



WHITE PAPER

The Value of Digital Transformation in Financial Institutions:

ACHIEVING AN 'OPERATIONAL RESILIENCY ROI'

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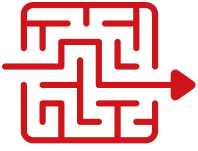
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Despite how disruptive COVID-19 has been to organizations across the globe, the pandemic presented an opportunity to accelerate digital transformation across all industries. The financial services sector is no exception. Digital transformation, or the reinvention of processes, customer interactions, and transactions around digital tools, has captured the imagination of business leaders. The concept gained momentum in recent years atop the success and soaring valuations of “born on the web” companies like Amazon, Google, Netflix and Uber. This has prompted more executives than ever to consider the current state of their own operations and where efficiencies can be improved.

Financial institutions are uniquely poised to benefit greatly from digitally transforming operations, however [it was recently found that 81% of Banking CEOs are concerned about the speed of technological change, more than any other industry sector.](#)

Furthermore, AS-IS Discovery workshops found that business leaders expect technology leaders to also be change drivers who engage in large-scale, strategic projects that fundamentally alter the way the companies operate and





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do business. For example, when asked to describe the defining characteristics of successful technology leaders over the next three years, 69% of c-suite executives and board respondents identified attributes such as change, vision, and innovation – characteristics that will be important as organizations navigate the near and long-term effects of digital transformation.

In order to keep up with the ever-increasing speed of business change set by technology leaders, financial services executives must be willing to lead with innovative vision. However, in order to successfully push their organizations forward, innovation and transformation must be grounded in a realized return-on-investment. And studies have shown there is no better time to establish an ROI through transformation than in the midst of large-scale crises.

[McKinsey observed](#) companies that transformed their business models during the Great Recession outperformed their peers in total shareholder returns by 20% in the immediate aftermath of the crisis and by 150% eight years later. “Companies that move early and decisively in a crisis do best,” McKinsey researchers wrote.

The pandemic has drawn the virtues of business agility, organizational resilience, and robust communications in sharp relief. Companies that pivoted quickly to resume operations with a remote workforce, migrated customer support to virtual call centers, reconfigured supply lines around quarantines, and adopted multiple channels for sales and customer communications suffered the least.

[A 2020 Boston Consulting Group](#) survey found that 75% of executives regard digital transformation as a more urgent priority in light of the COVID-19 crisis and 65% said they anticipate increasing their investments to that end.

BCG dubbed these technology-savvy firms “bionic companies,” or organizations that “combine the capabilities of humans and machines [to] develop superior customer experiences and relationships, more productive operations and dramatically increase rates of innovation.” As leaders in financial services look for ways to succeed in the wake of the COVID-19 pandemic and ensure operational resiliency for their future, the answer clearly lies in the ramping up of successful digital transformation.

Thinking of FinServ as a Technology & Digital Provider

While operational resilience is a goal among all verticals, it must be defined uniquely for the financial services industry. Due to the provision of primarily virtual products and services (such as policies; investments; transactional platforms; brokerage; cash management and more) they hold technology and digital services at their core.



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Due to the significant spend on technology tools by financial services - ITOps and DevOps in particular - there is sometimes debate as to whether they are in the business of technology or financial services.

This is a vital consideration when establishing what a financial services organization should be trying to accomplish through digital transformation. The threats facing financial institutions have become less physical and much more impactful to their digital environments.

To be truly operationally resilient, financial services executives need solutions that can both enhance and protect digital environments, including ITOps and DevOps teams and workflows, at once. For example, improved ability to detect and remediate critical IT events faster not only keeps operations secure and running smoothly but increases customer satisfaction.

For the financial services industry, an 'Operational Resiliency ROI' through digital transformation equals:

- + Dynamic strategic planning
- + Reduced operational disruption & impact to supply chain
- + Enhanced customer experience

How does this occur? Digital transformation means automation. Computing resources (such as robotics and AI) should be able to scale dynamically and automatically to accommodate changing demand. Paper-bound processes must be replaced by digital workflows with programmatic decision-making. Data analytics will enable financial institutions to envision future outcomes based upon changes in the environment and to respond proactively.

