

ORACLE

# Financial Services Playbook

Designing a Modernization Journey  
for Finance Transformation



## Executive Summary

Technology transformation is key to maintaining your financial institution's competitive viability. Consumer demand is driven by digital convenience, the regulatory landscape is ever-changing, and net interest margins are razor thin. Your IT colleagues are busy keeping up with a long list of mission-critical projects, making it difficult for finance to get on the digital modernization agenda. This could mean you'll be spending another year with antiquated processes and limited insights—a position you can't afford to be in as the industry and market are in constant flux.

Finance is no longer solely viewed as an administrative support function and has become a vital function driving transformation journeys.

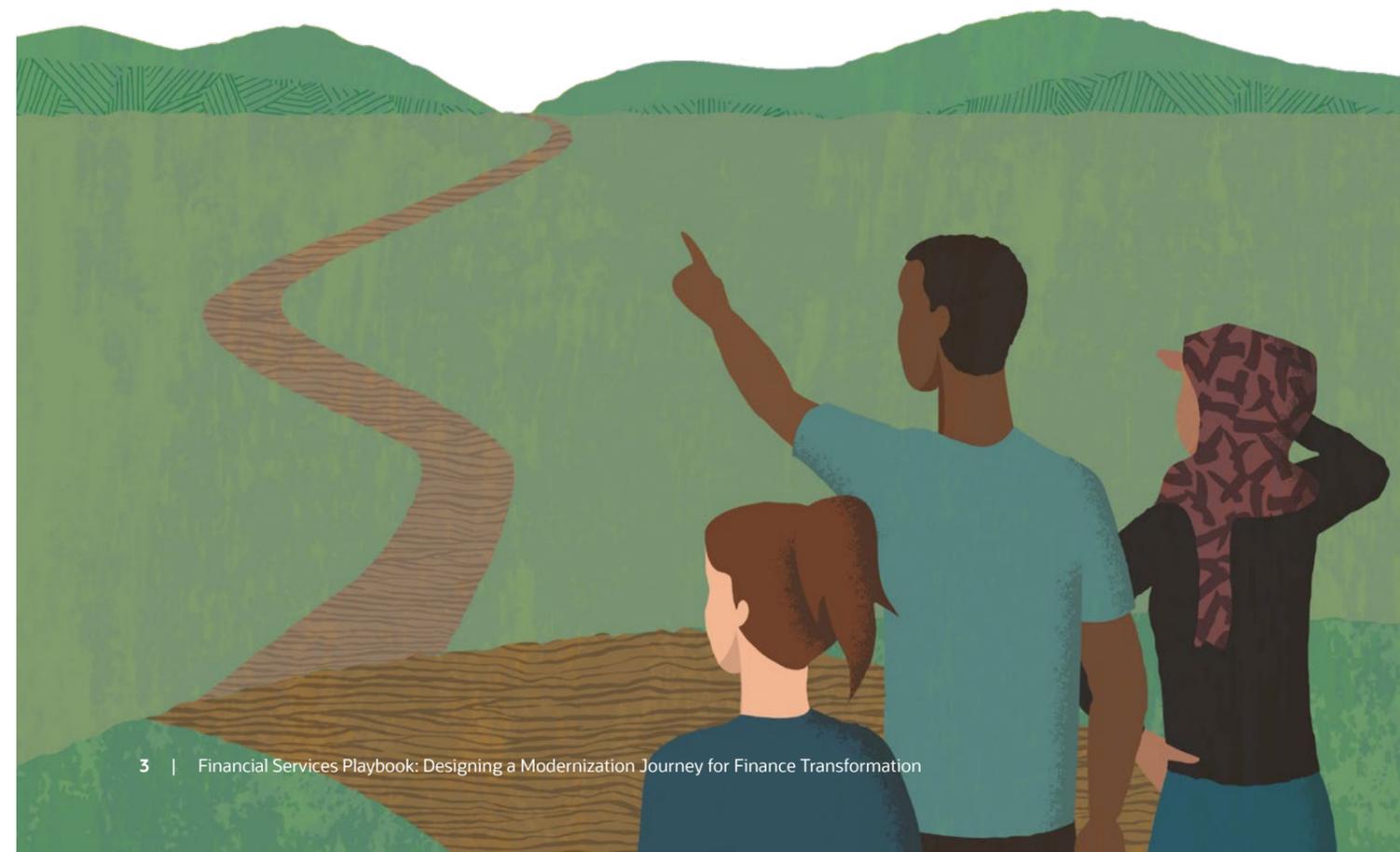
Without a strong business case, your digital modernization projects may still struggle to get priority. At Oracle, we're helping financial institutions design and implement agile modernization journeys that allow finance to fulfill its strategic role as an integral partner to the success of banking and insurance institutions.

