

# The Fujitsu KISS Report - Financial Services

## Keeping IT Simplified and Streamlined to maximize the business value of SAP® Applications and SAP HANA®

Financial institutions need to innovate to ensure profitable business after regulatory reforms. Further success and growth can be affected by increased efficiency and transparency and simplified customer interaction. IT transformation and simplification are needed to eliminate disconnected processes, support the realization of innovative business models and securely serve the empowered digital customers who expect omni-channel and omni-device access to financial services.



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**Introduction**

SAP solutions have supported organizations in the financial services industry in their international expansion for many years. SAP customers are realizing the benefits of their SAP system and undergoing transformation/deployment projects to introduce new modules, applications and technologies such as SAP HANA® that enable further business growth.

To better understand the actual needs of SAP customers in the financial sector, Fujitsu commissioned Coleman Parkes Research to conduct a global research project. The key objective of the 100+ telephone interviews with senior level decision makers from large financial institutions was to better understand the root causes of business and IT challenges with respect to business transformation projects, explore potential solutions, and draw conclusions as to how these organizations can best address these challenges and maximize their investment in their SAP solutions.

**Key Insights**

- SAP customers in the financial sector, who are undergoing major transformation, place IT Operations at the top of their agenda
- More than in other industries, the implementation of new technologies in financial services institutions is delayed by challenges regarding the integration with new systems (48%), a lack of internal skills (45%) and the stakeholder buy-in (31%)
- Nearly a third is concerned with how to maintain normal business operations whilst undergoing transformation on this scale
- More than 9 out of 10 SAP customers have invested or plan to invest in SAP HANA® in the next two years
- **SAP HANA® boosts exploitation: 96% of SAP HANA® users are able to exploit SAP to the full!**
- SAP customers recognize the importance of simplification:
  - Simplification is the basis which will help to improve many other areas (costs, flexibility and harmonization) (90%)
  - Streamlined and standardized SAP landscapes will help customers to better respond to business needs (88%)
  - Simplification must cover all areas to create some impact (SAP applications, underlying infrastructure) (85%)

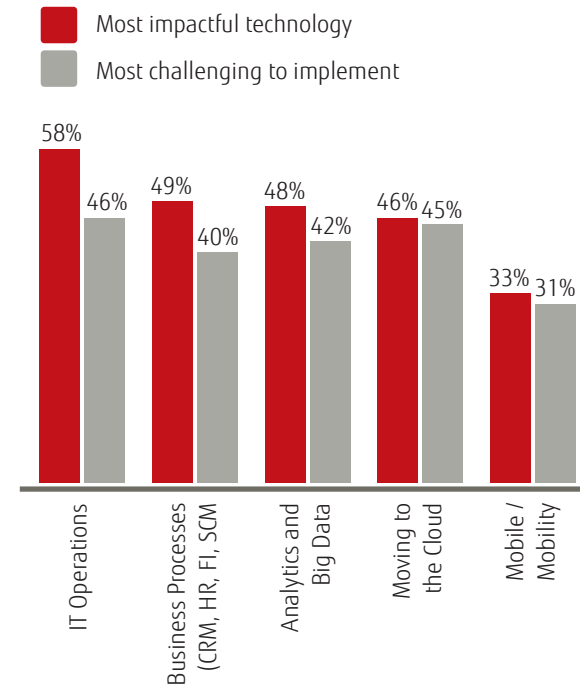
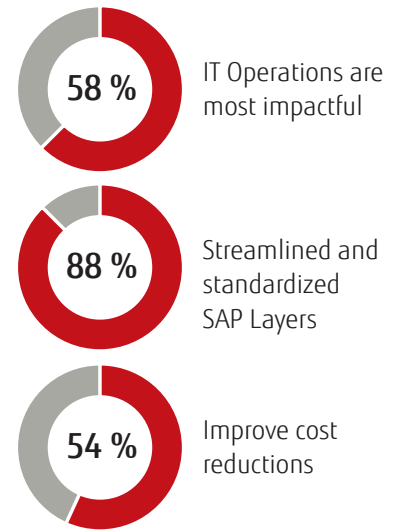
**At the top of the transformation agenda: IT Operations**

New trends in technology and processes are changing the way SAP customers in the financial sector operate and serve their customers:

- Mobile technology provides customers with instant access to their account information from any location at any time;
- Analytics and big data unleash the power of its data - boosting market intelligence and optimizing customer targeting and services;
- Improved business processes mean they can serve their customers faster and more efficiently.

