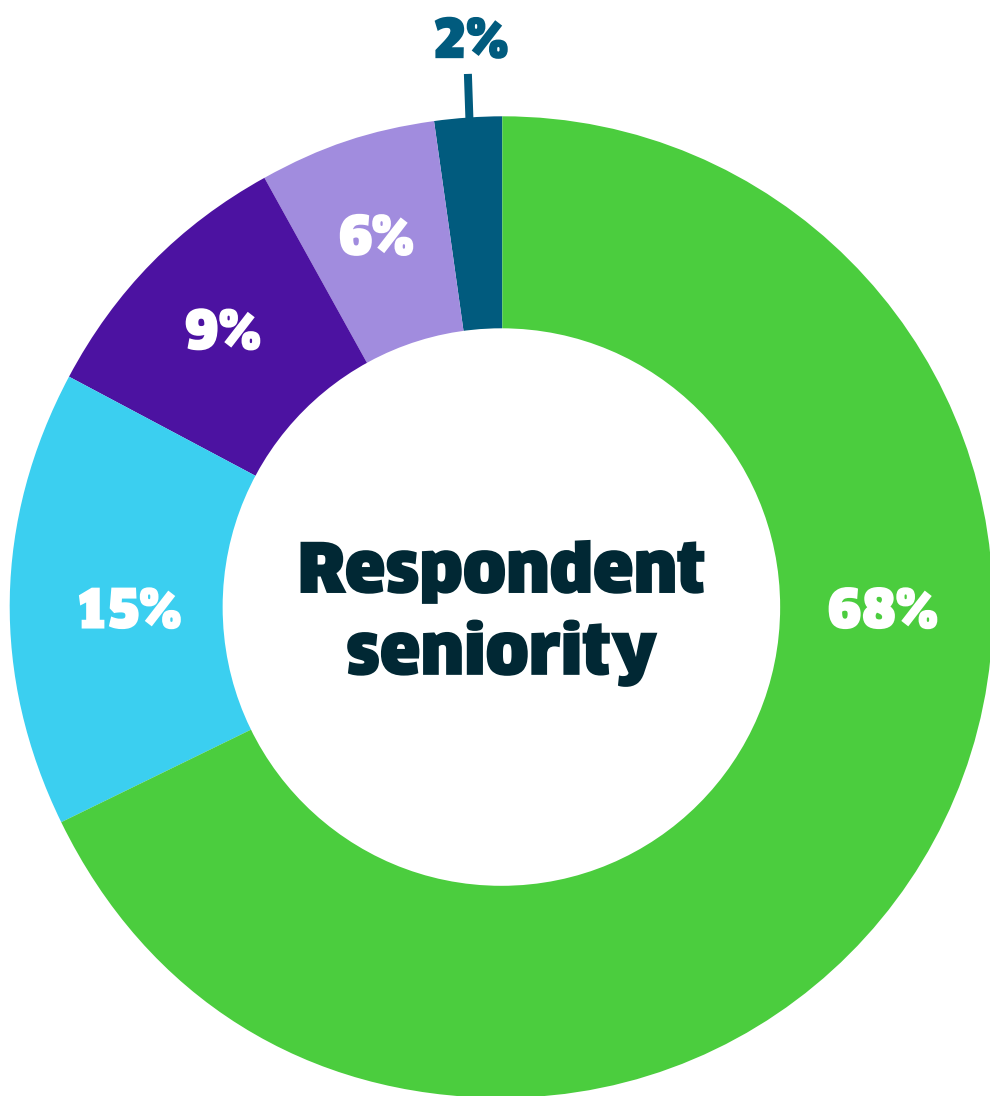
WHO PARTICIPATED?

I am involved in...

22%
10%
22%
26%
3%
3%
20%

- COVID-19 preparedness and management
- IT application development and support
- Back-office operations, BPM and call center
- Customer comms (CCM) and client experience (CX)
- Collections and debt management
- All of the above
- Other

Operational functions

3%
42%
45%
6%
2%
1%
1%
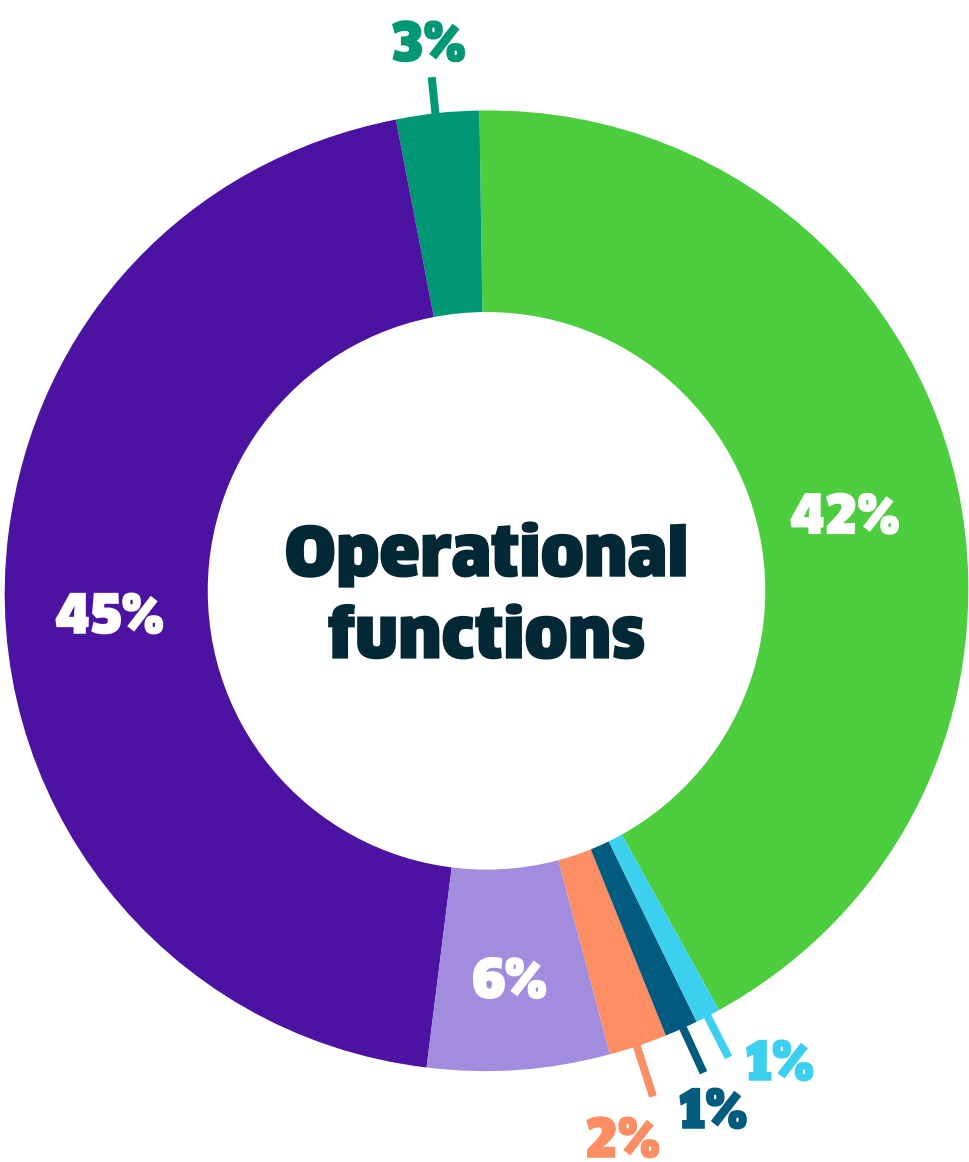
- IT
- Operations
- Finance
- Marketing
- Compliance
- Client experience (CX)
- Product management

Respondent seniority

2%
6%
9%
15%
68%

- C level
- SVP level
- President
- Manager level
- Director level

COVID-19 IMPACTS AND REMOTE WORK-FROM-HOME PRODUCTIVITY

—

EMPLOYEE PRODUCTIVITY

Are you able to measure use of productive versus non-productive applications?

- 76%
- 58%
- 24%
- 9%
- 9%

Legend:
- C level
- SVP level
- President
- Manager level
- Director level
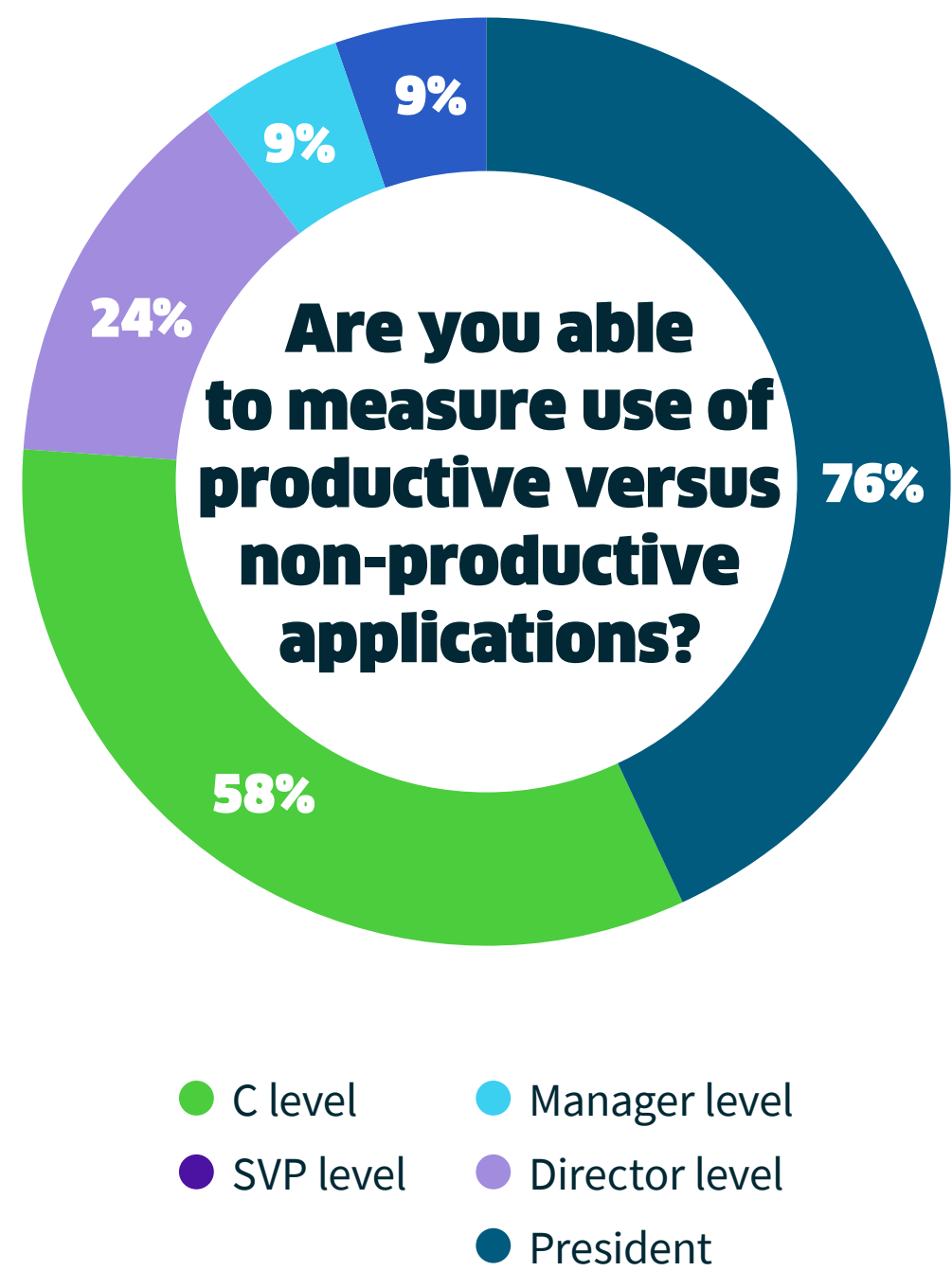
What are top challenges in managing remote employees?

