

The background of the slide features a blurred image of a computer keyboard, a stack of coins, and a document with a bar chart and a pen. The overall color scheme is a soft, light blue.

Banking IT Alignment Report

Key Success Factors for IT

The most innovative research firm for banking IT



FIRSTRAND

Member community of 20,000
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Chevron Federal Credit Union



Federal Home Loan Bank of Chicago



Executive Summary

Situation

- Banking IT is at the top of the pack with 40% of stakeholders reporting a high degree of satisfaction with IT.
- Small-sized organizations and non-depository credit intermediation meet the bar with over 80% satisfaction.
- Client-facing technology is one of the top performing gaps. With online banking, this could be one area to focus on to improve satisfaction.

Complication

- Regardless, CEOs and CIOs agree that Banking IT is stuck in **firefighter mode**.
- CIOs want more staff and an increase in budget, but CEOs are reluctant to provide it to them.
- CEOs expect IT to transform the business in **innovator mode**, but CIOs see themselves more as **trusted operators**.

Resolution

- To get started, **first measure business satisfaction**, particularly for your key stakeholders.
- Armed with this feedback, **identify the key IT service gaps** that need to be addressed. Likely candidates include network & communications, data quality, and business applications.
- Next, identify which **core IT processes** need to be improved. Likely candidates include strategy, project management, and requirements gathering. That being said, many CIOs would like to see broader-scale process improvement.
- Finally, look at which business processes, products, and services you can better support. Watch for quick wins, as well as longer term opportunities to significantly move the dial. Consider ways to trim costs as you go.
- There are no shortcuts; stronger performance is the best way to ensure increased funding for IT.

Info-Tech Insight

1. Make informed decisions based on data, not just intuition and assumptions.
2. Participate in our diagnostic programs to compare your performance to industry benchmarks.
3. Focus on a smaller number of improvement initiatives that can constitute “big bets” for IT.

Our insights are generated from our client diagnostic surveys

Diagnostic

Key Area of Inquiry

Target Audience

CIO Business Vision

- Overall satisfaction
- Satisfaction and importance of IT services
- Perceived capacity constraints

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- Business executives
- Other senior business managers

Management & Governance

- Importance and effectiveness of core IT processes
- Organizational accountability for these processes

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- IT leadership team

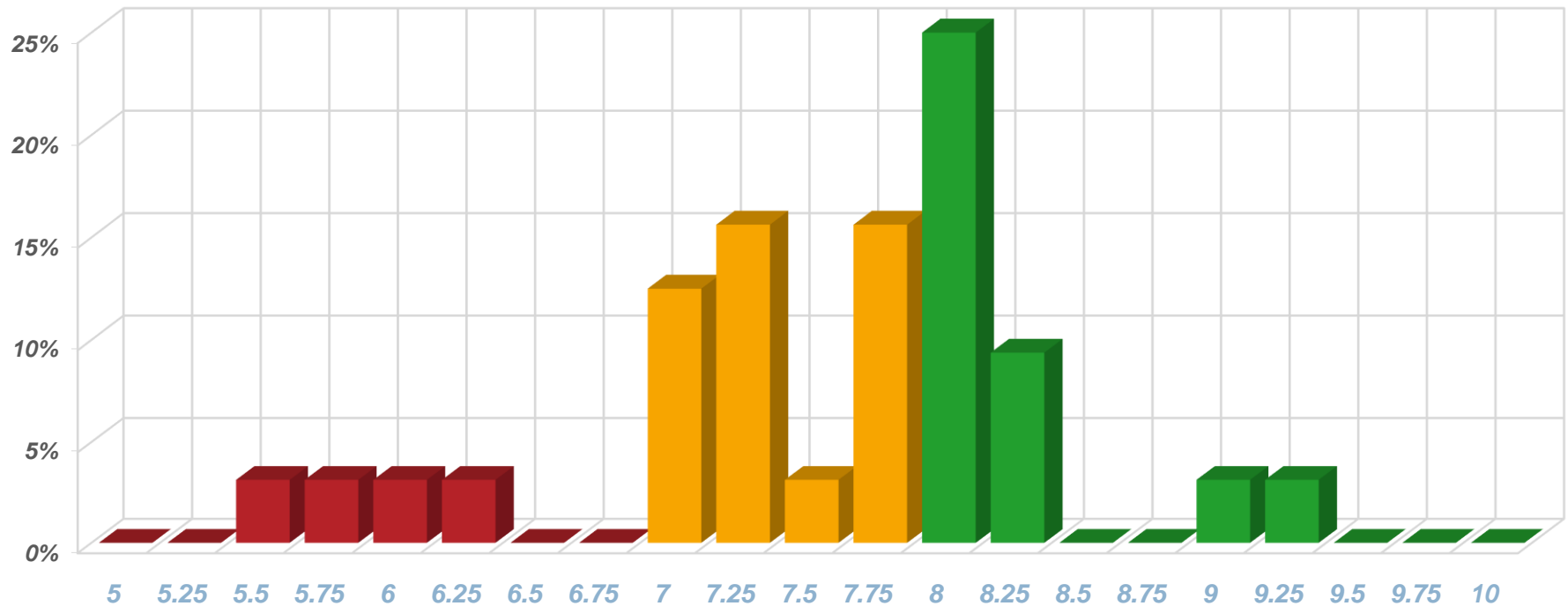
CEO-CIO Alignment

- Current and target role for IT
- Degree of alignment with business leadership
- Top objectives and obstacles facing IT

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- CEOs and CIOs
- Other CXOs