Results from the KISS financial services survey reveal that the transformation of current IT operations in order to reduce costs by streamlining SAP software landscapes is at the top of the agenda.

As well as understanding the importance of trends in processes and technology (mobile, analytics and big data, business processes and IT operations), SAP customers in the financial sector are aware of how challenging they can be to implement them into their existing system. Transformation in IT operations is also considered most challenging, which is mainly due to the invasive nature of this type of transformation since it affects the business as a whole. Cloud technology is also perceived to be challenging but this is mainly due to it still being in its relative infancy and therefore challenges are more related to its data security and handling of sensitive information.

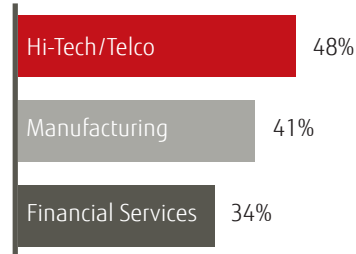


**Hurdles hindering transformation**

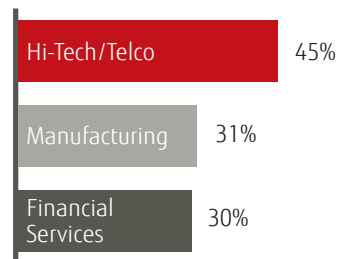
The top three challenges in implementing new technologies - that affect the financial services more than other sectors - occur when integrating technology with existing systems/ system infrastructure (48%), trying to find the right internal skills (45%) and gaining stakeholder buy-in for transformations of this nature (31%). It seems that in order for SAP customers in the financial sector to adopt the new trends in technology they not only have to train staff but potentially change attitudes towards modernizing businesses processes - since stakeholders seem resistant to change.