Manual	Metrics
VPN	Intelligence
Organization	Workforce
Existing	Measure
Reports	Logged
WFH	Solution
Call	Productivity
Reports	Huddle
Teams	Automated
Items	Network
Allow	Workload
Smart	Accomplishments

WORK-FROM-HOME (WFH) BEST PRACTICES

Use standard protocols due to business transactions and through reporting and analytic

"Multiple monitors and docking stations were requested by and provided to WFH employees. Digital signature was rolled out across the board and deployed (in some cases) via mobile app so a desk phone would ring on a cell phone to cover calls remotely."

Robust VPN infrastructure to support WFH

"Good old-fashioned leadership and accountability. If there were management deficiencies before, you will have deficiencies during remote."

### Look at the job duties for each person that works from home and streamline

"Capacity model testing - we briefly started performing time studies with teams prior to COVID-19, which has helped managers better understand productivity while our teams have been working remotely since Feb 2020."

If you can utilize virtualization, it's easier to deploy and manage and to create points of contact for lines of business. It made communication to contact a single contact.

"Defined SLAs per important processes from before COVID-19 and compare to post-COVID to understand changes in volume, throughput and quality."

Mirror in-office environment as closely as possible. Consistent communication of expectations, and frequent touch base.
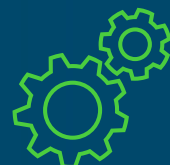
Did not relax any existing controls. All monitoring continued to be in place.

Identify your KPIs and build automated reports that are simple and clear, measurable and transparent. Allow employees to review their reports.

Weekly huddles where team members discuss what they've done and what they will get done this week.
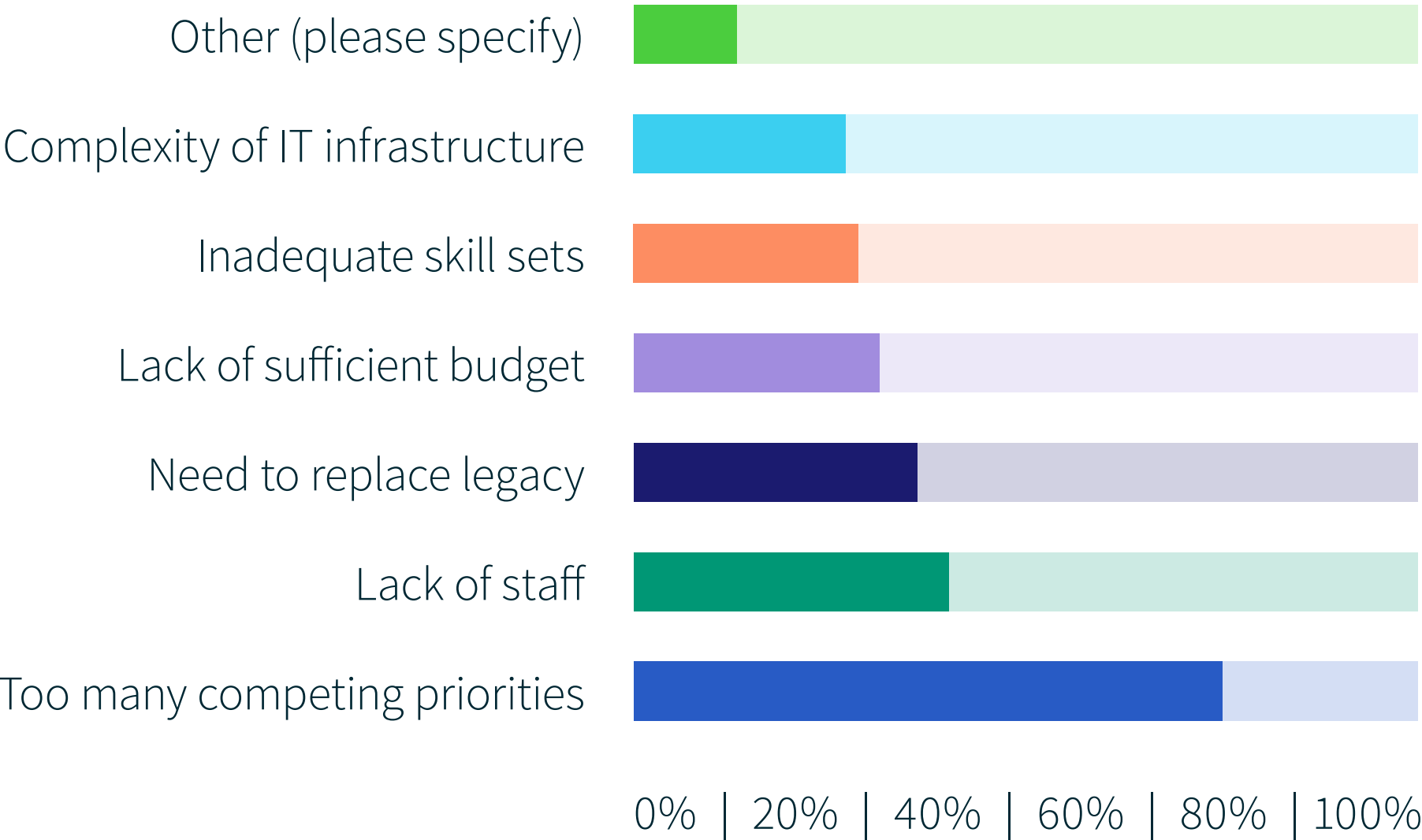
Monitor that daily duties continue to be accomplished within reason and duties are not falling behind.

TOP IT PRIORITIES

RANKING THE CRITICALITY OF TOP PRIORITIES

Biggest challenges to achieving success

Other (please specify)

Complexity of IT infrastructure

Inadequate skill sets

Lack of sufficient budget

Need to replace legacy

Lack of staff

Too many competing priorities

0% | 20% | 40% | 60% | 80% | 100%

1 **Deliver consistent and stable IT**

Almost 96% of respondents ranked this as Critical orHigh Priority
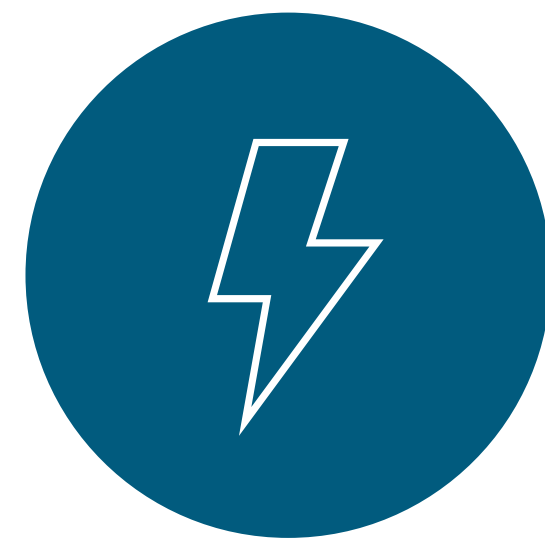
2 Increase operational efficiencies / reduce complexity

3 **Improve cyber security**

Increased data threats continue to be a top concern for CIOs, CISOs, and Data Security execs