## The Promise of Finance Modernization to Financial Institutions

You've known for some time that better information leads to better decision-making. A single source of truth for data is not a new concept. By itself, data won't bring you the competitive edge you need, and data alone isn't going to transform how your organization views the finance function. But with strategic, incremental modernization, finance becomes central to turning data into valuable business insights and delivering cost-saving operational efficiencies.

It's not easy to know where to start with your finance modernization journey. If recent years are indicators of the future, the best prediction for the financial industry is more unpredictability. That's why Oracle Financial Services has been helping customers develop agile transformation roadmaps that deliver steady, incremental value to the finance function.

Oracle customers are demonstrating consistent improvements in operational efficiency with faster, cost-effective processes, better risk assessments, and increased compliance—and their institution's leadership is taking notice. Finance staff are no longer simply preparing and handing over standard reports; they're contributing to valuable insights and analytics that are helping to transform their organizations. Better access to integrated data coupled with lean project management allows organizations to implement streamlined processes with measurable time, value and cost savings.



## The Finance Modernization Journey

The path to finance modernization depends on your organization's current state and what needs to be accomplished. Most organizations have learned that modernization is reached through a series of incremental steps where each project provides near-term value that moves organizations closer to their vision for digital transformation.

A single source of truth for data, once a conceptual framework, is no longer just nice to have, it's necessary. But there are still challenges with core legacy/fragmented systems and manual processes, and it's impractical to redesign an entire information architecture at once. We recommend a modernization journey without a defined endpoint; one that's guided by an agile finance transformation roadmap that prioritizes opportunities for finance to contribute to your institution's bottom line and competitive edge.



When the journey is seen as a life cycle rather than a one-way ticket, you will be building and deploying solutions on an ongoing basis and showing quick wins with every progress report. Even if you're still building out your data warehouse, this agile approach of multiple incremental wins can be the key to unlocking value all along your journey.

We recommend a modernization journey without a defined endpoint



### Stimulus to Innovate

#### Core Systems and Manual Processes

Creating tension between finance, risk, compliance, and efficiency



### Organizational Transformation

#### Growth Strategy

Evolving finance regulatory requirements

## Finance Disruption in Financial Services

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### Data Consolidation and Architecture

#### A Single Source of Data Truth

For risk, finance, and accounting

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### The Art of the Possible

#### Exploration and Evaluation

Vendor partnership and platform choice

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### Finance Modernization Plan

Roadmap  
Investment Prioritization

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### System Build and Deploy

- 1 Architect
- 2 Build
- 3 Deploy
- 4 Test
- 5 Transform

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### Successful Outcomes

#### A Platinum Source of Truth

Intelligent platform for modernized finance

07

## Finance Modernization Lifecycle



If you prioritize finance transformation, positive downstream implications are at hand that are a benefit to the entire organization.

Finance sits at the center of a trove of data, and modernization projects can extract value from that data by providing:

**Better data availability:** Even incremental improvements in data availability will help your institution overcome barriers caused by politics, ownership, disparate systems, and entrenched processes. When data is unrestricted and systems no longer block access to data, you can have more trust in the accuracy of your findings.

**Reliable data quality:** Consistent inputs and data hygiene standards also serve to increase trust in the reliability and predictability of your insights. This allows for more action and less unproductive debate about the meaning of what you're learning.

**Data integration:** With integrated systems, modern finance departments are transforming from being number crunchers to storytellers who create a true 360-degree view of the customer.

**Data augmentation:** When you've got a handle on internal sources, you can add even more value with external data that provides a deeper understanding of customers and enables predictive modeling.

**Security and compliance:** Initiatives can be built into the modernization journey to reinforce data security and support compliance without disrupting what you need to do to build your business. You can meet the demands of regulators for specific report templates, more frequent reporting, and even access to raw data while also adding the most up-to-date security protocols.

When viewed through a lens of ongoing change management rather than the traditional high-stakes IT project, finance modernization allows for continual improvement and flexibility to meet today's challenges and prepare for what's to come.



## Making the Business Case—Pressure to Innovate

When finance is viewed as a cost center with its primary function being to serve the needs of operational units, it's hard to get attention for modernization initiatives. If you've been living with legacy system constraints for years and have been trying to shape those systems to new compliance and operational realities, it's time to make the business case for a new path forward.