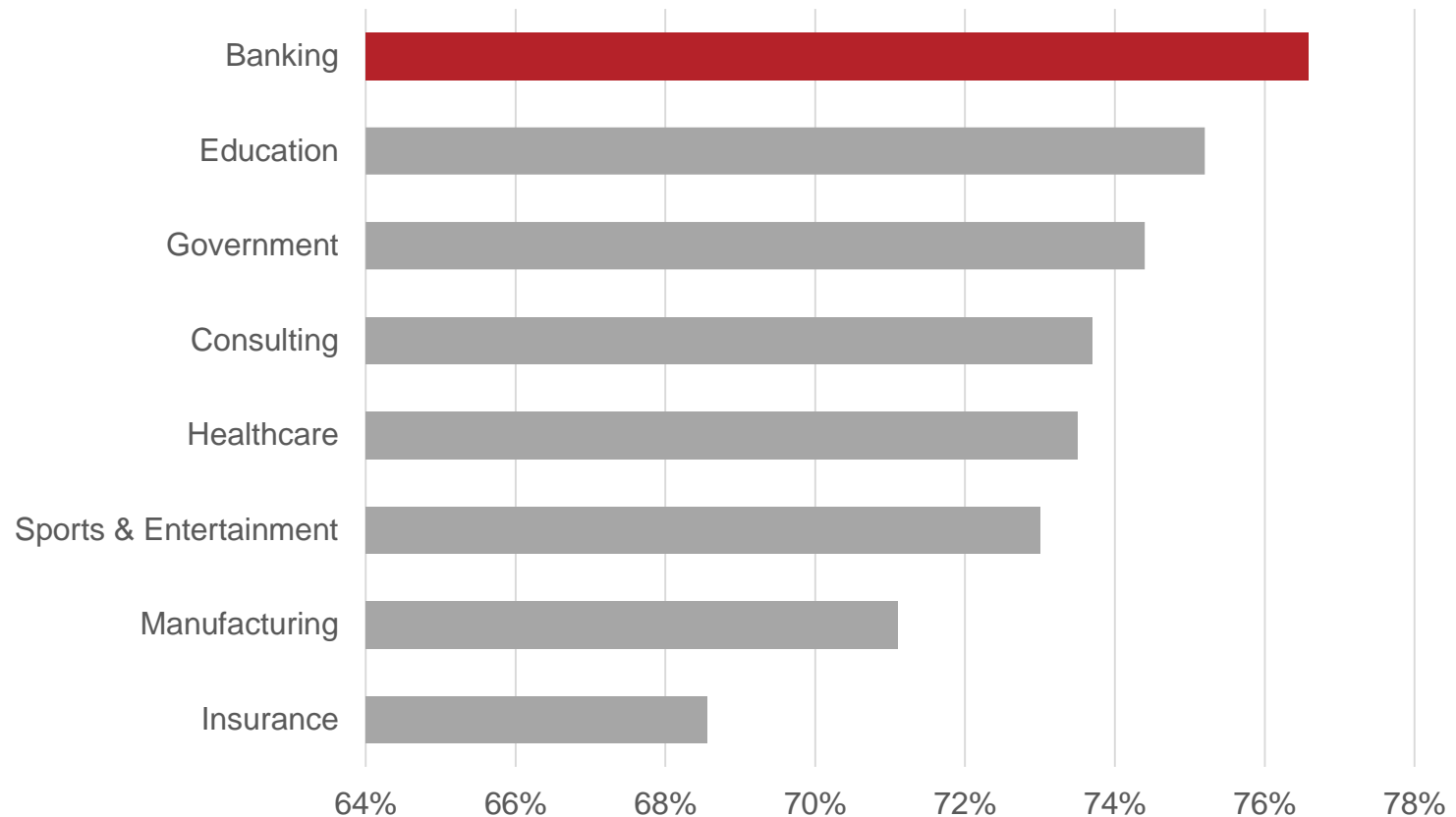
Keeping IT stakeholders happy is hard, but 40% of them report that banking IT is doing a good job



Business Leader Satisfaction with Banking IT

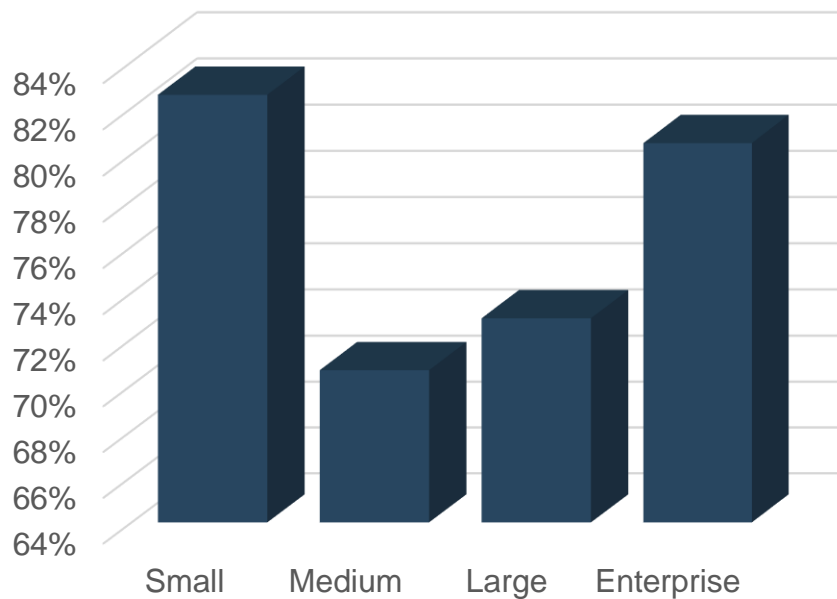
Banking is at the top of the pack in terms of business stakeholder satisfaction