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RANKING THE CRITICALITY OF TOP PRIORITIES

4

Reduce operational
risk and ensure
compliance

5

Enhance the
customer
experience

6

Improve
speed / time
to market

7

Develop innovative
new productsand
services

8

Reduce or
rationalize
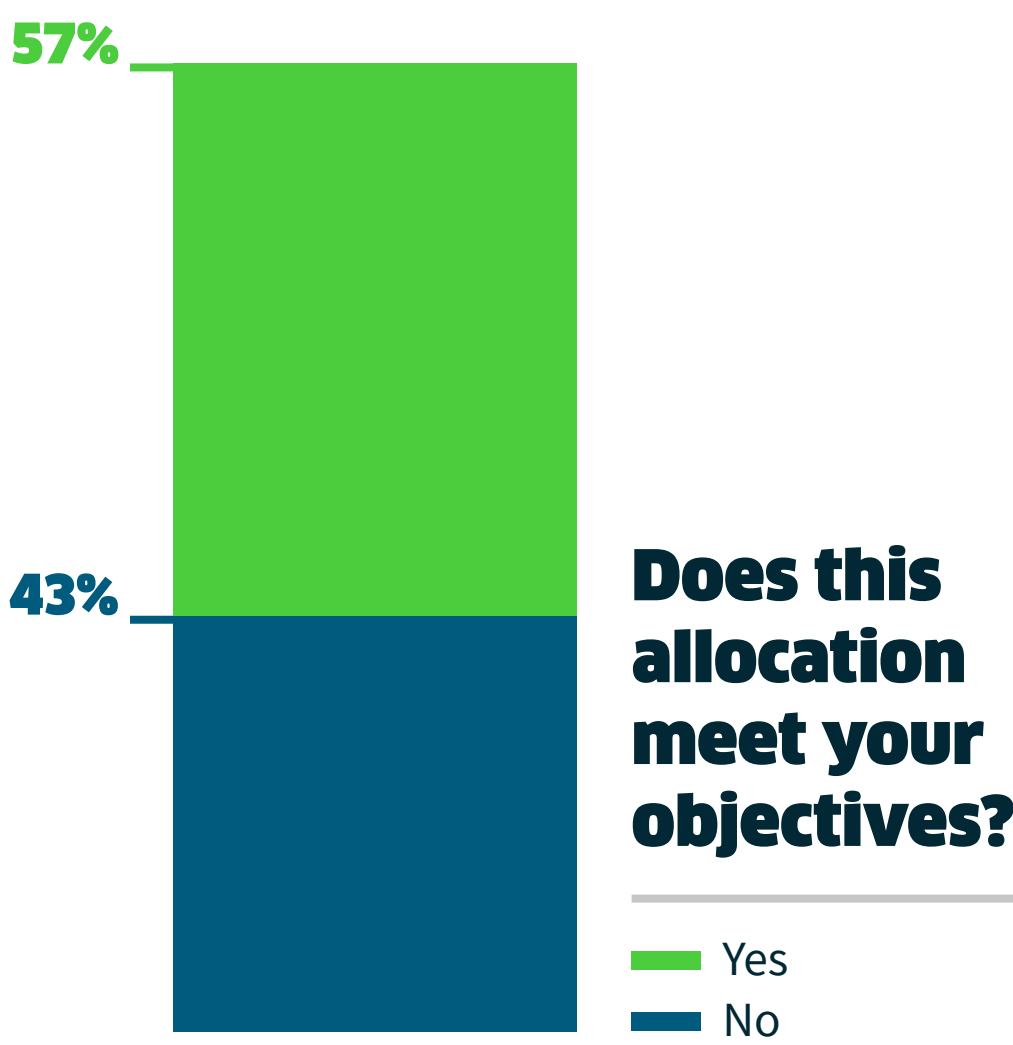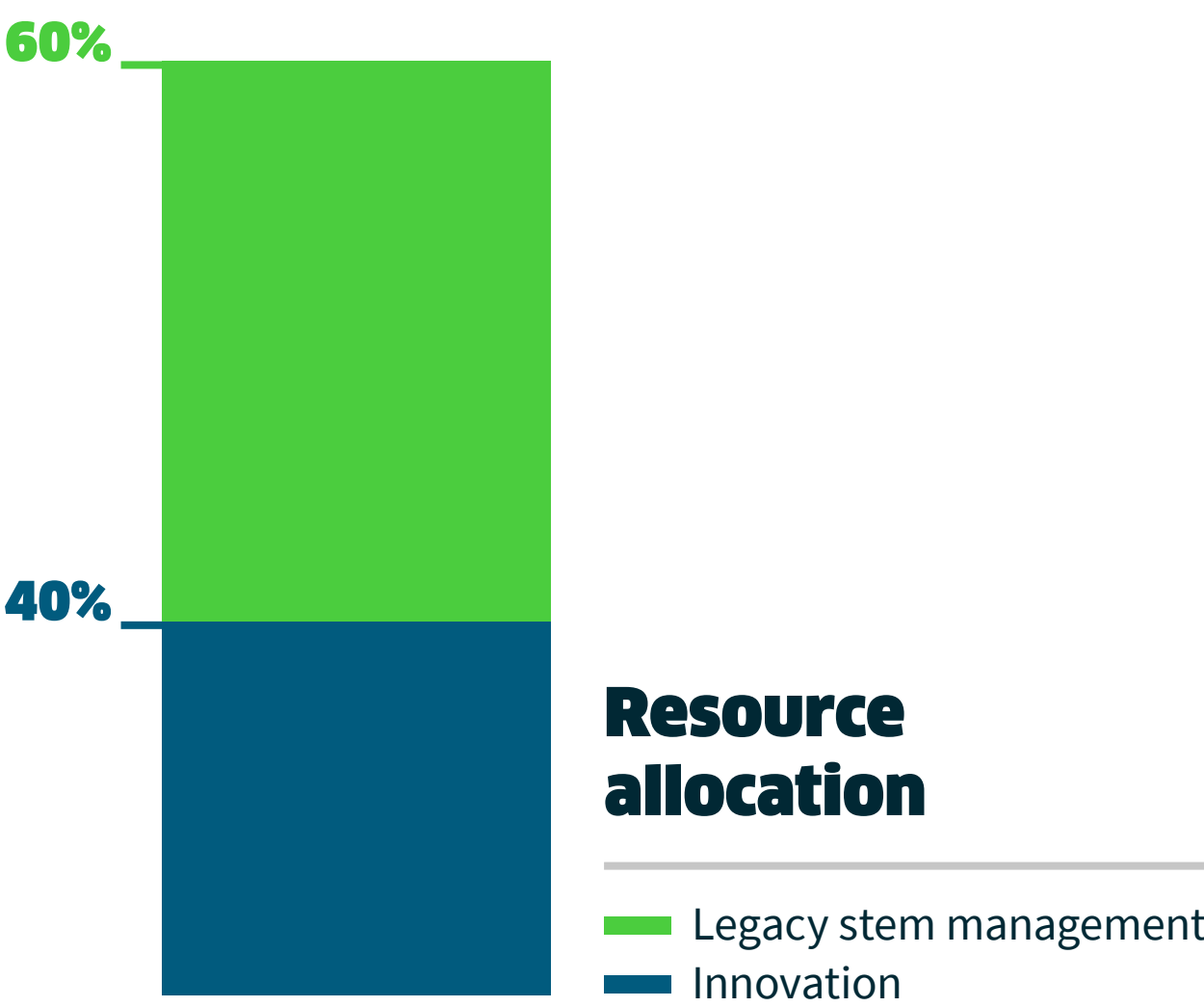IT spending

EXTENT OF TECHNOLOGY ADOPTION

Keeping the computers running is one thing but maintaining the unseen security of those systems and ensuring regulatory compliance around the clock is another. As the world around you continues to evolve, you must also try to keep up with new technologies like the cloud, SaaS and more.

It's made even more difficult because finding the skilled employees you need to ensure it gets done is far from an easy task, if it's even possible in your area. And what about the budget? That creates a scary feeling when you leave the office: are you secure or not? Can you keep up with the pace of innovation? It really shouldn't be this difficult to ensure your business will survive to fight another day.

Technology adoption

Legend: ■ 3 - extensive ■ 2 - limited ■ 1 - pilot/experimentation ■ 0 - none ■ N/A
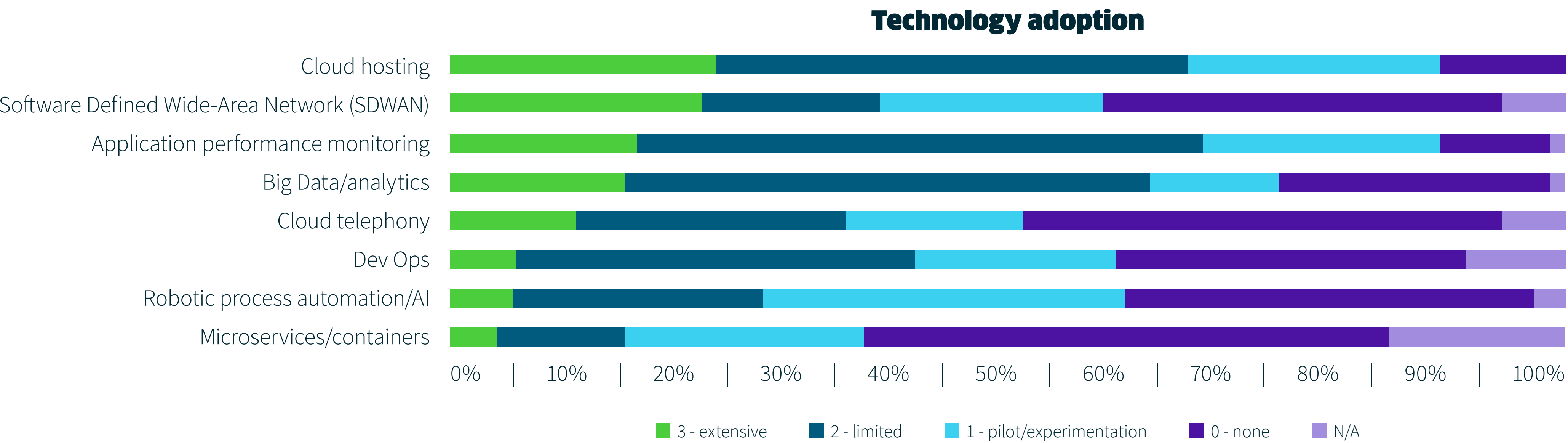
INNOVATION VS. LEGACY SUPPORT

"What percentage of your IT management, application development and maintenance resources are allocated to each of the following?"