Digital Transformation: Not a Linear Process

[Deloitte explains](#), “digital transformation is not a one-and-done event, but a continuous process of adapting to a volatile and uncertain environment.” Understanding the key facets of how to strive toward continuous digital transformation provides financial services with an equally continuous stream of ‘Operational Resiliency ROI’. This is essential information for the key decision makers, who are responsible for successfully transporting their organization into the future of financial services. Dynamic strategic planning, reduced operational disruption and the impact on supply chain, as well as improved customer experience are just a few of the positive outcomes when committing to digital transformation.



Dynamic Strategic Planning

To achieve the maximum 'Operational Resiliency ROI', executives must change the way they plan for disruptions. Digital transformation assists the efforts required for dynamic planning, which allows a business to leverage comprehensive technologies and tools that are consistently responding and adapting to threats as they arise. These efforts replace static planning, or those annual exercises run by an organization's executives to determine an efficient response plan.

Coming out of a worldwide pandemic, the c-suite is more concerned than ever before about threats to their organizations and, unfortunately, threats are becoming more complex, notably cyber related crime. "Some security groups were reporting up to 800 times the number of attacks that they saw pre-COVID," said Larry Zelvin, Head of the Financial Crimes Unit at BMO Financial Group, during a Coronavirus: The Road to Recovery presentation.

With a rise in threats to financial services' digital environments, the need for dynamic strategic planning is evident. Digital solutions automatically keep track of the hard data needed for financial institutions to consistently analyze incident response throughout the entire lifespan of a disruption. This not only forces constant improvement but reduces the need for guess work when it comes to planning for future threats.


Furthermore, establishing one's organization as a leader in dynamic strategic planning showcases your brand as an embodiment of readiness, responsiveness, and resilience when confronted with critical events.

Reduced Operational Disruption & Impact to Supply Chain

One of the most positive 'Operational Resiliency ROIs' that stems from digital transformation is reduced downtime and impact to supply chain. This is hugely critical in the financial services sector. Due to some financial services performing wholesale transactions or enabling third parties to make or receive wholesale payments themselves, any disruption can result in a multiplicative effect on other parties.

[An example was given by the Federal Reserve Bank in June 2020](#), in their paper titled 'Cyber Risk and the US Financial System'. It mentioned that wholesale payments are one of the most critical networks for resiliency, and (depending on the size and location of the firm and disruption) can soak up liquidity resulting in a liquidity black hole which can cause further disruption across the industry's entire network.

The pandemic-related disruption of supply chains and the global economy throughout the past year served as a potent reminder to companies everywhere of the critical importance of operating, modernizing, and ultimately investing in core technology to create positive returns.



“Operational resilience costs, but a lack of resilience costs a lot more.”



Digital transformation can maximize the ‘Customer Experience’ through:

- + Increased customer engagement
- + Increased loyalty to the brand or firm
- + Increased satisfaction

[Deloitte has found that](#), “operational resilience costs, but a lack of resilience costs a lot more.” [Research indicates](#) that on average, investing 1 USD in resilience early helps avoid on average 5 USD in future losses – a very clear case for investing up front rather than spending money only after an event to mitigate incurred losses and financial repair and recovery.

Enhanced Customer Experience

Technology has taken a prominent role in helping businesses create repeatable positive customer experiences—especially for organizations who provide digital services (i.e., online services, mobile app, etc.). Enterprises undergoing a digital transformation have also come to realize that their business success is inextricably tied to the quality of their customers’ experiences including quick connectivity, minimal service interruptions/digital service uptime, quick and efficient service and support, to name a few.

Trust is one of the cornerstones of a financial services brand. Without trust, consumers are unlikely to hand over their hard-earned dollars, or rely on them when making the right decisions to secure the growth of their portfolio or pay out in the event of a crisis.