Business Stakeholder Satisfaction by Industry

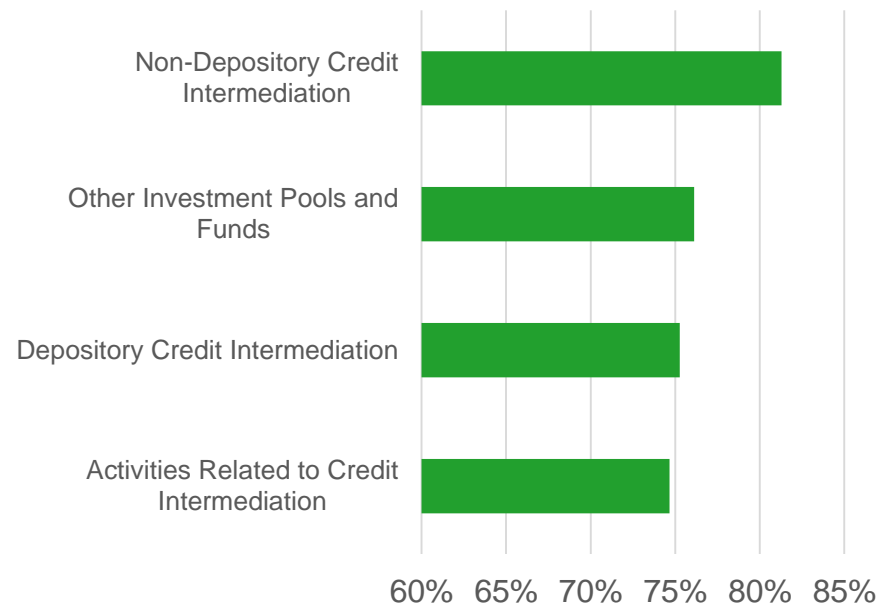


Small banking organizations and non-depository credit intermediation both meet the 80% threshold

Business Stakeholder Satisfaction by Company Size



Business Stakeholder Satisfaction by Sub-Segment



What services could be improved for banking? Network, data quality, and client-facing technology

Service	Satisfaction	Importance
Service / Help Desk	81%	2
Network & Communications Infrastructure	78%	1
Work Orders	77%	10
Devices	77%	6
Business Applications	76%	4
IT Policies	76%	11
Data Quality	75%	3
Projects	74%	9
Requirements Gathering	72%	12
IT Innovation Leadership	70%	8
Analytical Capability	69%	7
Client-Facing Technology	69%	5

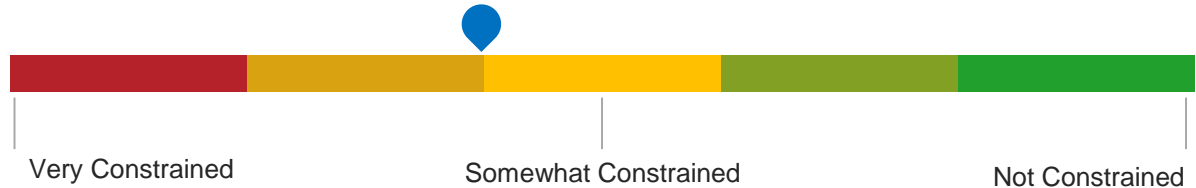
Top Performance Gaps

1. Network & Communications
2. Data Quality
3. Client-Facing Technology

Capacity constraints are cited as a concern, but not exceedingly so

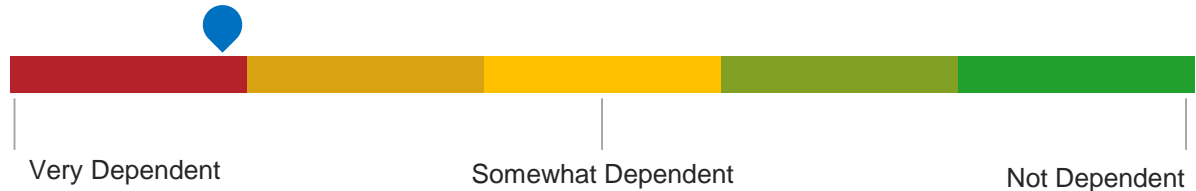
Capacity Needs

To what extent is your group constrained and prevented from reaching your strategic goals by IT capacity?



Overall Dependency

To what extent does your ability to deliver results depend on effective IT services?