60%

40%

Resource allocation

- Legacy stem management
- Innovation

57%

43%

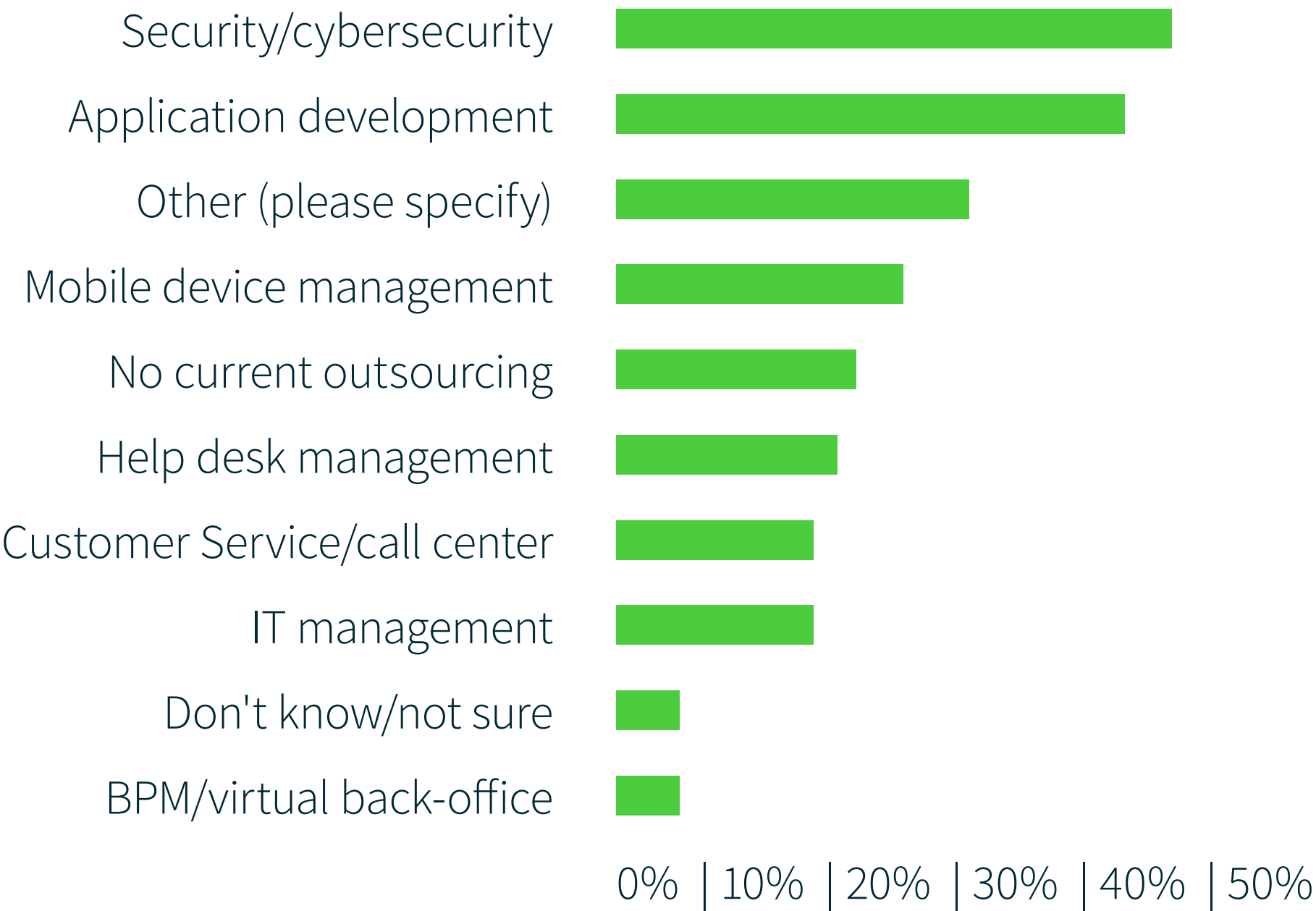**Does this allocation meet your objectives?**
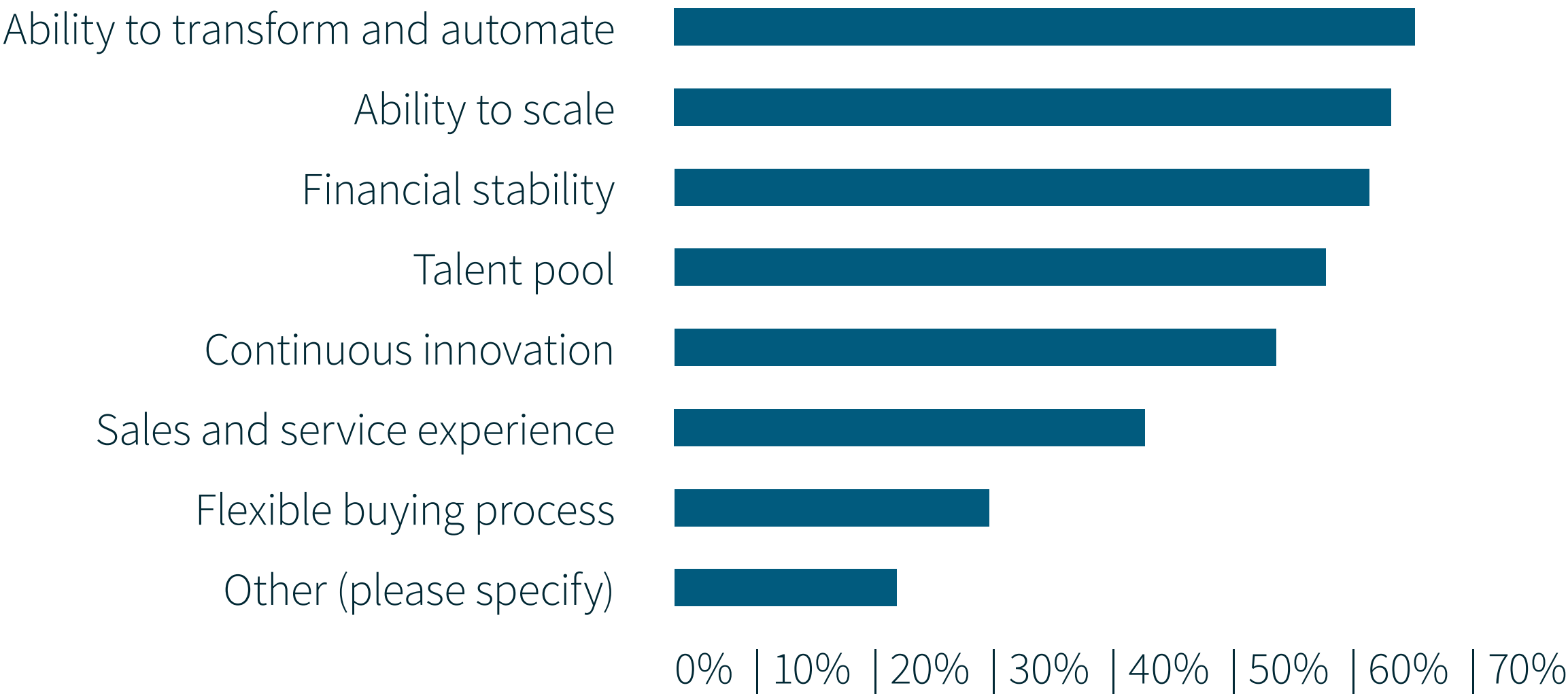
- Yes
- No

Observations

- Respondents who answered YES had an average of 50% allocated to innovation (5%-90%)

- Those who answered NO had an average of 25% allocated to innovation

OUTSOURCING INSIGHTS

What functions do you outsource today?

Function	Value
Security/cybersecurity	~45%
Application development	~38%
Other (please specify)	~27%
Mobile device management	~22%
No current outsourcing	~17%
Help desk management	~16%
Customer Service/call center	~15%
IT management	~15%
Don't know/not sure	~4%
BPM/virtual back-office	~4%

0% | 10% | 20% | 30% | 40% | 50%

What do you look for in an outsource partner?

Attribute	Value
Ability to transform and automate	~65%
Ability to scale	~60%
Financial stability	~58%
Talent pool	~55%
Continuous innovation	~50%
Sales and service experience	~42%
Flexible buying process	~28%
Other (please specify)	~18%

0% | 10% | 20% | 30% | 40% | 50% | 60% | 70%

OUTSOURCING INSIGHTS

What lessons learned would you share with peers?

1. Be very selective with partners, invest in the relationship

2. Maintain diligent oversight of results

3. Always do your due diligence on selecting your vendors

4. Monitor contracts, reports and billing carefully

5. Managing vendor performance is the most important part, starting with contract SLAs

6. Larger access to expertise and monitoring = less pressure on staff

**7.** Focus on competitive strategies and outsource where you need to

"**Try to identify their commitment to being a true partner. That is, working as hard as—or harder than— you are to adapt and scale based on market drivers and member/customer needs.**"

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INSIGHTS ON IT STRATEGY AND SPEND

