



Managed services: A foundation for innovation

How do banks thrive amidst the upheavals we see
in financial services today?

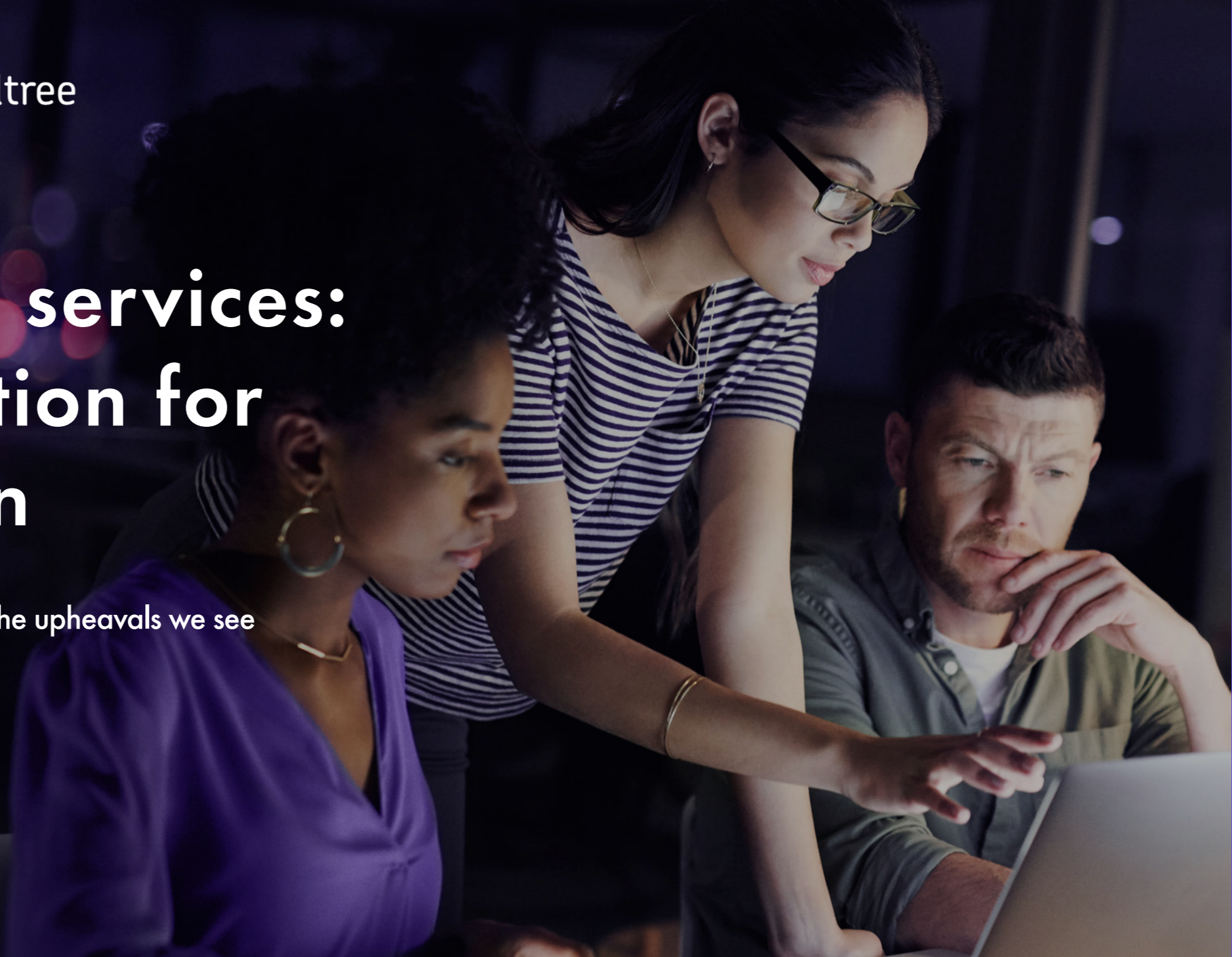


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Drivers for a new model in banking

How do banks thrive amidst the upheavals we see in financial services today?

As the old model of banking struggles to adapt, managed services offer a way for financial institutions to fast-track themselves to a new way of operating that's fit for the future.

Banking will never be the same again. The traditional model – a vertically integrated firm building its own unique technology stack with vendors, and managing third-party software in house – is losing relevance today.

Four drivers are converging to transform the industry:



Accelerating change.

The gradual trickle of change in recent years, for example the shift to digital, has become a flood today. Open banking has not only expanded the possibilities of what a bank can do: it has also opened to the door to agile new entrants who are quick to exploit opportunities across the spectrum of banking activity. Customers have been primed by big technology companies to expect state-of-the-art service and experiences. And with their colossal reach, the big tech companies themselves are fast making inroads into financial services.



Disruption.

Has the banking market ever been subject to so much of it? Banks are squeezed by ever-growing regulation, challenged by cybersecurity threats of increasing sophistication and have to fight harder for scarce talent and resources. Climate risks and the related focus on Environment, Social and Governance (ESG) means banks are looking for the right technologies to support their sustainability agendas. Any disruption, of course, has been amplified by the pandemic.



