



Core Systems Transformation

Our Capabilities

Deloitte offers services across all stages of the core systems delivery lifecycle, acting as your transformation partner along the journey.

The market challenge

The market demands continuous improvements to operational performance and ever lower cost-income ratios. The combined pressures of saturated markets, transient customers, heightened competition from mergers and acquisitions, increasing regulatory focus and complexity, and rising risk management constraints make these aspirations difficult to deliver upon.

A potential solution?

We believe that past incremental investments in IT could be a bank's greatest weakness, locking in cost, creating complexity and inhibiting responsiveness to the market. Our hypothesis therefore is that only through Core Systems Transformation can financial organisations achieve a break through transition so as to operate efficiently and compete effectively in the future financial services market.

Cost efficiency, radical cost reduction and revenue enhancement programmes can offer immediate or short-term benefits to the "cost-income ratio": however, we at Deloitte believe this may no longer be sufficient in 21st century banking.

We define Core Systems Transformation as the end-to-end implementation of a core financial system or the complete replacement of a significant proportion if not all of an institution's heritage systems with a modern package-based solution able to fit with business needs and to handle future constraints.

Furthermore Core System Transformation is not only relevant for Banking systems but the context includes as well Asset and Investment management systems.

Our opinion

We believe that many banks are at a crossroads, facing two distinct options, to remain in the current incremental investment approach or choose a radical alternative path.

An entity can continue with periodic layers of IT investment in its core system technologies and observe, over time, the percentage of strategic spending being squeezed and its overall market competitiveness is challenged.

Non-replacement of Core Systems leads to:

Locked-in costs: costs locked into maintenance/tactical spending and not strategic development

Implementation failure: even the smallest system changes are associated with significant cost and risk

Inhibited responsiveness: the multitude of interfaces and platforms prevents banks from rapid delivery time to market

Operational complexity: silos of product processing engines limit potential for single customer view and process efficiency

Alternatively, a bank can replace its Core Systems and break through to a higher level of performance.

Core Systems Replacement leads to:

Efficiency and reliability: improved operational efficiency and enhanced customer service through atomic and straight-through processing

Product and services innovation: flexibility and pace of product launch improves capability

Greater future investment: spending is re-directed from tactical to strategic investment and enhancing customer solutions

Simplified architecture: rationalised systems and platforms reduce ongoing costs

Is this really possible?

We at Deloitte remain close to the core system market and the vendors that operate within it. There has been significant change in the core system vendor landscape, to an extent driven by consolidation.

More significantly, this has been caused by the emergence of new players operating in the lowest cost markets and not sticking to the conventional product distribution model but instead building on multiple electronic channels to sell their products.