DATA CENTER OWNERSHIP TRENDS AND LOCATIONS
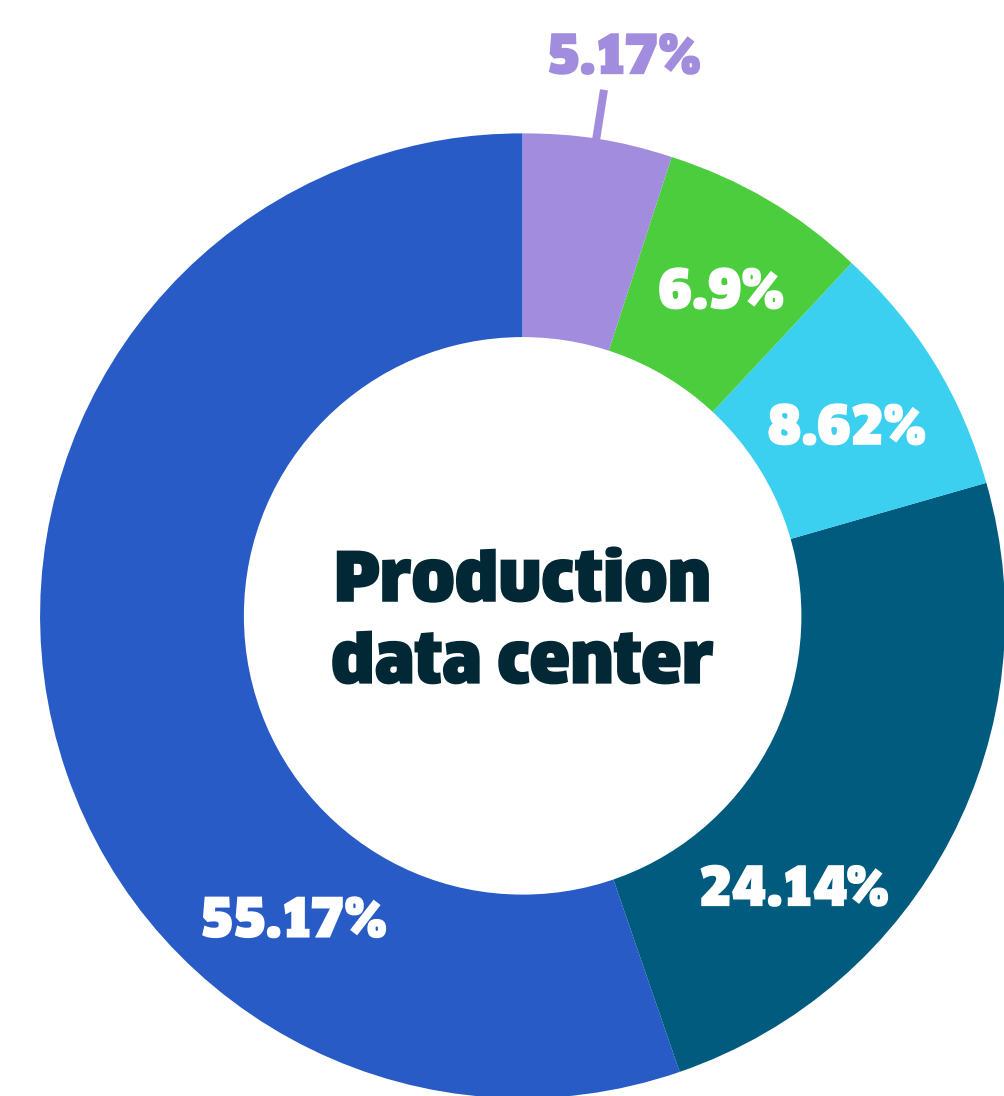
Production data center

- 5.17%
- 6.9%
- 8.62%
- 24.14%
- 55.17%

Legend:
- ● In or transitioning to hosting facility (Azure, AWS)
- ● In or transitioning to a colocation
- ● In a third-party hosting provider (partner)
- ● We own or lease our own data center
- ● N/A

Disaster recovery data center
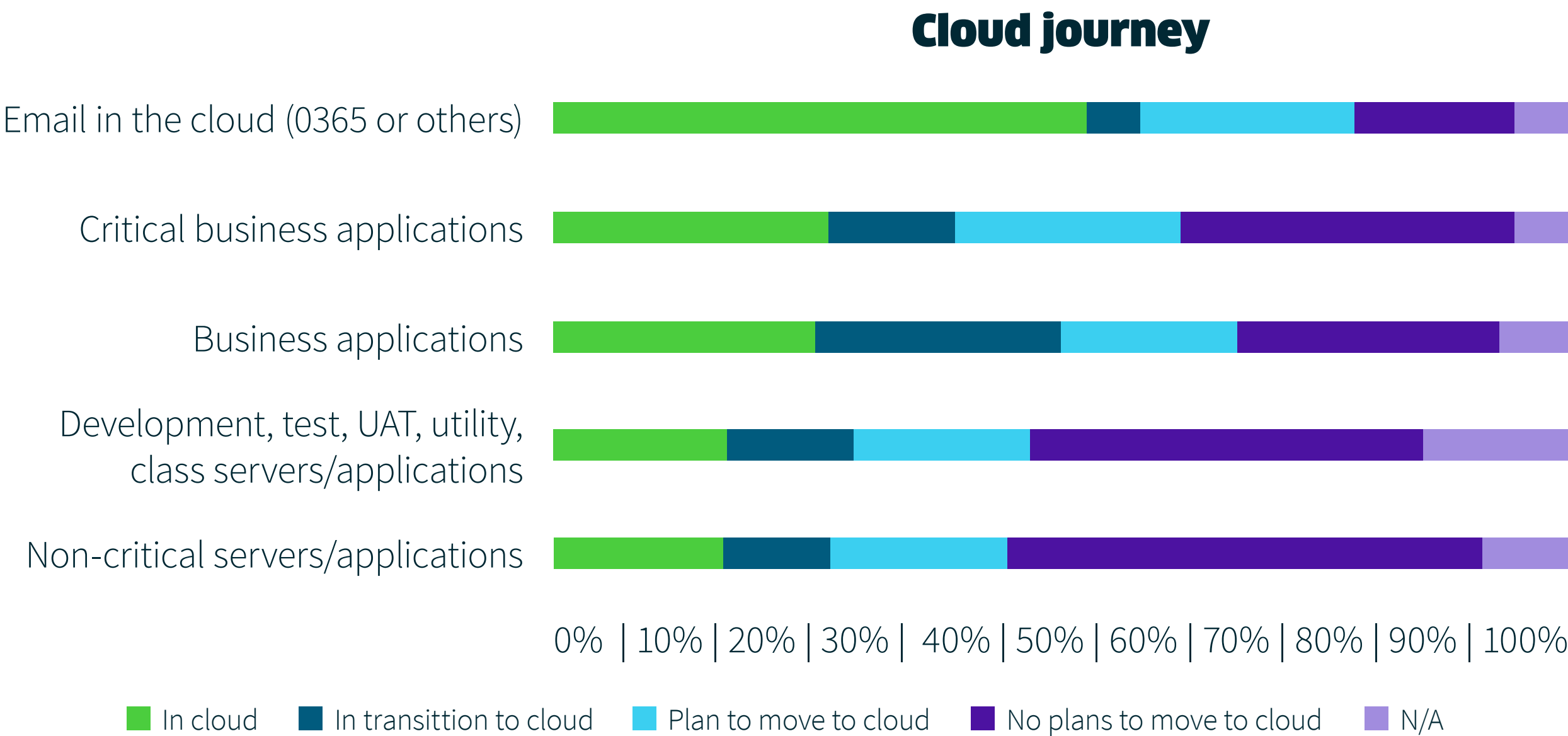
- 3.45%
- 12.07%
- 20.69%
- 29.31%
- 34.48%
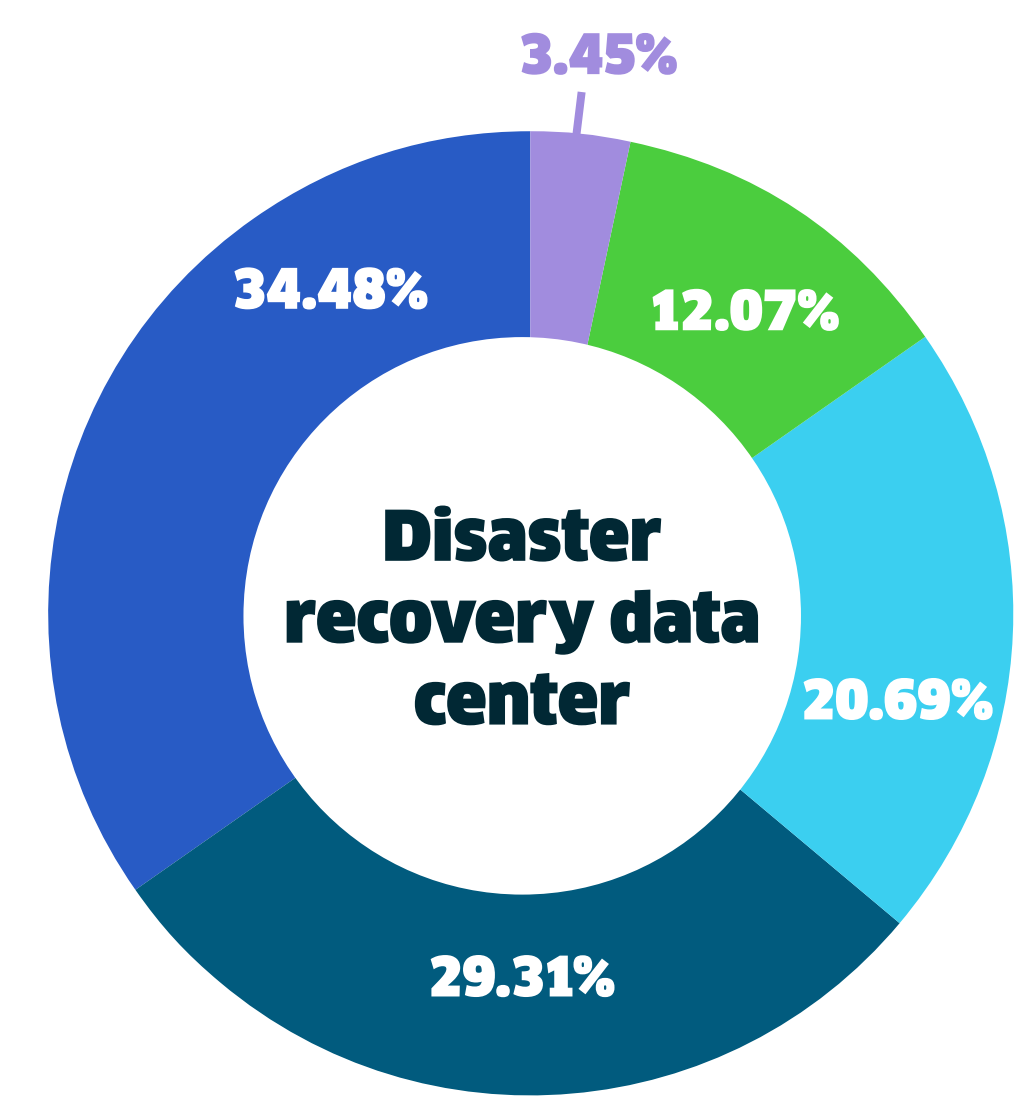
Legend:
- ● In or transitioning to hosting facility (Azure, AWS)
- ● In or transitioning to a colocation
- ● In a third-party hosting provider (partner)
- ● We own or lease our own data center
- ● N/A

Observations

1. Approximately 15% of production DCs are in transition, whereas 32% of DR DCs are in transition.

2. Production COLOs accounted for 32% whereas 50% of DR DCs are in COLO.

CHALLENGES, TRENDS AND BEST PRACTICES

HOW WOULD YOU DESCRIBE YOUR CLOUD TRANSFORMATION JOURNEY?