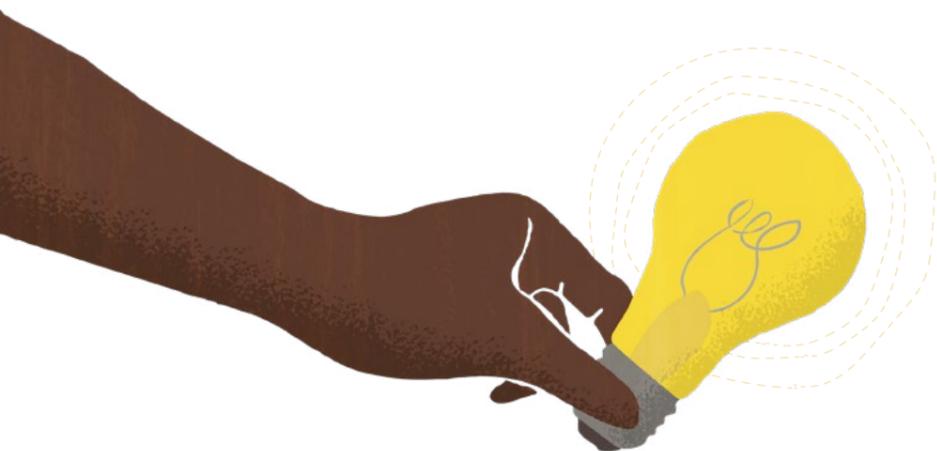
First, it's important to show how finance modernization can benefit your organization by providing better strategic insights and innovation. With less cumbersome systems, you can increase productivity, assure compliance, and empower bold decision-making. You may also want to outline the pressures that highlight the urgency of modernization, such as:

**Competition:** It's not news that new banks and FinTechs are angling for your customers and chipping away at your most lucrative services. These streamlined financial institutions are unencumbered by legacy systems and manual processes.

**Regulatory pressure:** Keeping up with regulatory demands requires complex governance frameworks as well as increased documentation, tracking, and tailored reporting. You can't just keep adding staff to serve the latest regulatory request when it doesn't do anything for your bottom line.

**Legacy systems:** Organizational decision-making is significantly constrained when your data picture is fragmented or incomplete. If you're primarily relying on manual reporting, you probably have a good idea of what you're missing and how much more you could contribute with real-time automated processes.

**Constrained decision-making:** Gaps in data availability also bring increased risk—from pricing uncertainty to the heightened consequences of a privacy breach. When analysis comes in the form of monthly spreadsheets, the right time to deal with a critical situation could easily pass before its significance is known.



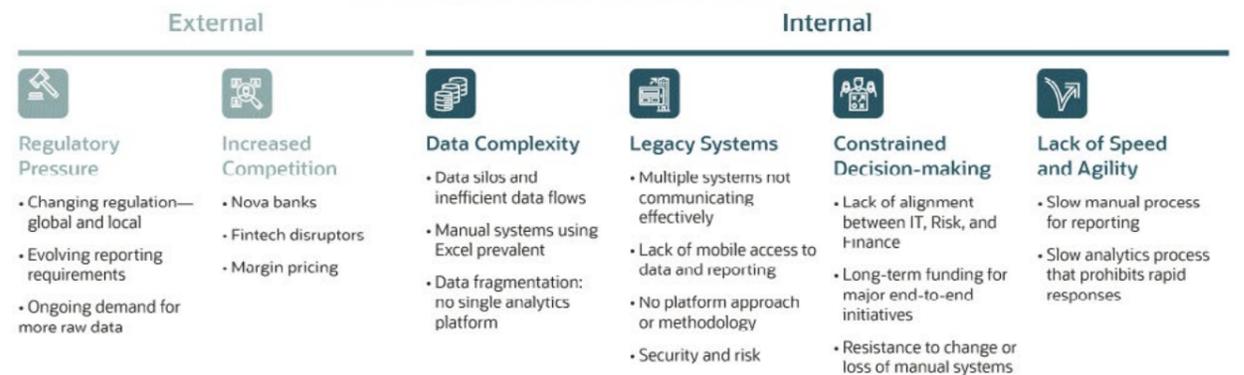
## Making the Business Case—Organizational Priorities

When making the case for finance modernization, it's important to tie in your organization's needs for increased reporting, data access, and streamlined processes. You're already living with many of the pain points—you know what's not working. You'll also need to discover and document your colleagues' needs for tangible ways that finance modernization can improve their lives and make their business more relevant to customers.

Once you mesh finance modernization plans with your overall organizational goals, you can consider the constraints on available IT investment when it comes to your project choices. When you design a roadmap that consists of a series of quick wins as opposed to a major overhaul, you're more likely to get funding.