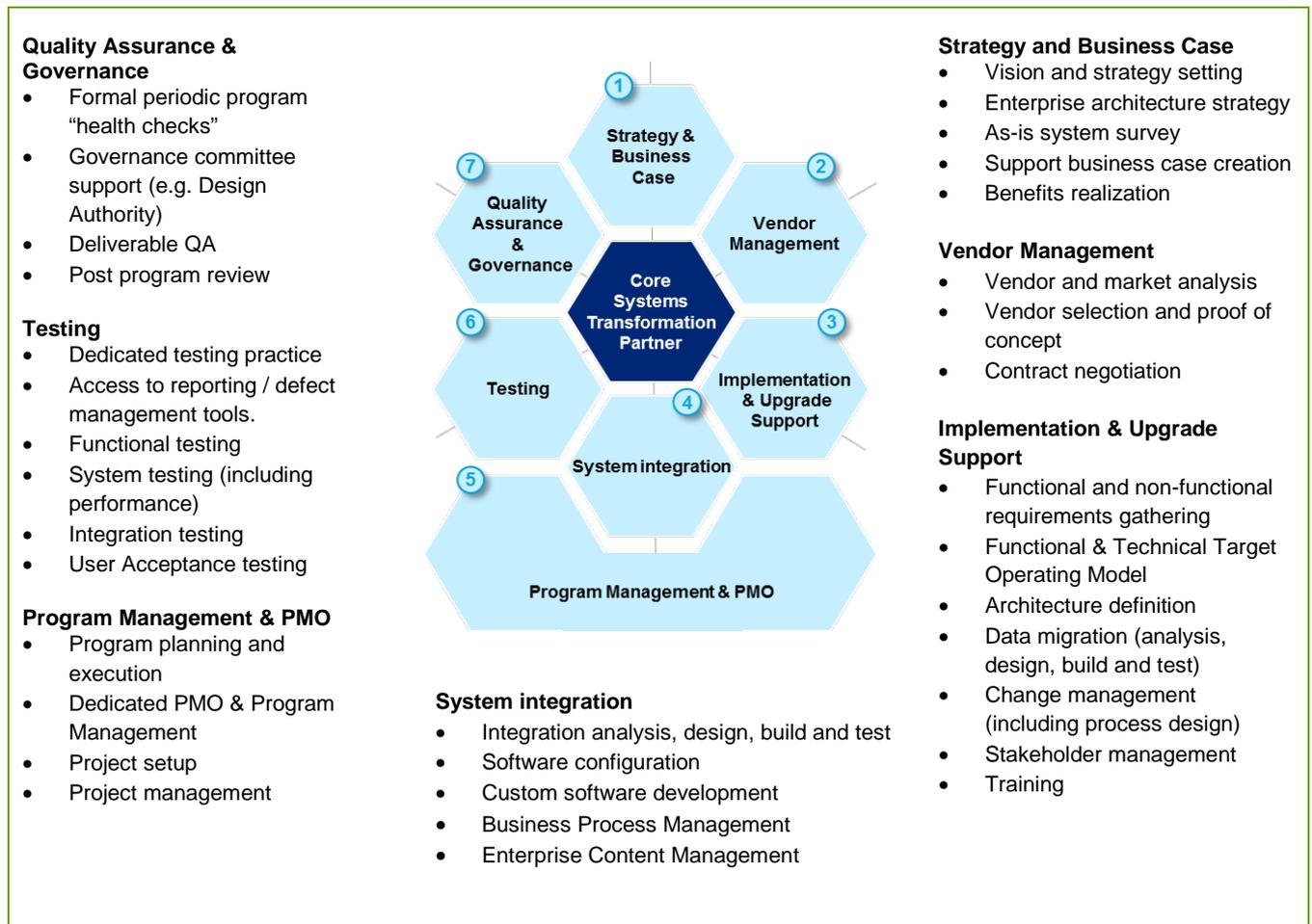
As we observe the market, core systems replacement deals are being announced almost weekly.

You are not alone

Deloitte has an unparalleled breadth and depth of services which makes it a world force in its chosen areas of business—audit, tax, consulting and corporate finance. We are renowned for our commitment to innovation, quality and client service excellence as well as for the calibre of our people. Our approach to core system transformation focuses on package-led implementations, delivered with rigorous execution processes and the necessary expertise to solve the most complex business and technology transformation challenges.

Our Value Proposition

We offer a comprehensive toolkit that can help you to navigate this complex and challenging opportunity. Using our frameworks, we have helped clients break down this full meal into digestible chunks via our Value Proposition.



Patrick Laurent
Partner
CST Practice Leader
palaurant@deloitte.lu
+352 621 198584

Joël Vergues
Senior Manager
CST Practice Coordination
jvergues@deloitte.lu
+352 661 451 698

Pierre Bauwens
Senior Manager
CST Investment Mgt.
pbauwens@deloitte.lu
+352 621 248 704

Patrick Nieles
Senior Manager
CST International Coordination
pnieles@deloitte.lu
+352 621 505 405

Joao Dos Santos
Senior Manager
CST Wealth Management
jdossantos@deloitte.lu

Steve Stracks
Manager
CST Banking
sstracks@deloitte.lu
+352 661 451 524

François Piret
Senior Manager
CST Banking
fpiret@deloitte.lu
+352 621 268 974

Deloitte is a multidisciplinary service organisation which is subject to certain regulatory and professional restrictions on the types of services we can provide to our clients, particularly where an audit relationship exists, as independence issues and other conflicts of interest may arise. Any services we commit to deliver to you will comply fully with applicable restrictions.

Due to the constant changes and amendments to Luxembourg legislation, Deloitte cannot assume any liability for the content of this leaflet. It shall only serve as general information and shall not replace the need to consult your Deloitte advisor.

About Deloitte Touche Tohmatsu Limited:

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/lu/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Deloitte provides audit, tax, consulting and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and deep local expertise to help clients succeed wherever they operate. Deloitte's approximately 200,000 professionals are committed to becoming the standard of excellence.

© 2013 Deloitte General Services

Designed and produced by MarCom at Deloitte Luxembourg