Cloud journey

Email in the cloud (0365 or others)

Critical business applications

Business applications

Development, test, UAT, utility, class servers/applications

Non-critical servers/applications

0% | 10% | 20% | 30% | 40% | 50% | 60% | 70% | 80% | 90% | 100%

- In cloud
- In transittion to cloud
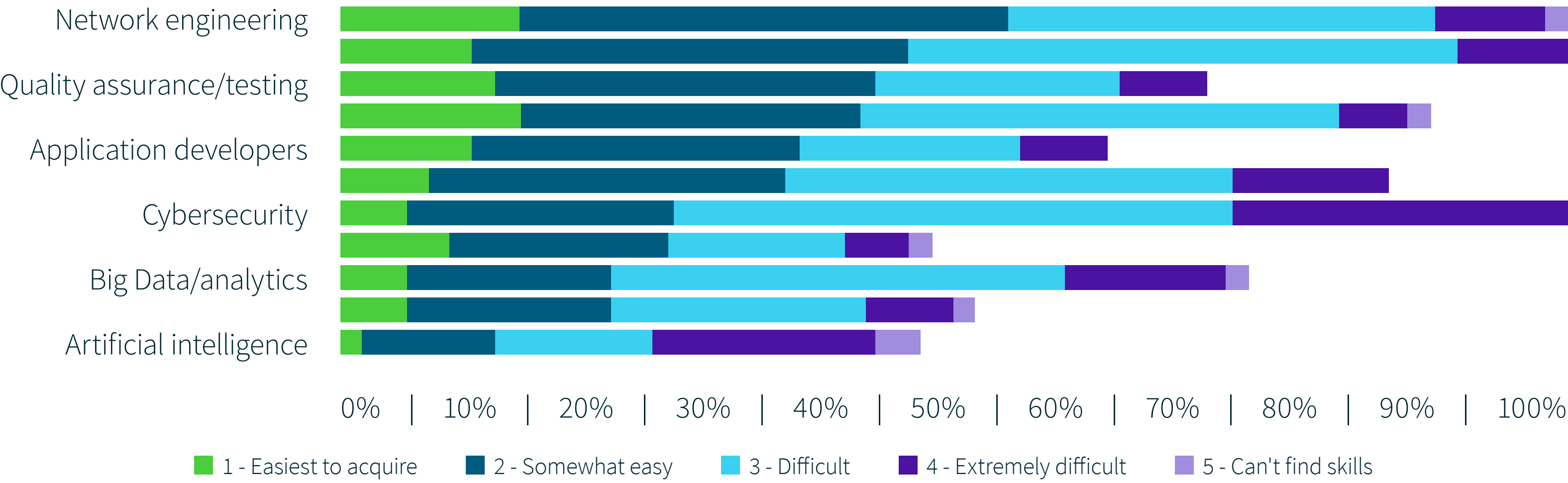- Plan to move to cloud
- No plans to move to cloud
- N/A

Observations

- It is NOT surprising that email is almost at 80% (current - planned) in the cloud.

- It is telling that respondents felt that the lesser important application stacks have significantly less desire to move to the cloud.

- Critical business applications was second to email for "in the cloud".

- Lesser important business applications show a slightly higher total move to the cloud.

FINDING SKILLS

Easiest skills to acquire

Network engineering
Quality assurance/testing
Application developers
Cybersecurity
Big Data/analytics
Artificial intelligence

0% | 10% | 20% | 30% | 40% | 50% | 60% | 70% | 80% | 90% | 100%

■ 1 - Easiest to acquire   ■ 2 - Somewhat easy   ■ 3 - Difficult   ■ 4 - Extremely difficult   ■ 5 - Can't find skills
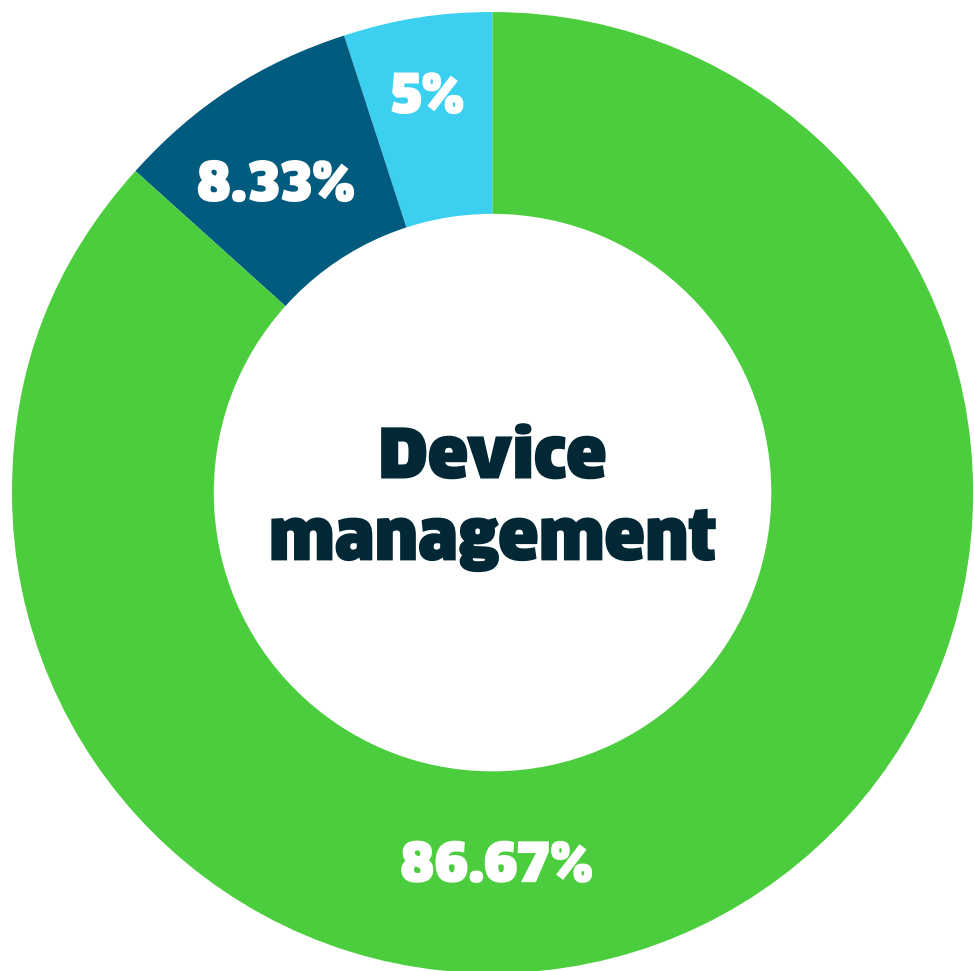
Observations

1. It is no surprise that network engineers, business analysts and cybersecurity were the most sought after.

2. Surprisingly, cybersecurity, AI and enterprise architecture both had significantly HIGH levels of difficult and can't find skills.

3. These skill sets usually require significant experience and can be a key area to leverage an outsourcing partner.

4. Application development/WA are the most commonly outsourced functions. 40% of respondents say they remain hard to acquire skills.

5. Demand for mainframe technology skill sets remains strong.

TRENDS IN BRING-YOUR-OWN-DEVICE

Ownership of devices

- 9.84%
- 16.39%
- 13.11%
- 60.66%
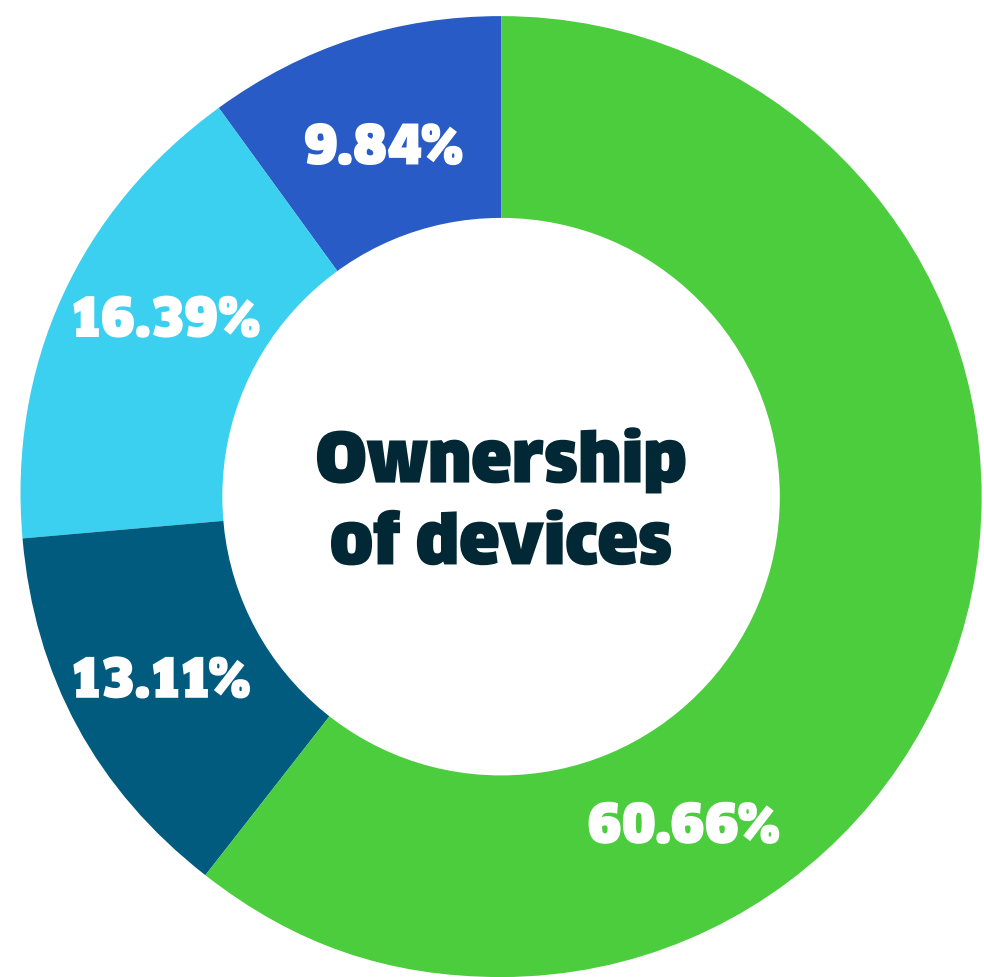
● BYOD and organization owned
● BYOD only
● Oranization owned only
● Other

Device management

- 5%
- 8.33%
- 86.67%

● By my IT organization
● By a third party
● Partially outsourced

Observations

● Although it is very clear that organizations are embracing BYOD, with over 70% allowing it, the management is still completed by in-house IT organizations.