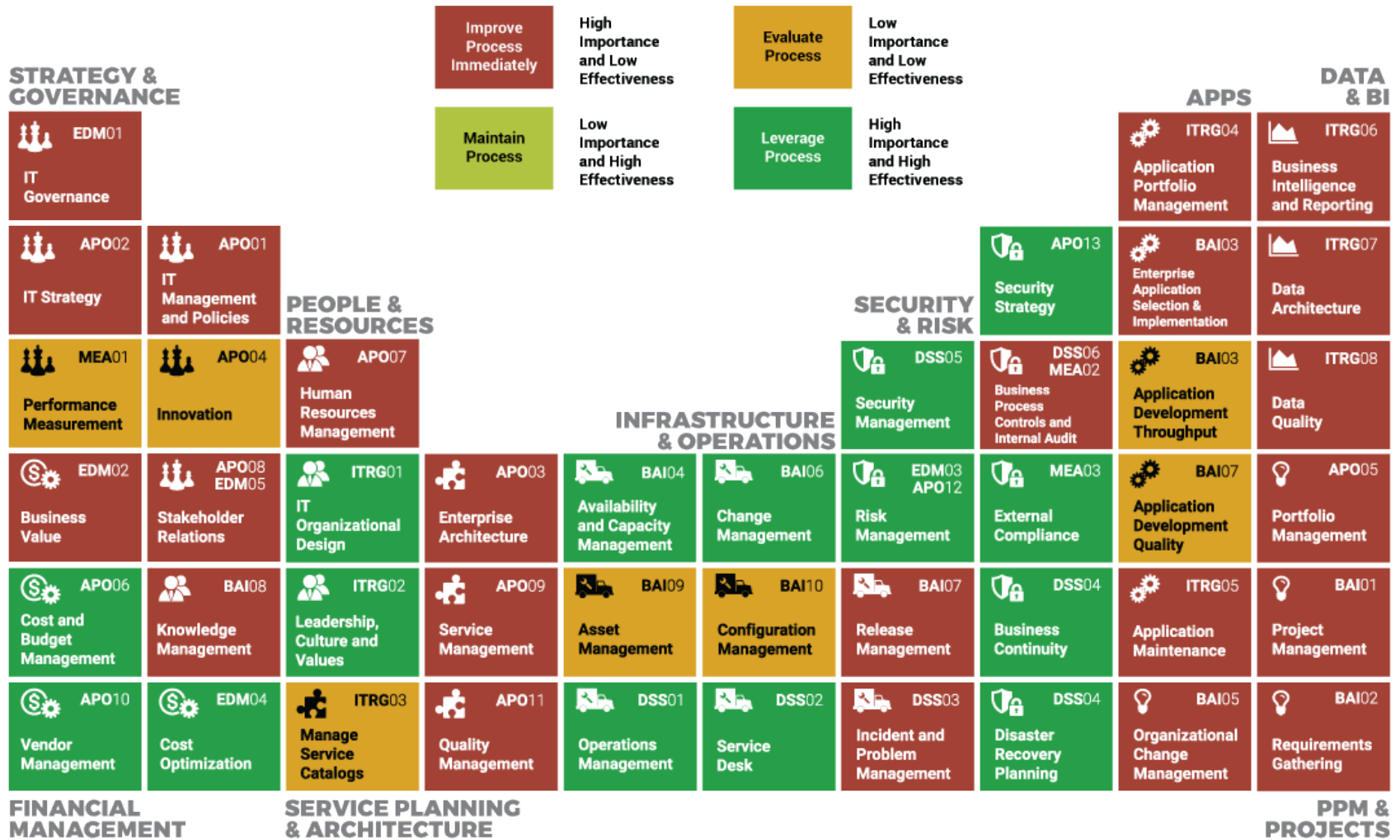
Overall Shadow IT

To what extent do you look externally and purchase IT services and applications without corporate IT involvement due to lack of internal IT capacity?