Wrap up your business case by laying out your priorities. This allows the modernization journey to become a series of projects that each bring tangible results, and you'll begin delivering increments of demonstrable value soon after your plan's approval and every few weeks thereafter. With this kind of agile deployment, project check-ins will no longer be incomplete progress reports—they'll be an opportunity to tout early and achieve ongoing successes that benefit the entire financial institution.

### Core Systems And Manual Processes



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## Information Gathering to Align Strategies

There's good reason to define finance modernization as a journey. Embarking on a years-long transformation project isn't practical in a world and an industry where it's increasingly difficult to predict the future. Oracle's approach is to map out a path in which projects in the early stages of the journey help build a foundation for subsequent investments. In some cases, cost savings from early projects can provide the funding for future parts of the journey.

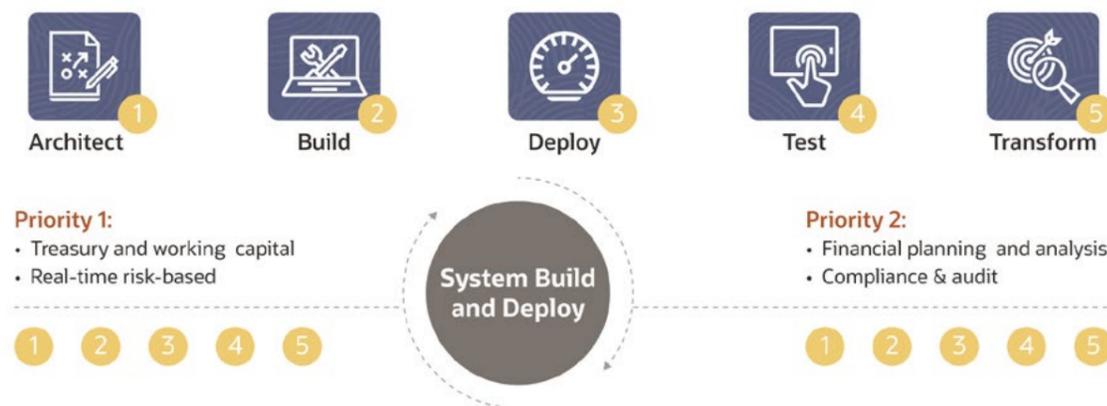
Once you've laid out your business case for finance modernization, and you've made sure your implementation strategy is in alignment with the needs of the overall organization, the next step is to conduct broader information gathering. Studying industry trends, having peer conversations, and accessing best practices and case studies will help you discover solutions that are right for your organization.

You should follow information gathering with a technology assessment that takes a clear-eyed look at your finance department's current solutions as well as solutions that are deployed institution-wide. With an objective understanding of your current technological state, matched with available solutions, you can begin to map digital transformation deployments and address the question of what you need to build versus what you can afford to buy.



## Value Stream Mapping for Quick Wins

We recommend following this technological assessment with value stream mapping. From a list of possibilities, you'll choose the projects that are most likely to create early and lasting impacts. Your plan should be designed to deliver the biggest benefit and the greatest opportunity for success early on. Then, moving forward, you can show continual incremental progress.



As with any technology initiative, having a process for strategic alignment that brings your entire organization along on the journey is key. This includes retraining your team so they can fully contribute during and after the transformation. The strategic alignment process should also include systematically tracking and communicating progress along the way.

We recommend an iterative four-phase implementation roadmap: Strategic Business Plan, Release Planning, Execution and Realignment. The agile implementation of your modernization journey takes a cyclical approach that recognizes continual process improvement with each incremental deployment. Flexibility is built in, and future plans are modified based on each prior success and assessment.



**Strategic Business Plan:** This is your planning and design phase. Your view of the transformation journey will include gathering business requirements, benchmarking against peers and competitors, and setting goals. It should also include a data extraction and integration plan, a risk and security audit, as well as personnel and training requirements.



**Release Planning:** With quick wins in mind, your agile build will resemble a series of sprints and overlapping developments. This is where your consultants can partner with in-house IT to clear progress blockers.



**Execution:** When you conduct ongoing usability testing in parallel with your legacy approach, you can get real-time feedback to compare performance, accuracy, and compliance. Testing usability before deployment also allows you to fine-tune a rollout plan and finalize performance and efficiency goals. With a well-defined plan, you'll be able to include training and user feedback when rolling out each new process. Your team can monitor KPIs while continuing to run old and new processes for a short period. This will also allow you to easily integrate business and regulatory feedback. Additionally, measuring employee satisfaction during and after rollout can help you identify potential concerns before inefficient or illogical processes are baked in.