Customer experience is a blend of physical service as well as the rational and emotional elements it evokes. Because one of the basic tenets of customer experience involves reliability and doing the basics correctly - supported by

reliable systems and processes – disruption of any kind is likely to result in a breakdown of trust, damage to the customer experience and possible financial loss over the medium term.

In addition, today's tech-savvy customers are increasingly empowered with unlimited options and low switching costs which make it easier to move on to an alternative if their increasing demands for high quality experiences and the latest innovations aren't met. Customers continue to be exposed to highly digital companies such as: Uber; AirBnB; Amazon – who use artificial intelligence (AI) and machine learning (ML) to deliver superior intuitive features. This has meant that consumers' expectations of their financial service providers have risen significantly in parallel.

For financial services, which can certainly be categorized as technology and digital service providers, providing a superior customer experience demands new IT architectures and places new expectations on the way previously siloed groups - such as DevOps, ITops and business leaders - work together.





Finally, many of the most established financial services organizations built their businesses on mainframe computers and have had to undertake an extraordinary effort and expenditure to build the technological capabilities to deliver on these expectations. Digital transformation that facilitates both development and rapid incident management serves to support these efforts toward increased customer experience and 'Operational Resiliency ROI'.

How Incident Management Influences and Enhances Customer Experience

xMatters, now an Everbridge company, produced a report based on findings from the Incident Management in the Age of Customer-Centricity 2019 survey. This examined the opinions of over 300 DevOps, ITOps and business leaders from organizations - 27.6% of which belong to Financial Services - delivering digital services of varying sizes, including midsize and enterprise-level businesses.

To better understand whether the pressure to innovate when delivering digital services impacts customer experience, the survey asked for perspectives on:

- + Whether current roles have evolved as a result of the increased focus on the customer experience
- + If there is a gap between how development teams prioritize innovation vs. uptime

- + Which roles are responsible for maintaining a superior customer experience
- + The role of incident management in delivering positive customer experiences

KEY FINDINGS:

- 1.** **91.7%** of respondents reported that delivering a superior customer experience is a priority in their role.
- 2.** More than half of respondents (**54%**) reported that they introduce at least one new software release each week, including those who introduce several new releases per day.
- 3.** Nearly half of other respondents (**40%**) reported that a new release is rolled out monthly or every few months. Roughly three out of four respondents (**74.4%**) say that their ability to build out services is sometimes or always affected by customer-impacting issues.





4. More than half (**57%**) of organizations are still experiencing degradations in their digital experiences, ranging from minor performance issues to major outages, on a weekly and daily basis.
5. Approximately half of development team leads (**44.8%**) indicate their developers spend more than **50%** of their time manually addressing incidents (i.e., any negative impact to the customer digital experience ranging from core service outages to degradations in performance due to servers, databases, load balancing or configuration issues).
6. Even though teams across functions bear incident management responsibilities, more than half of all respondents (**62%**) noted that IT Operations is still seen as primarily responsible for delivering seamless digital services offerings.
7. Roles have also shifted as a result of the rise in new digital services. The top ways roles have shifted include learning new technologies, reported by **63.1%** respondents; gaining a better understanding of incident management and issue resolution best practices, reported by **51.9%** of respondents; as well as needing to manage more data, reported by **49.7%** of respondents.
8. As a result of the rise in new digital services, top challenges IT organizations face include increased difficulty in capacity planning (e.g., predict growth, needs of business, migration to the cloud, etc.) (**57.4%**), increased complexity resulting in more cognitive load (**48.4%**) and increased number of tools (**37.5%**).



The ultimate goal, as stated by Deloitte: technology that isn't for the sake of technology, but rather to enable the capability to survive an uncertain future.

9. Monitoring tools were selected by the majority of respondents (**64.7%**) as the top IT tool or service for delivering optimal customer experiences, while incident management was selected by over a third (**32.7%**), indicating that a modern approach to incident management is required for providing stellar digital experiences.
10. **83.9%** of DevOps/SRE respondents, **72.9%** of IT Operations respondents and **64.9%** of Developers believe emerging technologies such as AI and ML will help them do their jobs better.