The drive for efficiency.

As well as reacting as fast as possible to change and disruption, banks are under incessant pressure to find efficiency in everything they do. IT investments are always under the spotlight when there is a drive to reduce TCO: but this becomes an extra challenge when teams are being asked to transform and innovate.



Legacy technology.

Managing existing technologies and upgrades, however they are supplied, ties up valuable in-house resources when banks need to be focused on delivering change.

A shared journey of change

A growing focus on creating new and improved customer journeys, building innovative solutions, and collaborating where possible.

As they see the financial landscape shifting fast, digital banks and fintechs are aggressively picking up different parts of the banking ecosystem, forcing incumbents to rapidly assess and evaluate their role in the market, and examine how they interact and engage with customers throughout their lifecycle. Established banks are therefore looking for new ways to create value and stay relevant in the lives of both retail and business customers. There is a growing focus on creating new and improved customer journeys, building innovative solutions, and collaborating where possible.

Financial institutions are looking to technology partners and vendors to support them on this journey. They have one overriding question:

What services and skills that give them a competitive advantage do they need to keep in-house, and what can they outsource to partners?



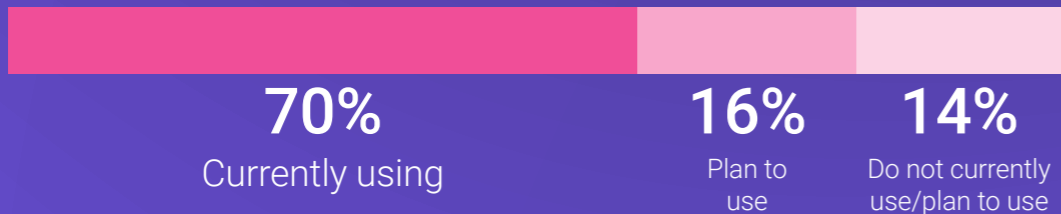
Managed services: A critical enabler

Managed services are increasingly chosen by financial institutions

Gartner predicts that the cloud managed service market is forecast to reach

\$80 billion by 2024

70% of firms in our study currently use managed services



Note: Based on 162 respondents.

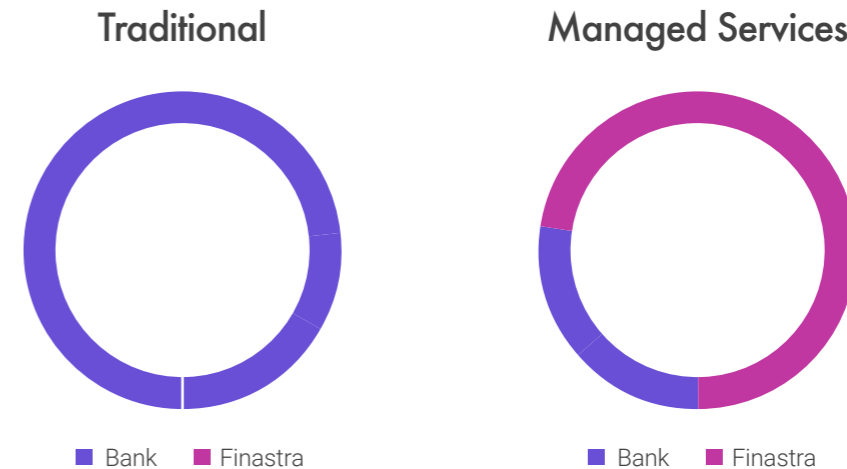
Source: [Greenwich Associates, 2020 Successful IT Transformations Study](#)
[Gartner cloud managed services](#)

Managed services: A definition – Delivering and maintaining an agreed set of technology services, including servers, infrastructure and applications, and potentially encompassing cloud and as-a- service offerings.

Managed services are increasingly seen as a critical enabler of the transformation towards becoming a more agile, compliant, cost-effective business. They pave the way for change by removing the technology and operational burden that financial institutions are otherwise compelled to carry.

With a managed service model, banks have a viable way to drive efficiency and innovation that's aligned to their cloud and digital agendas and that will help them to stay relevant. Managed service providers can also leverage their capabilities to reduce the security, skills, project and ESG risks that banks face.

With managed services, partners shoulder much of the burden



The possibilities

What can managed services enable?

By taking away complex, costly and time-consuming tasks, managed services from the right partner can truly transform key operations, enhance performance and ignite innovation.

It also becomes a platform for growth and digital transformation, making it possible to increase business agility and rapidly deploy new offerings, mitigate risk, reduce TCO and drive greater ROI.

Managed services: The possibilities



Deliver change quickly and cost effectively, in line with a bank's cloud strategy



Continuously monitor and maintain your systems



Move to a world of zero-defect software in production



Run optimized systems that cost less and can be budgeted for more predictably

Four drivers	Journey of change	Critical enabler	The possibilities	Higher quality & ROI	Fast innovation
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Gold standard, low cost



“Finastra Managed Services delivered an effective solution at a fraction of the cost that we would usually expect, using our shareholders’ capital in a more effective fashion. Together, Finastra, the bank and our business partners have produced a first-in-the-world solution that makes institutional lending simple for clients and the bank. By the time we see the product, it’s configured to our usage and defect-free. It’s a product that is the gold standard for our industry.”

