A Network Management Dilemma: 'Buy or Build?'

How times have changed in the world of software development. A decade ago and longer, a design document evolved and development began towards the clearly defined deliverable. It was that simple: something to aim for i.e. completion of delivery.

This is no longer the case; it may be that there are delivery milestones, phases on the 'journey', but modern development teams now accept that even if the client's requirements have been well thought through and properly articulated, they will change before the project has been completed. Indeed, it is much more likely that the client's thinking evolves continually, at every step of the way. How could an in-house I.T. team ever hope to cope with either scenario?

There are some great blogs which talk about the Developer-driven Bank. In a recent blog by Chris Skinner ("The future CIO is not a CIO"), he observes that: ".... the days of owning the (development) process have gone.... the CIO is moving the organisation through this change process from proprietary and internal to open and broad".

In an article on a related subject we picked up on a recurring theme: "the role of the CIO is now much more that of a Change Agent rather than a Technology Estate Manager". Taking both observations together, this is a far better, rational approach that seriously considers the external solution provider, especially when we look at the challenges facing CIOs and their technicians.

CIOs and CTOs have neither the budget, the bandwidth nor the resource to cope with deliverables on all fronts. Digitisation for the Retail Bank is digitisation for the Wholesale Bank and therefore relevant to Network Managers. Simply getting away from manual processing and paper-based record-keeping in the Middle and Back Office will be a boon to productivity, yet it still dominates. Better capability in just this area of operations alone will then position the Bank to make more robust requests of their Providers to help them move away from these outdated practices. Receiving data in a consistent, robust digital format, as soft copy, underpins the move away from hard copy, re-keying and filing cabinets.

Moving to soft copy starts to support data analytics: it is easier to accumulate data, presenting the opportunity to manage that data. A clever database allows the accumulation of data which, when brought together with relatively sophisticated modelling tools, creates and adds enormous value.

The arrival of even limited amounts of automation can re-focus resource by allowing key people to move from administrative tasks onto greater value-added activity. MYRIAD can capture a Clearstream or a Euroclear invoice, in its entirety, at item line level in the account, in under 10 seconds; that's 10 seconds, not 10 days. In some Banks, this is a saving of half-a-resource, maybe more. Automation for due diligence is another key area for the Middle Office and just one of many other functions addressed by the platform.

The cost of internally provided hosting (the Financial Institution hosting itself) can be prohibitive, posing a serious block to a project. Logic suggests that if the cost of internal-hosting doubles or trebles the cost of the

project, then the project would probably be cancelled. If the cost of secure hosting externally is 20-30% of your overall costs, then it can be taken seriously as a viable, secure alternative to the in-house alternative.

Security is paramount across the industry, but common practices remain: due diligence questionnaires sent out on e-mail, domination by pdf, receipt of invoices through unsecured channels, inadequate version control of excel spreadsheets, reliance upon hard-copy print-outs and uncertainty as to who owns which version and who has responsibility for the next update. What a list! Does any of it sound familiar? Operationally these challenges remain embedded in many organisations, and are considered risks in themselves. If we go back to the top of the conversation – essentially 'buy versus build' – the 'build' is a journey into the unknown, where the risk may endure, whilst the 'buy' implements a robust, supported option designed to contain that risk, providing a persistent home for the storage of all data, documentation, reporting and cost control - a regulator's and auditor's paradise. Take this a step further: having a platform that logs every key stroke and every 'touch' of the data is fundamental. You do not get that with version 17 of last week's spreadsheet.

At risk of re-visiting another favourite claim of ours, the value proposition: increased workload plus lower resource (people or budget) equals greater technology adoption, and, most importantly, this needs to be a balanced equation.

In conclusion, in-house development is a significant block to progress. We probably see two or three times as many internal projects cancelled, postponed or simply under-resourced than we see get to market, no matter how successfully.

It may be a sign of the times, but when Bankers are faced with the looming technology juggernaut, getting involved is a more intelligent approach than simply battening down the hatches. And I haven't even mentioned regulatory compliance using technology……. anyone for Blockchain?

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