



eBook

# Why You Still Need Automation After Outsourcing Your Core

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**O**utsourcing core processing systems is a trend on the rise for financial institutions.

More than 6 in 10 banks are in the process or planning stages of moving to a new cloud-based core banking system in 2023. Several factors are driving this urgency, including the rising rate environment and accompanying erosion of deposits, which is putting pressure on institutions' liquidity and access to cheap sources of funds. This in turn is impacting net interest income and driving banks and credit unions to implement operational efficiencies wherever they can.

Unfortunately, many banks and credit unions deferred their infrastructure modernization projects for years or even decades. Now, they are shackled to aging and inefficient on-premises systems that are not meeting the needs of today's digital-first financial consumer. A majority of legacy mainframes are between five and 20 years old, with many approaching three or even four decades. Banking institutions are also confronting a worrisome talent drain as boomers retire, leaving IT departments bereft of decades of mainframe expertise. Coupled with the shortage of high-level technical talent on the market today, the situation will only worsen in the coming years.

Lastly, compliance pressures are increasing, and industry regulators are demanding that institutions employ the latest security and privacy protocols. In many cases, legacy systems are not prepared to keep up with these requirements. According to Accenture, "2023 will be the watershed for the start of core modernization," with many FIs transitioning from managing their infrastructure in house to an outsourcing model. By 2024, Gartner forecasts more than 45% of IT spending on system infrastructure, infrastructure software, application software, and business process outsourcing will shift from traditional, on-premises solutions to the cloud.





# 7 Ways OpCon Enhances An Outsourced Core

**W**hether you handle most or all your operations in house, or through strategic partnerships with outsourced core processing or managed services providers, the employment of a modern, integrated workload automation and orchestration solution like OpCon makes a lot of sense. Here's why:

**1**

## It improves visibility.

Advanced workload automation and orchestration (WLA&O) solutions like OpCon offer financial institutions the benefit of “a single pane of glass”—allowing them to maintain clarity of vision over the entire operation, including those processes that are managed on-prem, in the cloud, or in a hybrid environment.

**2**

## It helps you maintain control.

OpCon ensures you keep control over outsourced processes by enabling you to effectively monitor for accuracy and timeliness per contracted SLAs. This is important—as the inability to assess the effectiveness of outsourced processes is regularly named as a top worry of in-house IT professionals.

**3**

## You get time back.

Workload automation is proven to shave significant time off recurring processes. One OpCon customer saved over 1,000 staff hours per year simply by automating nightly processing. These savings allow valuable team members to be redeployed to higher-level strategic initiatives within the organization.

## 4

### It reduces errors.

One of the leading causes of inaccuracies and mistakes is the manual re-entering of duplicative data. By automating data entry processes, manual errors can be substantially reduced or eliminated. For instance, OpCon customers have reduced manual errors by more than 90% on average through the automation of time-intensive manual processes.

## 5

### It saves money.

In today's uncertain economic climate, achieving financial savings is critical. By eliminating manual tasks, reducing errors, automating goodnight processes, and redeploying valuable staff to higher-level strategic initiatives, organizations that use OpCon to its full potential can save over \$375,000 on average every year.\*

## 6

### You can automate remaining in-house processes.

Even if you outsource your core processing, most institutions typically still run in-house operations for key functions like mortgage banking, business intelligence, commercial lending, finance and accounting, and HR. Such in-house processes offer numerous opportunities to eliminate manual effort and create efficiencies through workload automation, no matter where the software is housed.

## 7

### It enables you to retain institutional knowledge.

By embedding expertise into a workload automation and orchestration solution, businesses retain difficult-to-document knowledge and experience. This enables institutions to realize significant reductions in the costs of onboarding and training new and existing employees. In addition, automated workflows provide a simple visual guide to business processes as a complement to automatic process documentation.

*\*Based on conservative internal calculations by SMA Technologies for OpCon, customers that automate at a pace of 105 seconds per task (i.e., 30 seconds to key a manual task, 60-second wait time between tasks, and 15 seconds to verify successful completion of the previous task) at a rate of \$34.85 per hour (i.e., average hourly rate for a full-time employee assuming no premium pay for overtime, holidays, nights, or weekends). These calculations don't include any expenses for errors, re-processing, or other manual operations-related items.*



# Conclusion

OpCon also supports innovation by equipping your organization with the technology you need to meet not only today's business challenges but those of tomorrow, too.

The longer you delay adopting workload automation and orchestration through OpCon, the more your bottom line and operational efficiency will suffer.

**Can you afford to wait?**