**Realignment:** Ongoing assessment of your progress, while you continue to push the boundaries of process efficiencies, helps you identify opportunities for continual improvement. Each new initiative moves you away from cumbersome legacy systems so you can leverage a modern infrastructure in response to regulations and competitive pressure.



## Where to Find Guidance along the Way

The largest financial institutions have internal business transformation offices charged with aligning IT and business strategy. It's the job of these offices to constantly assess projects relative to the organization's goals. Financial institutions unable to support this function rely on consultants to provide advisory services.

Oracle Financial Services often partners with future-focused consultants who are immersed in industry best practices. Working with a trusted advisor that understands your business can provide everything from high-level consultation in the planning phases to goal setting, business-case building, and project planning.

External financial-services experts can also help you work on a proof of concept, labs, and demos. You want a vendor who's focused on making sure solutions are deployed immediately and that those solutions benefit your organization long term. Oracle can help you and your IT team move away from solution-first thinking.

## A Journey with Continuous Outcomes

Finance modernization is a journey toward integrating data and enjoying the related benefits. Your single source of truth for data and your finance modernization journey help you make steady progress toward accessing real-time, self-service data and insights, which ultimately moves finance closer to the center of business decision-making. When different parts of the organization are no longer haggling over versions of the truth, you'll be able to more easily agree on decisions and have analysis backed with reliable insights.

The benefits of finance modernization go beyond providing faster, more accurate decision-making tools and visualizations. Standardized reporting, analytics, and processes will save you time and free your people from the mundane so they can focus on innovation. Employees will be doing better, smarter work that will elevate their role in and connect their value to the organization.

Your strategic roadmap of quick wins will begin to add tangible value, allowing you to show cost savings and increased efficiency. Financial institutions Oracle has worked with have found success with projects that:

-  Reconcile massive volumes of daily customer records from multiple data sources and regions into a single data model
-  Analyze profitability and cash-flow requirements for each customer relationship and improve risk management
-  Monitor the performance of individual banking products, business units, and relationship officers to assess their contribution to profitability
-  Allow employees to focus on sales, marketing, or customer relationships rather than spending hours extracting data to produce reports
-  Boost the performance and efficiency of core business operations such as payment processing

Imagine assigning fewer resources to operational processes like regulatory filings, payroll, and reports and dedicating your people to data interpretation and predictive analysis, identifying new trends and opportunities, and partnering with the rest of the business. Imagine being highly responsive to change as it's happening, modeling targeted customer offers, and responding thoughtfully to competitive threats.

When you're able to significantly reduce the regular burden of month-end, quarter-end, and year-end reporting by using unified, automated accounting systems, your employees will look forward to coming to work every day. They'll be leveraging modern, intuitive, and responsive tools to efficiently complete daily tasks and move on to higher-value contributions.

Imagine being highly responsive to change as it's happening, modeling targeted customer offers, and responding thoughtfully to competitive threats.



## Measurable Results Tailored to your Business

At Oracle, we take a tailored approach to every engagement, recognizing that your finance modernization journey is highly dependent on your organization's current state and its desired outcomes. Our primary goal is to make the journey and its outcomes better, faster, lean and more complete—we want to give you the ability to deliver frequent, tangible benefits.

Some of the solutions we've implemented with financial institutions across the globe have allowed finance to:



**Completely re-engineer the back office**, fully integrating risk and treasury with finance



**Design flexible analytical solutions** that deliver real-time multidimensional intelligence at the customer, product, branch, and business-unit level



**Enable front-line decision makers to promote optimal customer solutions** by executing accurate net interest margin calculations for all financial instruments



**Gain deeper insight into liquidity risk** by enabling a better understanding of depositors' risk status in a financial crisis



**Ensure business continuity** by enabling treasury users to generate ad hoc liquidity reports anywhere, any time



**Increase operational efficiency** by boosting transaction processing up to nine times faster

With our agile implementation, you don't have to wait for a complete systems overhaul to see faster closing, detailed non-financial reporting, better price and cost decision-making, a more accurate view into the future, risk-adjusted performance measures, and more effective regulatory reporting.

Our financial services experts often partner with consulting firms to add the most value, providing you with the benefit of multiple, globally tested perspectives. We'll work with your chosen firm, or we can recommend partners that fit with your needs and budget. Working together, we can tap into resources that are unavailable to individual institutions.

Find out more about designing a finance modernization journey that fits both your short-term and long-term vision.

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