**Top three barriers preventing the implementation of new technologies**

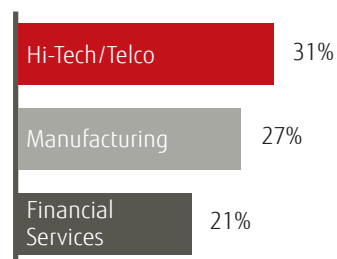
**Integrating with existing systems**



**Lack of internal skills**

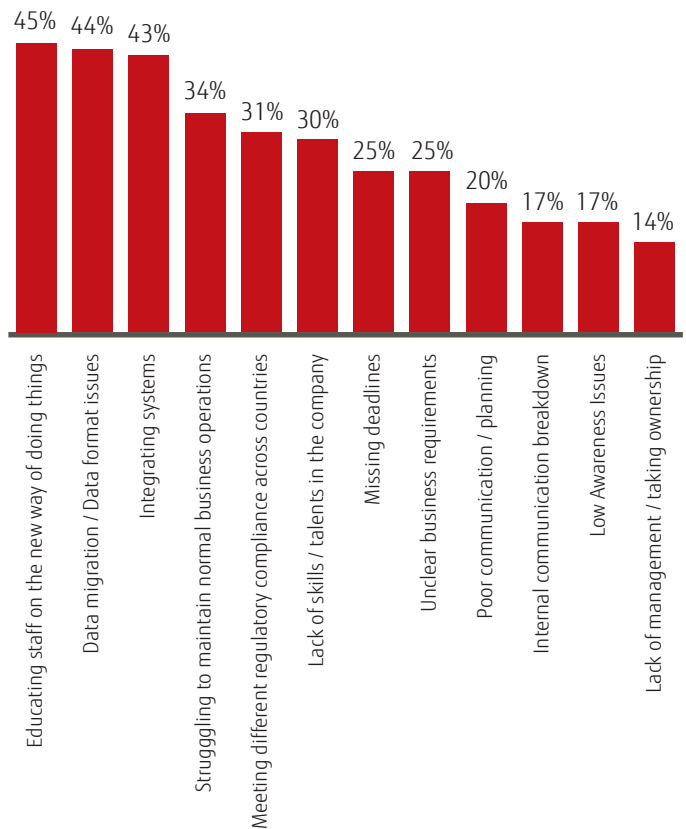


**Stakeholder buy-in**



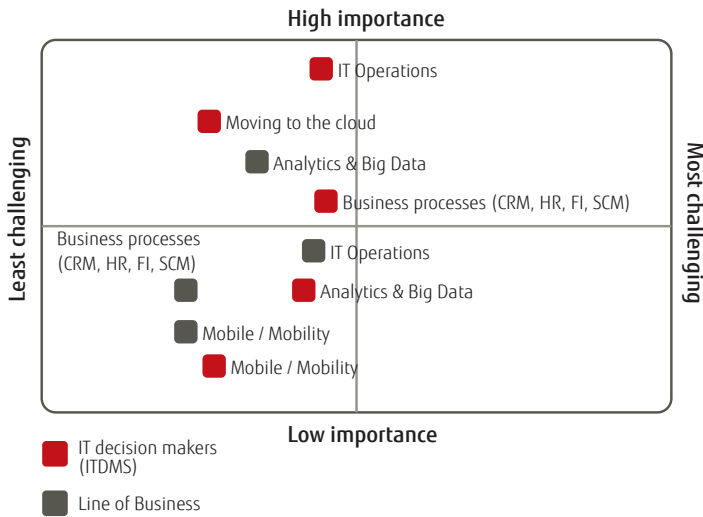
The top three challenges when undergoing a SAP transformation are; educating staff/training staff (45%), migrating data (44%) and integrating systems (43%). This shows that SAP customers in the financial sector are being held back by not having the right internal skills and knowledge for the transformation job. Meeting regulatory compliance is also a barrier; financial institutions face many domestically oriented standards and regulations, which make it difficult to implement global standards and processes (31%). Other challenges also show there is a need to have the right project management skills onboard to ensure normal business operations continue whilst undergoing transformation (since customers in the financial sector expect 24/7 service and transactions to be carried out immediately): missing deadlines (25%), unclear business requirements (25%). Although these challenges concern a quarter of SAP customers in the financial sector, on a global scale this proportion is a significant number of firms.

**Challenges when undergoing transformation**



**Collaboration can help to drive transformation**

IT decision makers and business decision makers (line of business) have different opinions on the level of business impact of each technology and how challenging each technology would be to implement: IT decision makers view improving IT operations and moving to the cloud as a priority, yet other decision makers concentrate more on analytics and big data. The possible disconnect between IT decision makers and lines of business could mean a lack of collaboration between departments during transformation projects which could potentially hinder the process by not meeting everyone's needs across the business.



Given the transformation challenges that lie ahead, it is not a surprise that simplification and a streamlined process are top of their agenda: 9 out of 10 SAP customers in the financial sector agree that simplification is the basis for improvement in many areas (90%), streamlined and standardized SAP landscapes will help customers to better respond to business needs (88%) and simplification must cover all areas to create some impact (85%).

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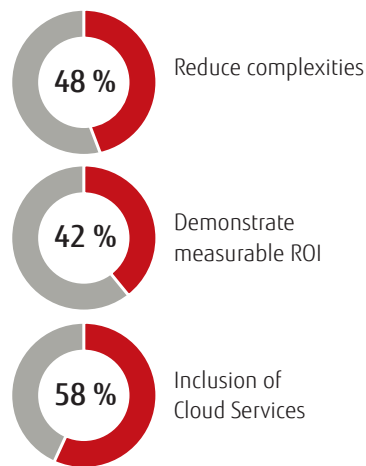
**Recommendation**

Since there is a drive towards a more streamlined business in the financial services, SAP customers should give IT decision makers a 'seat at the table' during business development discussions. This would provide a significant opportunity for other departments to learn the benefits of how improved IT operations can help modernize their processes and improve their efficiencies from a technology point of view.

