Digital transformation,
the key to Fast-tracking Data-Driven Innovation

By embracing digital technologies and reimagining traditional processes, financial service organizations can streamline operations, enhance customer experiences, leverage data-driven insights, and innovate rapidly.

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For financial service organizations, digital transformation is a dream come true. One significant advantage is the ability to foster better customer and employee experiences since a well-executed digital transformation strategy enables organizations to enhance customer-centricity and deliver personalized experiences. "Breaking down data silos and establishing seamless communication between front, middle, and back-office functions lead to increased flexibility and agility. This, in turn, enables organizations to introduce new products and services to the market more rapidly while driving operational efficiencies by identifying and addressing bottlenecks," shares Noelia Romanillos Arribas, Head of Financial Services GTM EMEA at ServiceNow, a cloud-based software solutions provider for automating workflows and streamlining business processes.

Ultimately, successful digital transformation empowers financial services organizations to gain a competitive edge, positioning them ahead of their traditional peers and equipping them to navigate emerging forces like fintech/insurtech, neo-banks, digital banks, or newcomers and potential disruptors.

Challenges to Successful Digital Transformations

Driving a successful digital transformation comes with a price, overcoming existing challenges for the financial services industry. "In our experience, there are three recurring challenges that organizations continually face. The first challenge is what we refer to as "digital PR," where vast amounts of information are scattered across different systems, and data

sits in isolation. This fragmentation of systems and information makes it difficult for banks and insurers to formulate a clear roadmap for accelerating digital transformation. The second challenge revolves around operational hurdles, such as orchestrating various teams, business units, and departments within the organization. Coordinating these disparate entities can be complex and slow down the pace of transformation. Lastly, the financial services sector's heavy regulations and compliance requirements introduce another layer of risk. Organizations must navigate compliance, IT, fraud, and regulatory risks, which can impact the speed and ease of the digital transformation journey, expresses Romanillos.

Maximizing Data as the 'New Gold' for Digital Transformation

The right data, connected and orchestrated effectively, empowers informed decision-making and ensures competitiveness in the digital world. "Successful outcomes in process optimization, product development, and real-time insights rely on the availability of the right data and its meaningful connections. It is not just about accumulating data for the sake of it; instead, it is about understanding what kind of data is relevant, how it is organized, and how it can be assessed to drive the desired conversations and outcomes.

For instance, when optimizing processes or analyzing market trends for product development, the data must be interconnected and orchestrated to understand the situation comprehensively. It is about creating a holistic 360-degree view in real time that informs decision-making and drives outcomes", remarks Romanillos.

When adhered to, effective data orchestration empowers organizations to shape conversations with customers and employees that truly deliver value; this helps them gain insights into customer behaviors and needs, enabling meaningful interactions and establishing solid and lasting relationships.

Surviving Legacy Systems, Competing with Agile Infrastructures

However, when it comes to incumbent organizations with legacy systems, siloed conversations, data, processes, and departments can hinder progress and impede digital transformation efforts. The fragmented nature of these legacy components limits the organization's ability to decouple products and services from existing dynamics, making it difficult to achieve seamless, frictionless experiences across the front, middle, and back offices.

"Decoupling complexity involves leveraging an orchestration layer to connect and extract information from legacy systems while revamping experiences and transforming processes. This approach breaks down silos and facilitates connections between people, systems, and departments that were previously unable to collaborate effectively. Organizations that do not embrace this composable or decoupling approach may experience various challenges, such as operational overhead, fragmented servicing, and technology complexity resulting from disparate and disconnected experiences, claims Romanillos.

Adopting a composable strategy by Implementing the orchestration concept can help organizations streamline operations, reduce costs,

Traditional banks need digitization at scale to survive

Retail and commercial customers, and employees now have elevated expectations

Big tech companies, like Apple and Amazon, could grab up to 40% of the $1.35 trillion in U.S. financial services revenue from incumbent banks.

—Banking Industry Architecture Network

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and increase speed. It enables a programmatic approach to replacing obsolete technology and provides the flexibility and agility required to develop new products and services. Moreover, it facilitates improved control by providing insights into SLAs, identifying bottlenecks, ensuring compliance, and managing risks effectively. This is the experience of several Financial Services customers of ServiceNow who have seen how their efficiency rates have improved by double digits, reducing the time to serve from 28 days to 3 seconds and with a 99.9% automation in some of their processes.

"By transitioning from a disconnected and stagnant situation to one of acceleration, organizations gain the power to shape their future. They can leverage orchestration capabilities to introduce innovations like machine learning or its recent sibling: generative AI. These technologies can drive even further advancements and enable organizations to stay ahead in a rapidly evolving digital landscape, adds Romanillos.

Scaling for Success, Harnessing Innovation at Speed

When financial service organizations collaborate with partners and solution providers like ServiceNow, they can consume innovations

at a rapid pace. Such a partnership enables organizations to access cutting-edge technologies and solutions that can be seamlessly integrated into their operations.

"The democratization of software and the journey to the cloud are key enablers of organizational agility and innovation. Many companies, including financial institutions, are considering migrating to the cloud to gain flexibility, scalability, and agility. Cloud adoption provides opportunities to consume new technologies, leverage advanced capabilities, and rapidly adapt to changes. By partnering with software vendors like ServiceNow, financial institutions can benefit from the innovation embedded in the vendor's solutions and avoid the need to develop everything in-house, with the assurances of embracing regulations and compliance as part of that journey" shares Romanillos.

The Financial Services industry is not unaware of the ultrafast changing technological environment we live in. That implies a need to re-invent the ecosystems around them. Financial institutions must also reassess relationships with Fintech and InsureTech firms. «While these companies can be perceived as threats, they also present opportunities to create collaborative ecosystems and leverage

their innovative capabilities. Acquisitions and partnerships with FinTech and InsureTech firms allow traditional institutions to drive transformation and embrace change more rapidly. In essence, benefit from the technological advancements of customer-centric approaches these companies bring.

In addition to all shared before, when thinking about scaling for success, there is a last input to be taken into consideration: the usual appetite of financial service organizations to build everything from scratch. «This 'build vs buy' strategy can hinder their ability to keep up with the market demands and technological advancements. Reconsidering this approach and being open to partnering with technology providers like ServiceNow can help organizations gain time-to-value, reduce operational costs, and enhance the overall cost-to-serve ratio," concludes Romanillos.