Paul Gladigau
Divisional CIO, Business and Institutional Banking,
Commonwealth Bank

Key benefits of managed services

Higher quality, less risk.

Under a managed service model, the vendor becomes a partner, in a relationship based on shared outcomes that ensures long-term strategic value from the services delivered. The managed service relationship features clear service levels that are aligned to these outcomes, and regular reporting that is in line with regulatory guidelines and supported by rigorous governance.

Continuous remote monitoring and maintenance reduces performance issues, while automated testing mean fewer errors, faster test cycles, efficient upgrades and implementations, and deliver defect-free software in production.

Maximized ROI.

Managed service models ensure that costs are more predictable and manageable, lowering total cost of ownership over time alongside improved levels of service. The increased speed and agility they provide can bring forward revenue-generating opportunities, enabling you to increase revenue and ROI, and drive top-line growth. In addition, the training received from a software-led managed service would leverage authoritative content, which is kept continually up to date as the capabilities of the solution advance. This can help to maximize adoption and see benefits faster.

Fueling innovation through managed services

Fast innovation.

With managed services, established banks can move at the speed of digital challengers. In-house teams can redirect their energies onto innovation-led programs focused on key priorities such as building wallet share or bringing new products to market faster.

In addition to providing the freedom to focus, Managed services can fuel innovation in three ways:



With expert input and best practices around design, integrations and frameworks, customers can deliver simplified architectures that enable faster change and innovation.



"Evergreening" services can keep customers continually up to date, enabling them to benefit quickly from the latest product capabilities.



A software-led managed service can also help financial institutions to maximize the pace and impact of innovation through access to wider, open ecosystems such as Finastra's FusionFabric.cloud, which are gateways to cutting-edge technologies such as artificial intelligence, machine learning and sophisticated data analytics.

In the next chapter of this whitepaper series, we will explore further how managed services adopters can take advantage of standardized APIs, integrate their applications with open platforms and open the doors to collaboration.



Why Finastra and Mindtree

Best-in-class cloud-based payment solutions to meet evolving customer needs

Mindtree's Banking and Financial Services Practice has been delivering solutions for leading banks, card, and payment companies by tapping into deep domain knowledge, technical expertise, and best practices from multiple implementations. Global institutions, including investment management and brokerage firms, exchanges, clearing, and settlement houses, investment services, private equity, retail, and financial product companies, stand to benefit.

Mindtree and Finastra are poised to provide new payment infrastructure solutions and scheme support for regional initiatives as strategic partners in the Nordics, UK, and Ireland since 2021.

The collaboration brings together Finastra's portfolio of financial services software, FusionFabric.cloud, and Mindtree's robust cloud implementation and managed services capabilities, enabling financial institutions to implement payment solutions efficiently at a fixed cost and timely manner. It will also carry out end-to-end integration with the client ecosystem, a cloud hosting solution that is cost-effective, secure, and scalable, and a managed services offering to encompass platform security, cloud operations, and application support.

What we empower you to do:

- Be compliant with regulatory requirements now and in the future
- Confidently accelerate your payments transformation to the cloud
- Mitigate operational costs and deliver accelerated time to value
- Innovate and gain a competitive advantage



THE FUTURE OF FINANCE IS OPEN

Finastra is unlocking the power of finance for everyone by creating a platform for open innovation in the world of financial services.

About the author



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Managed Services

Neil brings over 17 years' extensive experience within Financial Services, advising and supporting clients to shape and execute their complex transformation, leveraging technology and the broader ecosystem to achieve this.

Prior to joining Finastra he held a number of senior leadership roles within the Consulting market. He joined Finastra directly from Accenture where he was a Managing Director within the UK Financial Services business where he worked closely with a range of global Financial Institutions across a broad portfolio of initiatives.



About Mindtree

Mindtree [NSE: MINDTREE] is a global technology consulting and IT services company that enables enterprises across industries to drive superior competitive advantage, customer experiences and business outcomes by harnessing digital and cloud technologies. A digital transformation partner to more than 275 of the world's most pioneering enterprises, Mindtree brings extensive domain, technology, and consulting expertise to help reimagine business models, accelerate innovation and maximize growth. As a socially and environmentally responsible business, Mindtree is focused on growth as well as sustainability in building long-term stakeholder value. Powered by more than 35,000 talented and entrepreneurial professionals across 24 countries, Mindtree – a Larsen & Toubro Group company – is consistently recognized among the best places to work.



[Contact us](#)

About Finastra

Finastra is building an open platform that accelerates collaboration and innovation in financial services, creating better experiences for people, businesses and communities. Supported by the broadest and deepest portfolio of financial services software, Finastra delivers this vitally important technology to financial institutions of all sizes across the globe, including 90 of the world's top 100 banks. Our open architecture approach brings together a number of partners and innovators. Together we are leading the way in which applications are written, deployed and consumed in financial services to evolve with the changing needs of customers. Learn more at finastra.com

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