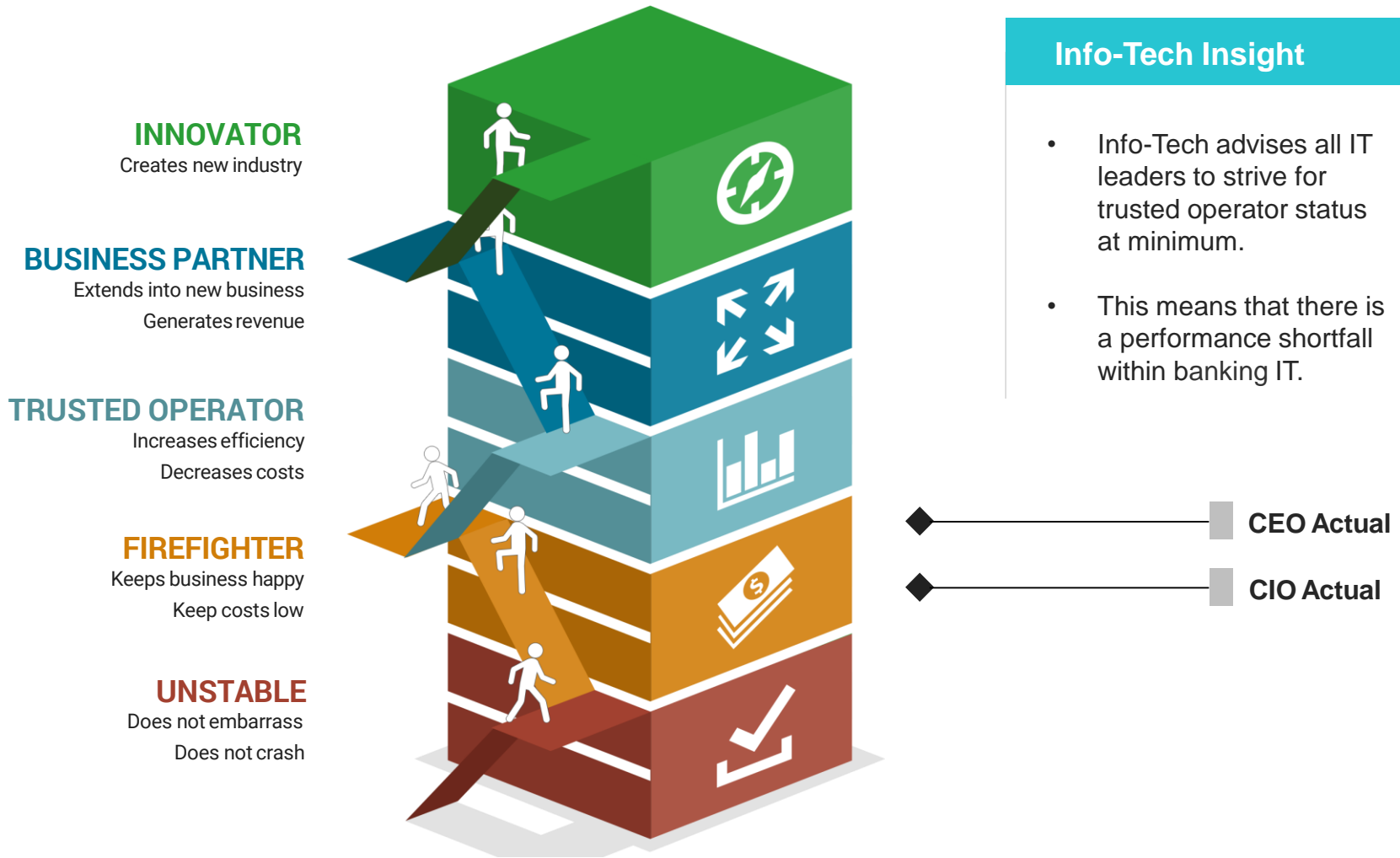


Banking IT leaders see plenty of room to improve core processes

IT Management & Governance Framework

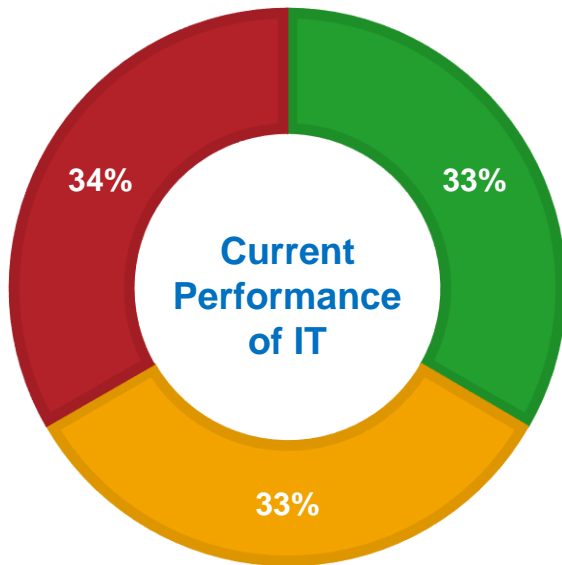


Both CEOs and CIOs see banking IT currently operating in firefighter mode



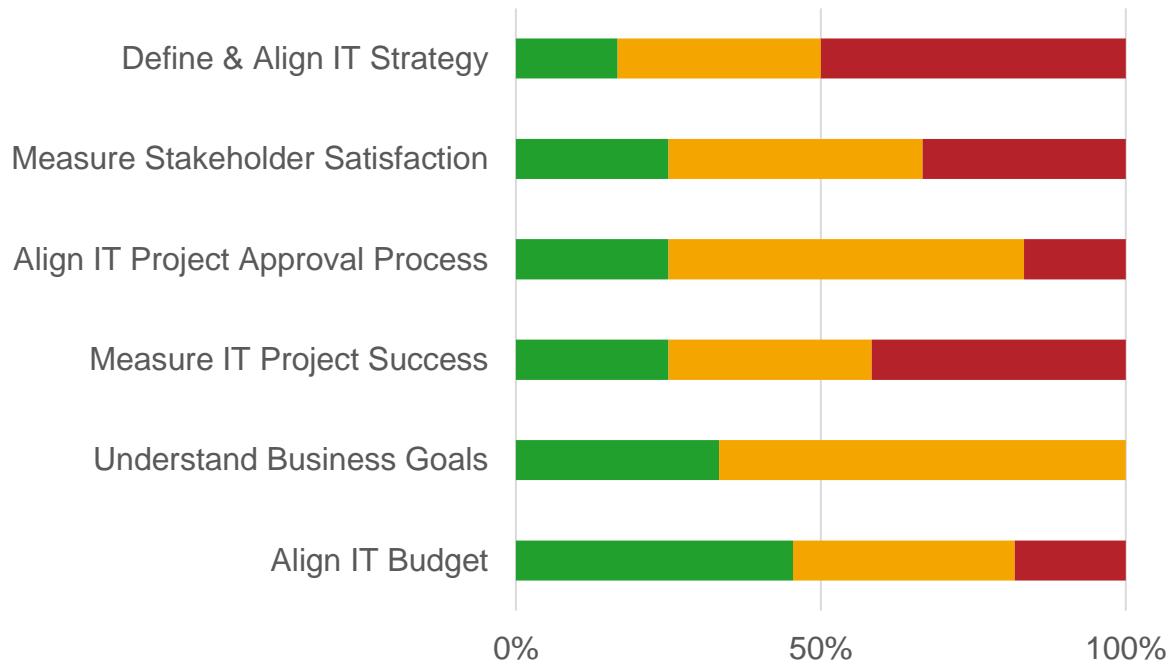
Banking CEOs and CIOs are misaligned, particularly in the areas of IT strategy, stakeholder satisfaction, and project approval