WHAT VOICE AND CONFERENCING SYSTEMS DO YOU USE?

Video/ conferencing

9%

11%

21%

- VoIP
- Cloud
- PBX
- Don't know/unsure
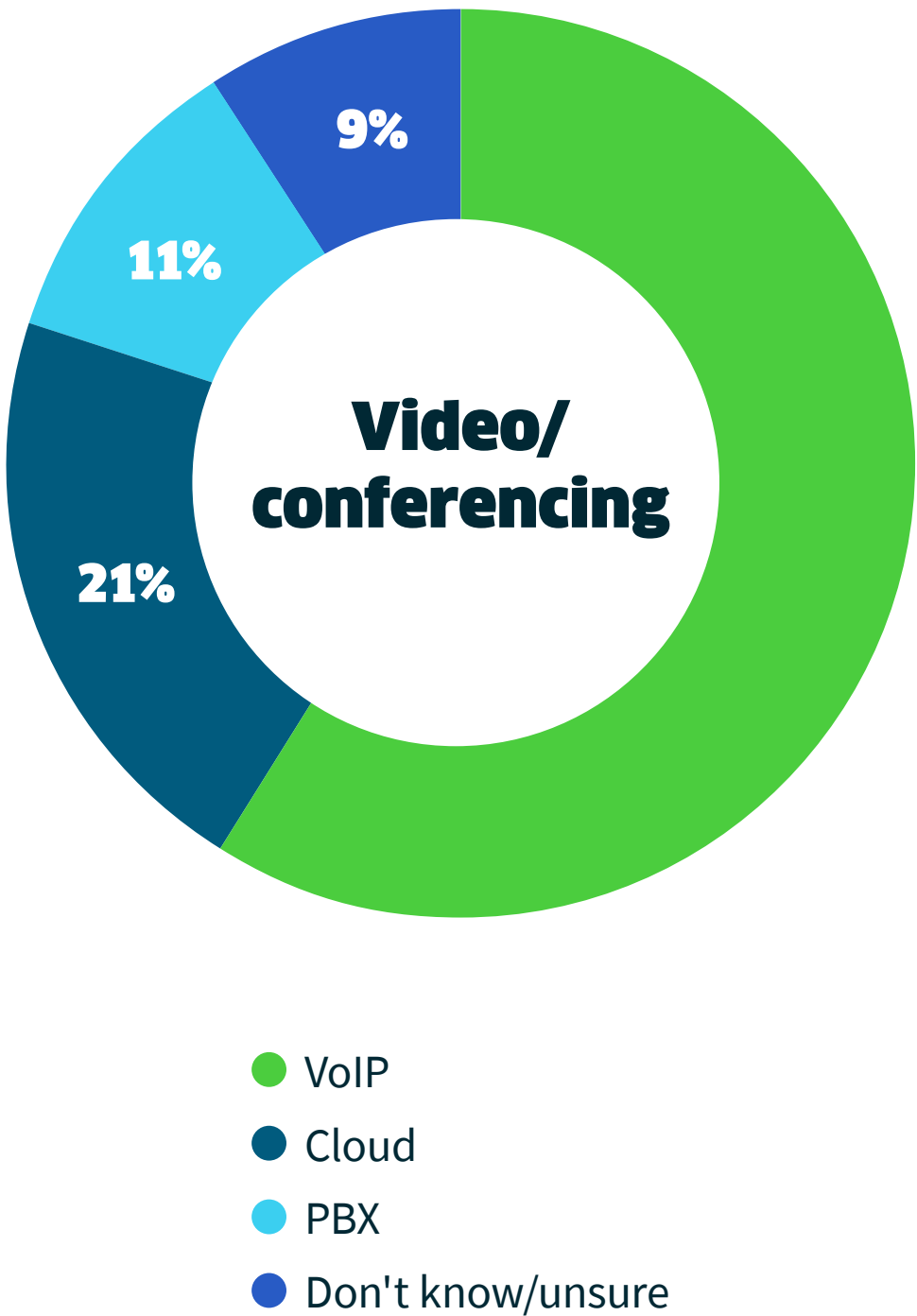
Observations

- PBX is clearly an outdated technology for voice and voice conferencing, with 80% embracing VoIP and the cloud.

- Most respondents are very satisfied with the current VoIP technologies such as Microsoft Teams, Zoom and Webex, especially in the mobility arena.

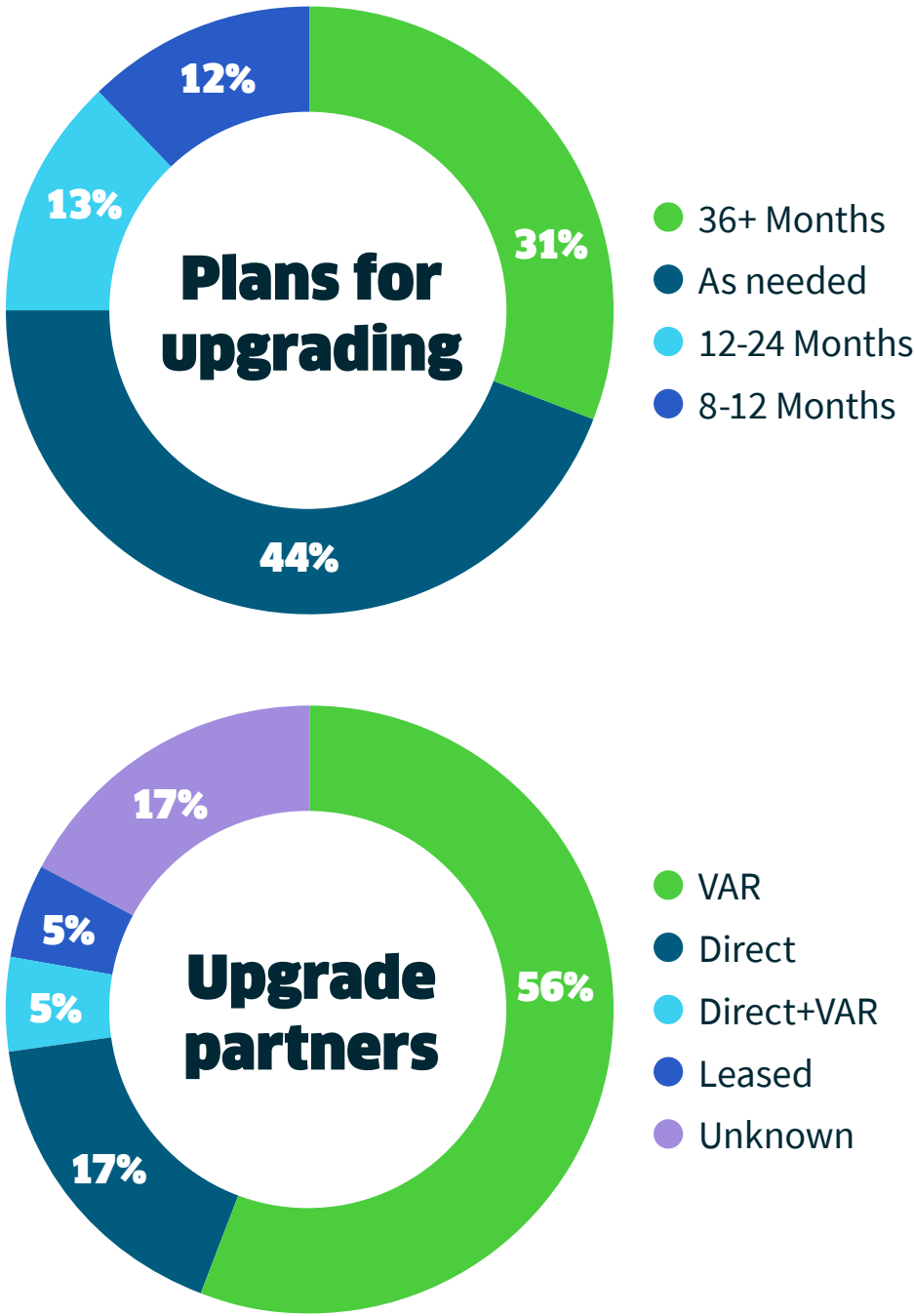- Some noted needing better security and fraud prevention.

DO YOU OPERATE A MAINFRAME TODAY?

