

How companies can reduce IT costs and improve productivity.

Modernization of legacy IT solutions has consistently put pressure on companies a challenge even more significant given the speed of change in the market today.

To achieve effective digital transformation companies are forced to modernize to deliver new online digital solutions to meet the changing demands of their customers.


The need for quick product solutions, while reducing costs has led companies to explore new and more creative partners with open architecture and agile methodologies. With the help of new partners, companies are accelerating digital transformation.

Building closer customer relations while reducing costs and internal complexity, while digitally modernizing requires six facets.



- 1 Build a flexible data platform better interfaced for all department needs.
- 2 Hollow out the core and integrate new partners to bring products to market faster.
- 3 Modernize capabilities based on customer experiences/journeys.
- 4 Prioritize integration over simplifying systems.
- 5 Move all non-differentiating functions to SaaS partners.
- 6 Build a global solution but provide local customization.





Each of these principles can save the company a **10% reduction in time**. Cost can be reduced another **15% per facet** when implemented. This strategy will also **cut speed-to-market in half and lower costs 70%** modernizing legacy systems.¹

1. Build a flexible data platform for all departments' needs.

Rather than starting from scratch to build a centralized data platform, focus on the more modest goal of ensuring data access for all departments using a single source for a specific data element. A company can build a flexible data platform via streaming databases, data interfacing, and the use of a data mesh.

2. Hollow out the core systems and integrate new partners to bring products to market faster.

Companies need to reduce their dependence on their core systems because many of these legacy systems require significant IT costs and upkeep. Focus on partnerships with innovative technology and micro-services to modernize and migrate to better customer experiences. Companies can start by prioritizing new capabilities from newly designed customer journeys without going into multi-year implementation runways. Key partners can offer off-the-shelf and customizable solutions that can be up and running within weeks or a few months.

3. Modernize capabilities based on customer experiences/journeys.

Frequently, companies build new capabilities with no clear view on how they support the customer experience. Identify top priorities to invest in new capabilities that enhance the real needs of a customer's journey. Focus on the front-end by designing for a better customer experience.

4. Prioritize integration over simplifying systems.

Company efforts towards legacy IT modernization projects typically reduce complexity by rationalizing systems and applications first. Instead, focus first on integration and simplification. With the proper APIs in place, a company can better see what applications and structures are redundant and begin to restructure and decommission unneeded ones. A comprehensively considered implementation of an API layer strategy can significantly reduce costs without decreasing the number of applications.

5. Move all non-differentiating functions to SaaS partners.

Own the pieces that drive your brand and are best managed in-house. For all other capabilities, it's more cost-effective to move enterprise applications to a software-as-a-service (SaaS) provider or at least to a platform-as-a-service (PaaS). That makes it easier for IT because its partners are more agile in philosophy, regularly upgrade, and that significantly decreases the lift for the back-office team to manage the system they provide.

6. Build to a global solution but provide local customization.

When looking at solutions, companies need to think standardization that doesn't serve just one country or region but handles a global platform for channels and data. Then permit local adoption of specific product parameters and customized front ends within the solution. Allowing specific customization parameters reduces IT costs and time for each regional to leverage new capabilities.

Implementing the six principles, companies can cut delivery time in half but also **reduce cost by as much as 70%**. That means better speed-to-market, architecture resiliency, and future readiness.

For companies to get the most from this new approach, they need to overhaul their operating model to focus on productivity and efficiency. Credit unions can't achieve this through pure technology change alone; it requires a new approach to the **"HOW"** of delivery. CEO, CMO, and CTO must introduce key enablers to support team members to work in a new way to drive adoption of the six principles. A commitment to change management is critical to success.