CEO-CIO ALIGNMENT



- Aligned
- Somewhat Misaligned
- Highly Misaligned

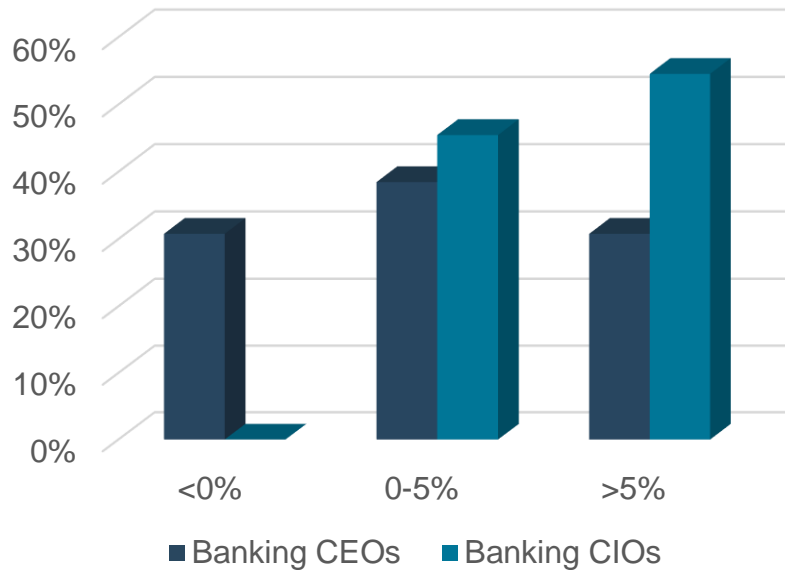
CEO Satisfaction with IT



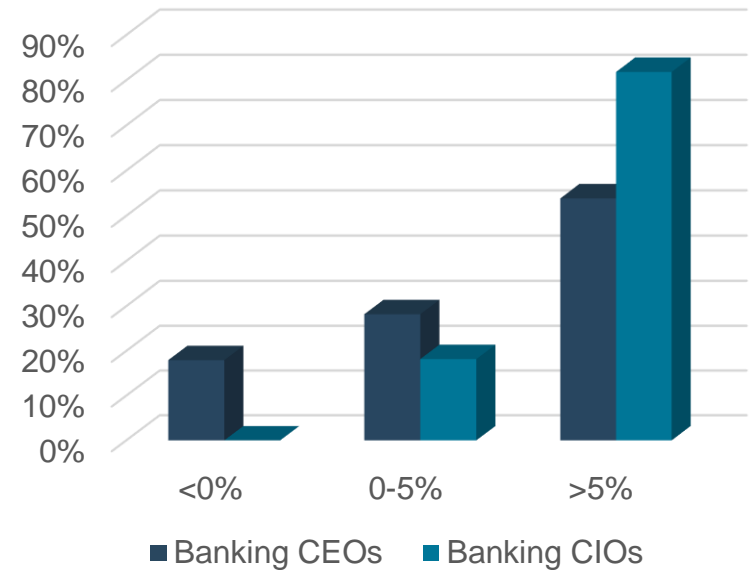
- Effective
- Some improvement necessary
- Significant improvement necessary

CIOs anticipate much higher growth in staffing and budget than their CEOs

Anticipated Staffing Growth Over Next 3-5 Years

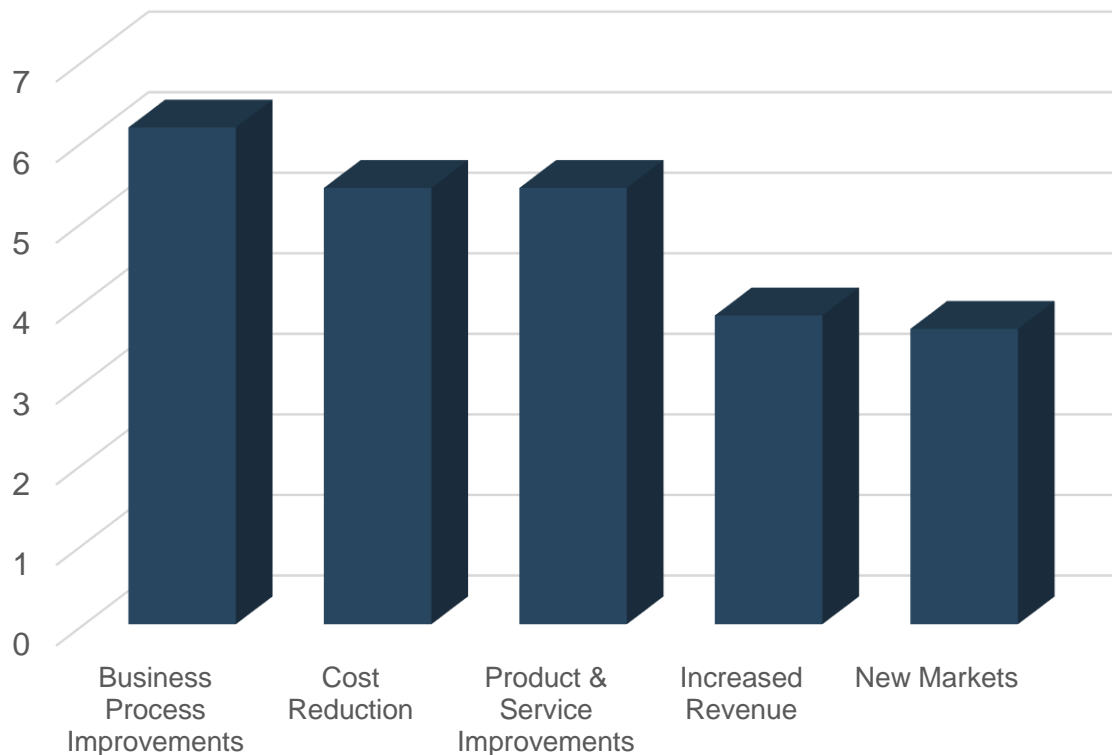


Anticipated Budget Growth Over Next 3-5 Years



In addition to business process improvements, CEOs are looking for cost reduction and product and service improvements