Mainframe usage

- 60%
- 30%
- 7%
- 3%

- No
- Yes - outsourced
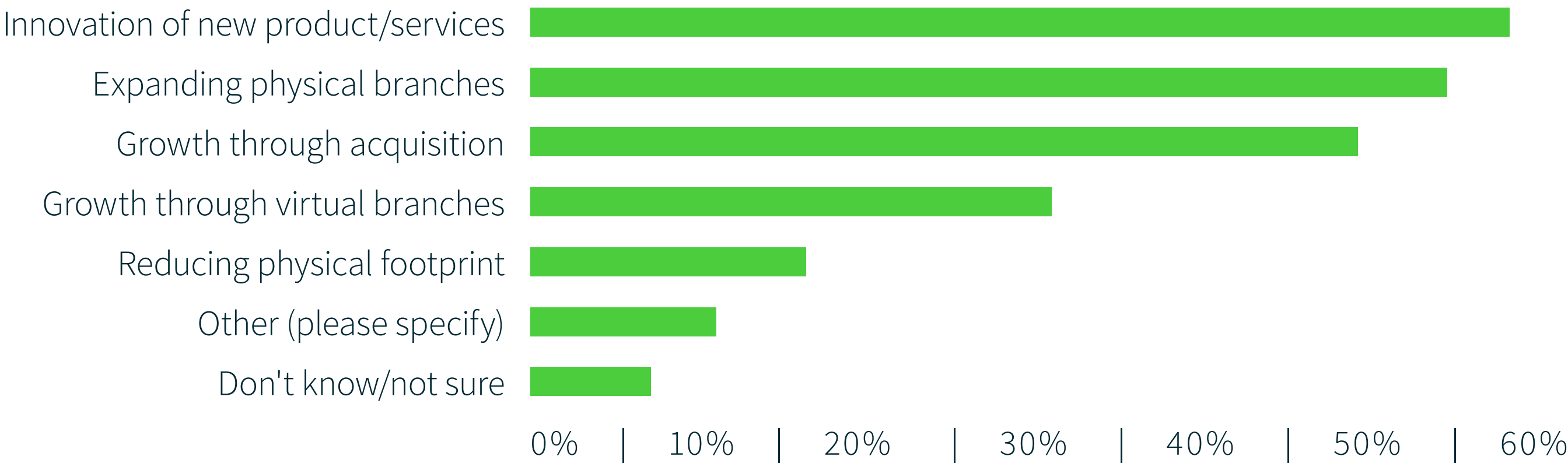- Yes - maintained internally
- Don't know/unsure
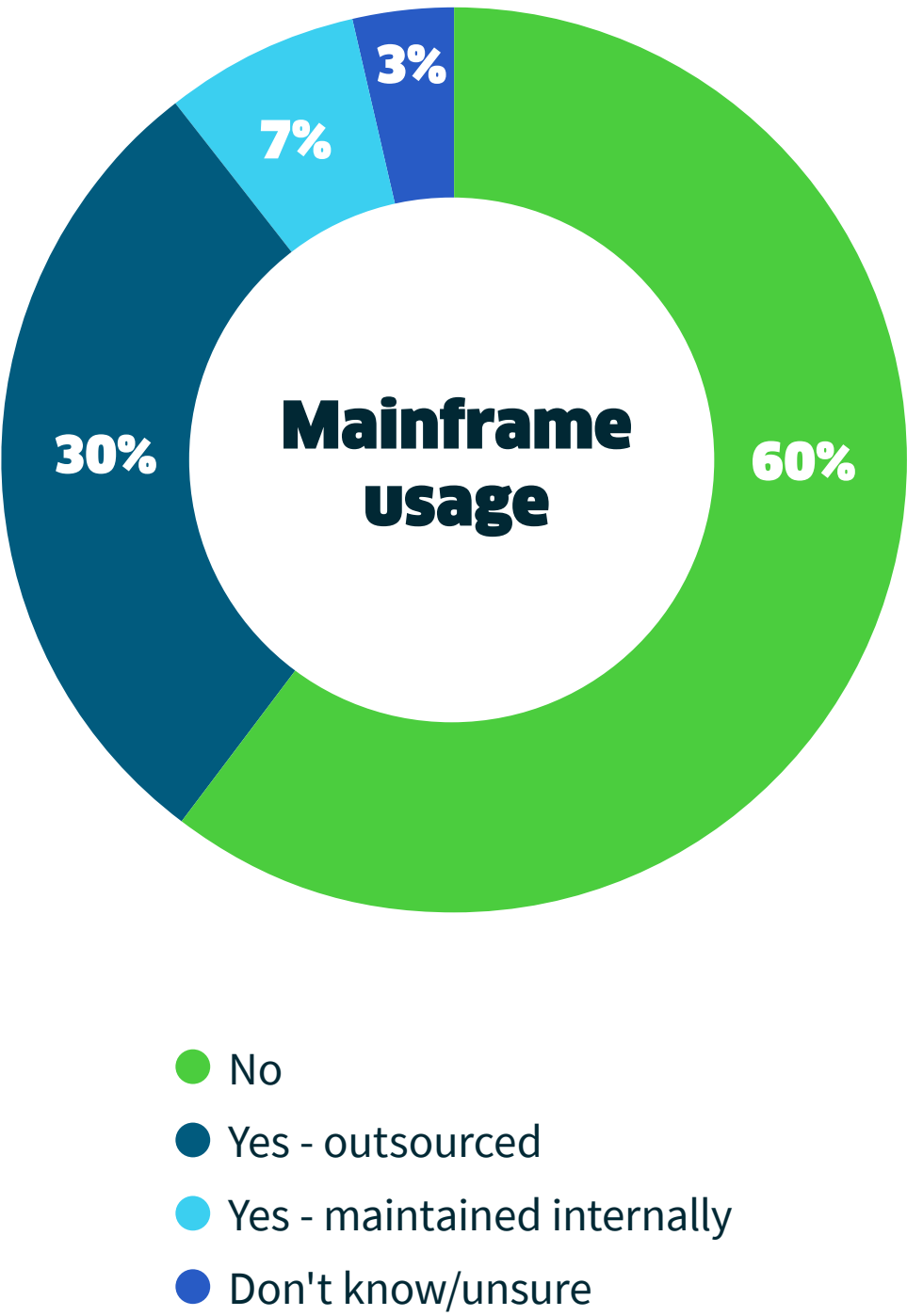
Mainframe top challenges

- Talent pool/skill sets
- Support and maintenance of hardware/software
- COBOL talent
- Training for employees
- Maintaining currency of equipment and apps

- Keeping user permissions updated
- Security maintenance and best practices being followed
- Expensive
- Software licensing hassles
- Finding systems programmers

Plans for upgrading

- 31%
- 44%
- 13%
- 12%

- 36+ Months
- As needed
- 12-24 Months
- 8-12 Months

Upgrade partners

- 56%
- 17%
- 5%
- 5%
- 17%

- VAR
- Direct
- Direct+VAR
- Leased
- Unknown

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GROWTH STRATEGIES

Planning for growth

- Innovation of new product/services
- Expanding physical branches
- Growth through acquisition
- Growth through virtual branches
- Reducing physical footprint
- Other (please specify)
- Don't know/not sure

0% | 10% | 20% | 30% | 40% | 50% | 60%

Observations

1. It is no surprise that innovation of new products/ services top the chart.

2. Studies on growth through acquisition, mirror tradeshow and event conversations with clients who share this is a key growth strategy consistently.

3. Surprising is expansion of physical branches, and worth exploring if that is part of acquisition growth, or net new branches.

Past 12 months

- 56% Increased
- 33% Stayed the same
- 11% Decreased
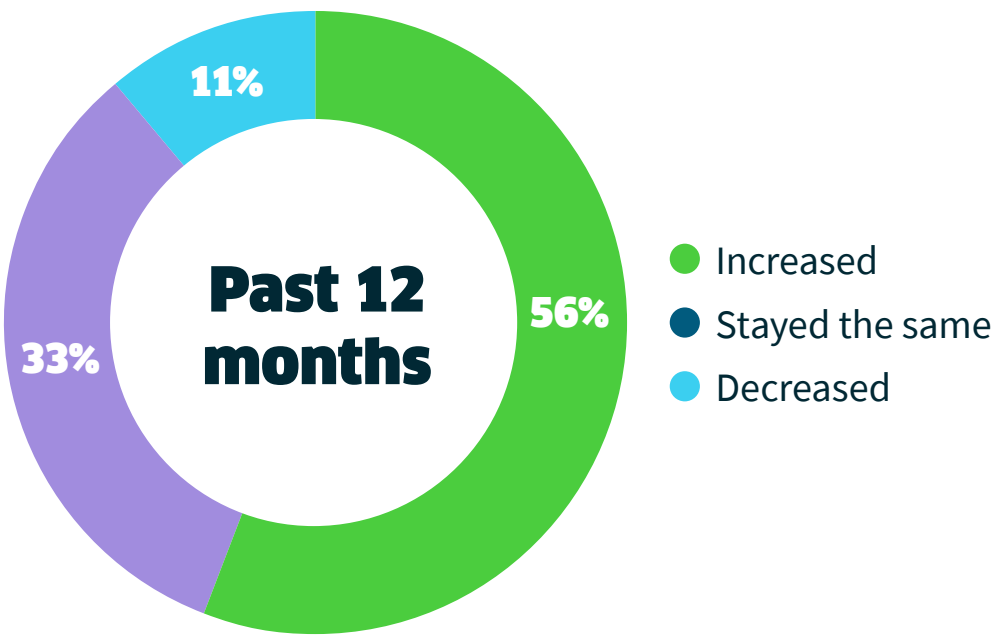
Observations

- During COVID-19, respondents did not see much budget decrease.

- Critical keys to budget increase are, predictably: Cybersecurity, digital and the cloud.

- Surprisingly, if you look at both critical and strong, infrastructure upgrades jumps from sixth to fourth place. So, even though there is a significant desire to move to the cloud, infrastructure is still a key budget item.

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LET'S REIMAGINE THE FUTURE OF IT MANAGEMENT.

Get the scalable infrastructure you need to control your costs, enable growth and reduce risk.

When it comes to the future of IT management, it's no longer about redefining, innovation or pivots to growth. It's about having a scalable infrastructure to control your costs and being flexible for the future. Now you can be confident in your choice in vendors because you already work with us. By partnering with the IT management experts at FIS, you can get back to focusing on your business, so you can grow for yourself and your customers/members. Don't fall short of your regulatory requirements, risking fines and downtime. Acquire the right know-how by outsourcing to a global leader in fintech, one who is driven by decades of experience, unmatched scale and proven expertise so you can confidently navigate through today's times.

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