Intelligent, Automated Approaches to Addressing Incidents = 'Operational Resiliency ROI'

The digitization of business continues to have a profound impact on those most responsible for introducing new services and those tasked with maintaining the performance and availability of not only the services, but the underlying architecture. These professionals describe an environment that is more challenging than ever, and they acknowledge that too much time is still being spent manually addressing incidents.

In addition, with today's digital businesses, the customer experience is not only a key measure for business success, but also a priority for nearly every individual across the enterprise. To address the need for this business priority, many organizations are introducing innovations at an increasing rate, including new services which must be supported.

The gap between a company's ability to maintain uptime and its ability to innovate has never been more apparent as more than half of organizations have experienced a dramatic increase in the pace of innovation, impacting their ability to deliver uninterrupted customer experiences. Closing this gap has become a priority among industries, such as financial services, who deliver essential digital services, making it even more critical to provide development, ITOps, DevOps and SRE teams with tools to support them in their new roles as incident responders. Also, implementing tools which operate reliably and seamlessly attracts highly skilled employees, leading to high retention levels of top talent.

Innovations in incident management, including greater automation, more extensive integration, data/event-level visibility and advances in ease-of-use, will enable the healthy infrastructure on which uninterrupted customer experiences depend. The ultimate goal, [as stated by Deloitte](#): technology that isn't for the sake of technology, but rather to enable the capability to survive an uncertain future.

Maintaining an 'Operational Resiliency ROI' with Everbridge CEM for Digital

Everbridge CEM for Digital can help financial services establish and maintain an 'Operational Resiliency ROI' by minimizing business downtime and accelerated incident resolution through automating communications, collaboration, and orchestration. CEM for Digital streamlines incident response to accelerate resolution across IT Ops, Service Ops, Sec Ops, DevOps, and IT BC/DR.

Everbridge CEM for Digital enables financial services to manage the entire lifespan of incidents through an Assess, Locate, Act, and Analyze approach:

- + **Assess:** Automatically gauge the severity and context of IT incidents
- + **Locate:** Identify the right teams and personnel based on who's on-call, location, and skills
- + **Act:** Facilitate communications, collaboration, and orchestration
- + **Analyze:** Gain visibility into incident response performance across all areas of IT: Service Operations, Security Operations, DevOps, and IT BC/DR

This modern approach to incident management will help expand the reach of incident management workflows that help resolve issues at the pace of innovation. It will also equip any employee across the enterprise with the information and resources they need to support digital transformation and deliver uninterrupted customer experiences - all of which equates to a continuous 'Operational Resiliency ROI' stream.



Let's Talk

Visit the [Everbridge Website](#) or
Call 888-366-4911 to learn more.

About Everbridge

Everbridge, Inc. (NASDAQ: EVBG) is a global software company that provides enterprise software applications that automate and accelerate organizations' operational response to critical events in order to Keep People Safe and Businesses Running™. During public safety threats such as active shooter situations, terrorist attacks or severe weather conditions, as well as critical business events including IT outages, cyber-attacks or other incidents such as product recalls or supply-chain interruptions, over 5,400 global customers rely on the Company's Critical Event Management Platform to quickly and reliably aggregate and assess threat data, locate people at risk and responders able to assist, automate the execution of pre-defined communications processes through the secure delivery to over 100 different communication devices, and track progress on executing response plans. Everbridge serves 8 of the 10 largest U.S. cities, 9 of the 10 largest U.S.-based investment banks, 47 of the 50 busiest North American airports, 9 of the 10 largest global consulting firms, 8 of the 10 largest global automakers, 9 of the 10 largest U.S.-based health care providers, and 7 of the 10 largest technology companies in the world. Everbridge is based in Boston with additional offices in 20 cities around the globe. For more information visit www.everbridge.com

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