CEO Priorities for Banking IT



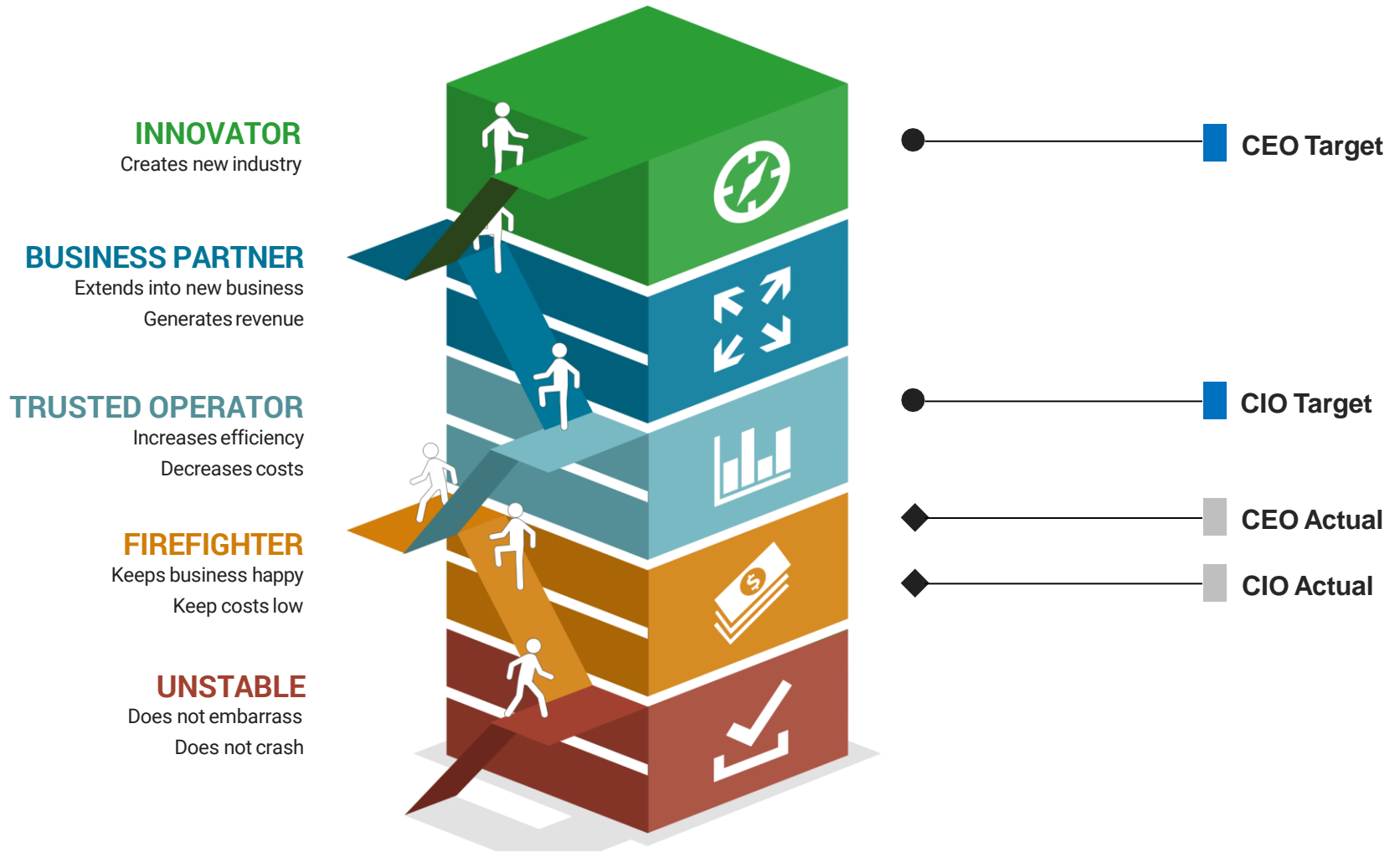
Top Business Barriers

1. Lack of clear direction
2. Poor project execution
3. Lack of funding

Top IT Barriers

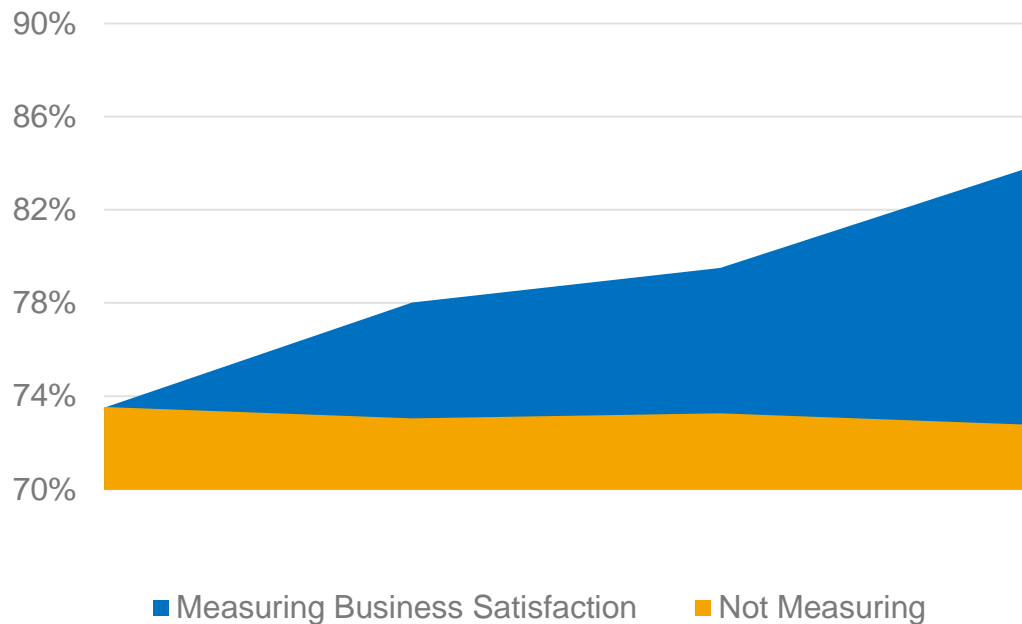
1. Legacy systems
2. Poor communication
3. IT leaders' understanding of the business