**What SAP customers in the financial sector expect**

SAP customers in the financial sector expect their SAP system to help them simplify their transformation in the long run. They prepare platforms for cloud adoption to drive operational and cost efficiencies even further (42%) and thus aim to demonstrate a measurable ROI to secure stakeholder buy-in (42%)

**Firms' expectations towards their SAP solutions in the long term**



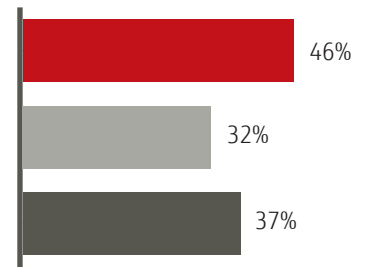
SAP customers in the financial sector realize the transformation task ahead of them will be immense since the rollout will be across their entire global operation. Nearly a third is concerned with how to maintain normal business operations whilst undergoing transformation on this scale.

**Third-party support is crucial for transformation**

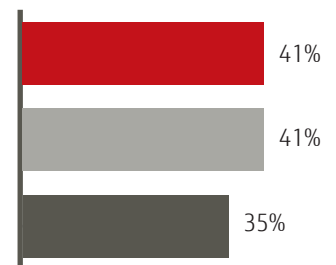
SAP customers from the financial sector are going to need external support to help drive their SAP transformation. They value external support more than any other sector (46%), in fact 'a good supplier relationship' is considered a key success factor in transformation projects (to ensure the process is simplified and streamlined).

Results from the survey also reveal that 6 out of 10 SAP customers from the financial sector will look for a third-party supplier that brings expert knowledge to help simplify and streamline transformation (63%), has a service that provides excellent value for money (62%), is willing to go the extra mile (56%) and is flexible and able to react to circumstances (56%).

**External Support**

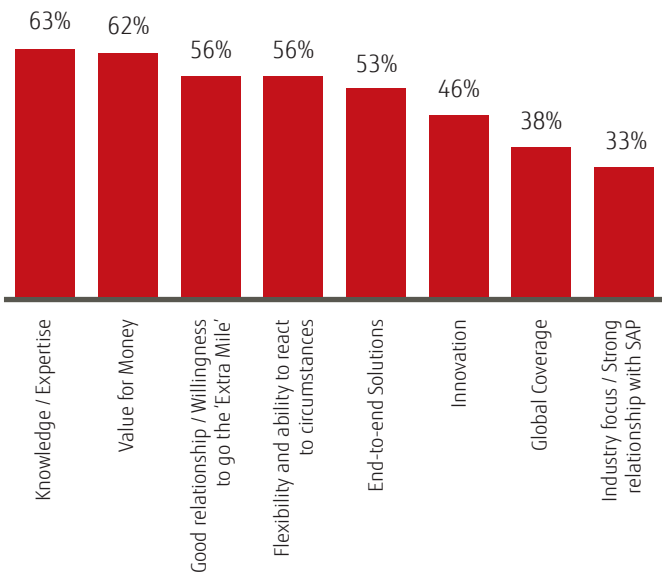


**Good Supplier Relationship**



34% of SAP customers in the financial services struggle to maintain normal business operations whilst undergoing an SAP transformation/deployment