CIOs underestimate the CEO's willingness to change; CEOs want IT to operate in innovator mode



Banking should start by explicitly measuring business satisfaction with IT

Business satisfaction with IT



Info-Tech Insight

- Focus first on the needs of your key business stakeholders.
- This usually includes senior executives, directors, and certain key managers.
- This group will have more pointed feedback than the rest of the end-user population.

Your improvement program should be based on customer feedback, as well as the lessons of your industry peers

Top Processes to Improve

Top Performance Gaps

Top Business Goals

Strategy

Network & Communications

Business Process Improvements

Project Management

Data Quality

Cost Reduction

Requirements Gathering

Client-Facing Technology

Product & Service Improvements

How Info-Tech helps: enterprise applications example

Step 1: Assess Your App Portfolio

72% of organizations do not have a full understanding of their application portfolios.

Step 2: Define App Strategy & Roadmap

57% of organizations believe that modernizing their applications landscape is critical to achieving business objectives.

Step 3: Optimize Requirements Gathering Process

70% of project failure is due to bad requirements. Don't be on the wrong end of this statistic.

Step 4: Govern & Manage a Software Implementation

On average, 66% of large software projects are over budget, 33% are over time, and they deliver 17% less value than originally projected.

Step 5: Optimize Application Development

Only 14% of organizations identify their development throughput as highly effective.

Step 6: Embed Quality in Development Processes

Testing alone does not guarantee success. Quality needs to be embedded in every step of the PMLC.

Step 7: Build an App Maintenance Strategy

50% of all maintenance is reactive. Establish a business-aligned plan for maintaining the most important applications in your environment.

Step 8: Establish an App Center of Excellence

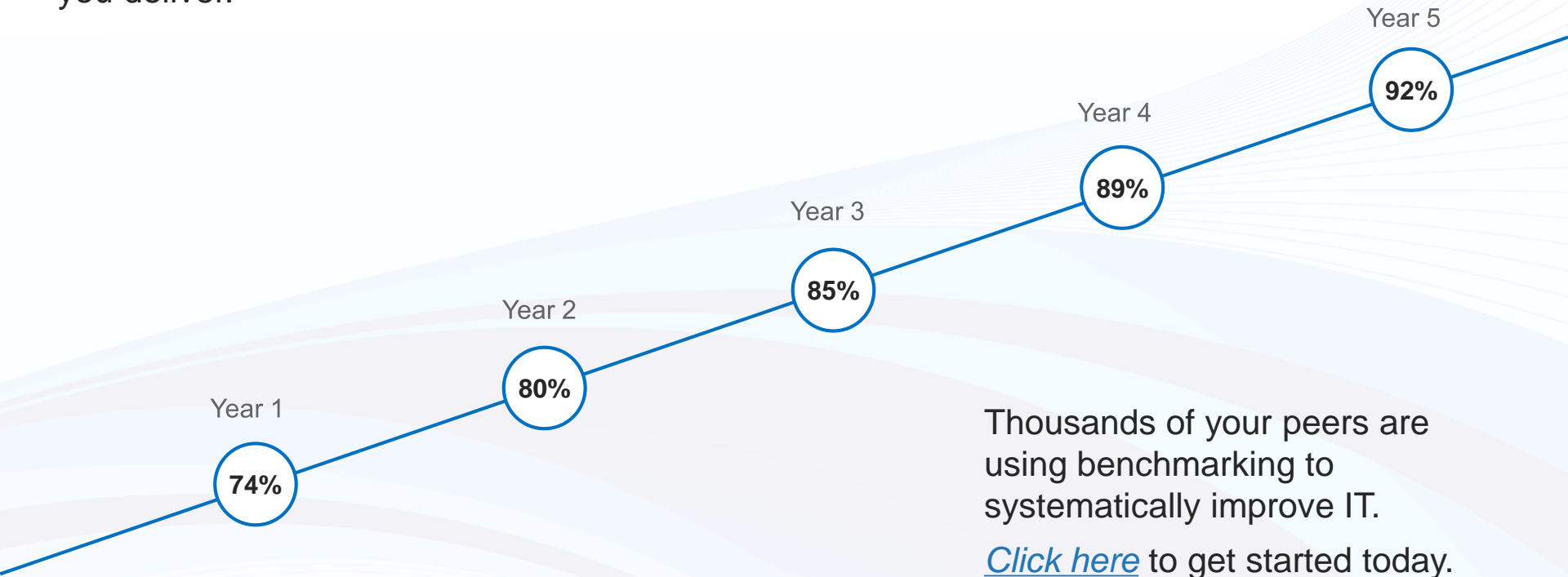
53% of organizations receive less than half the benefits from their ERP implementations. Make sure you have a program to drive benefits realization post-go-live.

Step 9: Adopt Business Process Management

Poor process equals poor business results. A good BPI initiative can result in a 50% reduction in labor costs.

Use your performance gains to improve stakeholder engagement and make the case for better funding

Objectively measure IT's year-over-year improvement and demonstrate the value you deliver.



Thousands of your peers are using benchmarking to systematically improve IT.

[Click here](#) to get started today.