**The qualities SAP customers from the Financial Sector look for in a Third Party**

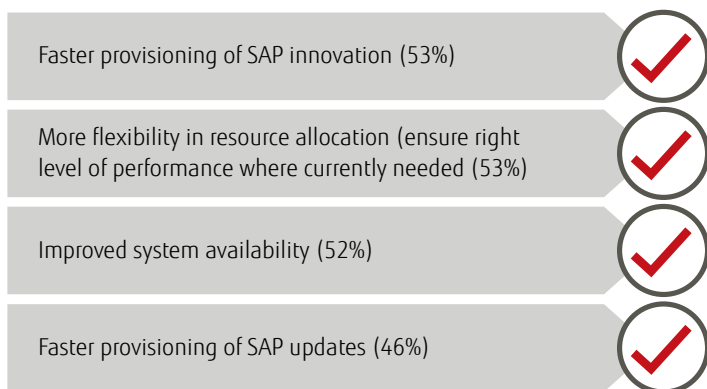


**Side note on budgets**

SAP customers report that current budgets are balanced between maintenance and innovation. The reason why investment in innovation is not higher, especially given the size of the transformation that lies ahead, is mainly because they lack the dedicated internal skills to innovate – which is why SAP customers look for this quality in their third-party supplier.

**Financial institutions want the most out of their SAP system – SAP HANA® is key**

SAP customers in the financial sector value their SAP system since it provides them with the freedom for growth through technology adoption. Compared to other sectors (manufacturing and high-tech/telco) they are a little bit less aware of how much more business impact can be achieved through SAP transformation projects thanks to faster provisioning of innovation (53%, 60%, 56%), more flexibility in resource allocation (53%, 57%, 56%), improved system availability (52%, 56%, 54%) and faster provisioning of SAP updates (46%, 55%, 51%).



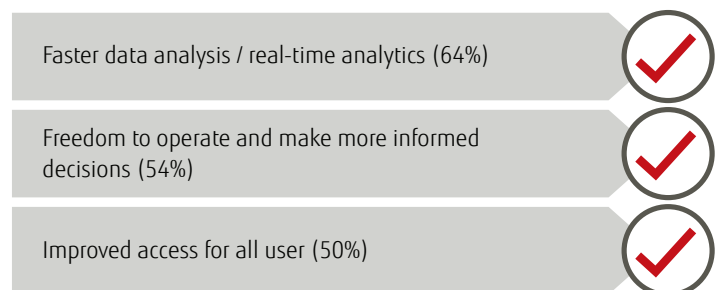
Compared to other sectors financial institutions experience the lowest exploitation of their SAP solutions, with only 39% of customers believing they are currently fully utilizing the vast capability of their system.

**SAP HANA® dramatically drives efficiencies**

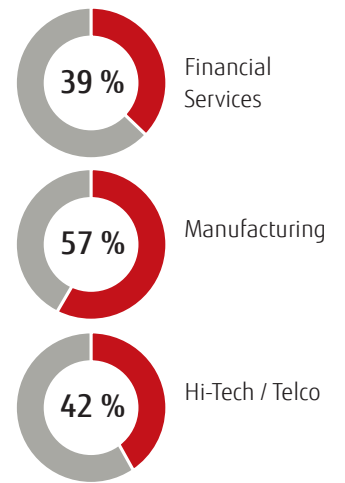
A further drive to get the most out of SAP applications is to invest in SAP HANA®, with over 9 out of 10 customers having done so already or planning to do so in the next two years (96%). The introduction of SAP HANA® is great for transformation projects - for business as well as for IT - because it is really a new platform for next-generation applications and analytics which enable innovative business models based on real-time insight and processes.

Results show that SAP HANA® dramatically drives efficiencies in the financial sector! Whereas only 39% of all SAP customers in financial services believe they fully exploit the potential of their SAP solution, 96% of customers who have already implemented SAP HANA® experience good utilization (from 39% to 96%).

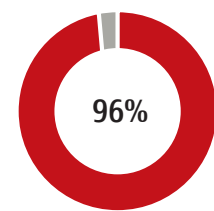
SAP customers that use SAP HANA® are seeing the benefits. SAP HANA® provides them with faster data analysis / real-time analytics – essential for fully utilizing the wealth of customer data and financial data they have stored (64%), more freedom to operate and make more informed decision making (54%) and improved access for all users (50%), which is crucial given the size and scope of their global operations. In fact, 4 out of 10 customers also see SAP HANA® as a means of reducing complexities in transformation projects.



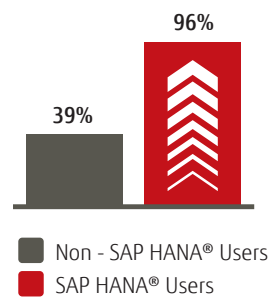
**Firms that believe they are fully exploiting their SAP system today**



**SAP customers already invested in SAP HANA® / plan to invest in the next two years**



**Firms fully utilizing SAP System**



## Conclusion

Financial services institutions are confronted with changing regulations and with the probably most empowered digital customers, with the highest expectations regarding a positive end-to-end customer experience. These challenges force financial institutions to rapidly undergo transformation in order to stay compliant with regulations and innovate their services. The power of SAP solutions and especially SAP HANA® can enable them to do so once they have stakeholder buy-in. In fact SAP HANA® has already proven to be a booster for better exploitation of the vast capabilities of SAP solutions, which help empower organizations to make the leap towards future banking operations. However, it currently seems that this leap is mainly hindered by inefficient IT operations, which are at the top of the transformation agenda of the majority of financial services institutions. But how can such hurdles be removed? Results of the survey show that the financial sector suffers more than other industries from a lack of internal skills when it comes to the implementation of new technologies and the integration with existing systems. Thus it doesn't come as a surprise that financial institutions value third-party support more than other industries – seeking knowledge and expertise as well as good value for money. Fujitsu is closely aligned with SAP and its Run Simple operating principle that helps customers streamline their processes and increase the agility to create new growth opportunities for their business.

The broad Fujitsu portfolio based on advanced technologies and service capabilities reflects traditional SAP applications as well as innovations, such as SAP S/4HANA. The main challenge to make the SAP transformation and deployment process more simple and streamlined is having the right internal resources. It is not just about having the right 'mechanics' on-board (SAP specialist) to look after the nuts and bolts, but also the appropriate levels of awareness and engagement (especially buy-in from stakeholders and business units). When asked if simplification was just another buzz word, 6 in 10 people disagreed. 8 in 10 went on to agree that streamlined and standardized SAP landscape will help better respond to business needs. This underlines that SAP customers want to keep SAP transformation and deployment simple and streamlined. Fujitsu will share a second set of findings and recommendations based on from The KISS Report in early 2015.

## Fujitsu and SAP - helping customers to transform their business

A trusted SAP Global Partner for over 40 years, Fujitsu has successfully helped thousands of customers worldwide to simplify, innovate and grow based on its reliable and innovative Information and Communications Technology solutions. The company's in-depth industry and technology expertise empowers businesses to achieve their objectives and take the lead over their competition. Fujitsu infrastructure solutions, based on powerful, industry-standard PRIMERGY, PRIMEQUEST and PRIMEFLEX systems, are highly cost-efficient and scalable to match mission-critical readiness with the lowest total cost of ownership.

Fujitsu drives innovation in all areas – from cloud services via managed SAP operations to solutions and services for on-premise deployments. The Fujitsu portfolio for SAP software landscapes includes advanced technologies and services capabilities to deliver tailored future-proof solutions. In collaboration with SAP, our customers and further specialist partners, Fujitsu reduces complexity and optimizes the investment in SAP applications and the SAP HANA® platform. The result is a more efficient enterprise, exceptional ROI and better business outcomes.

## About Fujitsu

Fujitsu is the leading Japanese information and communication technology (ICT) company offering a full range of technology products, solutions and services. Approximately 162,000 Fujitsu people support customers in more than 100 countries. We use our experience and the power of ICT to shape the future of society with our customers. Fujitsu Limited (TSE: 6702) reported consolidated revenues of 4.8 trillion yen (US\$46 billion) for the fiscal year ended March 31, 2014. For more information, please see <http://www.fujitsu.com>.

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