

Financial Services

Seizing the moment

The next few years are set to be a pivotal time for financial services organisations. With the global economy entering a period of the strongest post-recession growth in 80 years, the financial sector is poised for a boom in business. Indeed, 88% of respondents to a Deloitte sector survey said they expected revenues to be 'significantly better' in 2022.

Emerging fintechs are also driving evolution. In 2021, global fintech investments recorded \$210 billion, and this huge rise in market disrupters is changing what was thought possible. For the insurance sector, this could mean greater accuracy and hyper personalisation, as McKinsey explains:

"Satellites, drones, and real-time data sets will give insurers unprecedented visibility into the risk around facilities, leading to greater accuracy. Claims processing after natural catastrophes will be automated, infinitely scalable, and lightning fast. The life insurance industry will bring to market "wrapped" products that seamlessly adjust coverage based on the evolving needs of their customers. These scenarios aren't science fiction. The technologies behind them already exist, and innovative offerings could become mainstream in the next decade."

Yet many financial services firms simply aren't ready to seize the opportunities that innovation brings. Only 11% of respondents to a Deloitte banking survey said their organisation has prepared core systems sufficiently to easily incorporate emerging technologies. So, although businesses have an opportunity to get to know customers better, improve their service and boost efficiencies to drive down their costs, this is only possible once they prime their operations to do so. That is why we have been

working closely with our clients to help them create a modern workplace that will enable them to bridge IT with CRM and ERP for a more seamless digital evolution.

Laying the foundations for innovation

Before financial services organisations can tap into the exciting new technologies that are expected to come to fruition in the coming years, they need to take their businesses through a foundational business transformation. This process is generally seen as expensive to carry out, but it doesn't need to be. By utilising Microsoft's cloud solutions, financial services organisations can cost-effectively implement a digital platform that ensures different tools can seamlessly work together.

In this eBook, we explore three key areas that financial services businesses should prioritise when completing their digital transformation to prepare themselves for current and future challenges.

- ✔ Managing risk
- ✔ Improving customer experiences
- ✔ Creating a modern workplace



Managing risk

At the top of the priority list for financial services organisations is navigating the everchanging risk landscape, which ranges from keeping up with new regulations to becoming more resilient to cybersecurity attacks.

Regulation changes are extensive, and many financial services firms are falling behind. For example, there has been a slow take-up in archiving to be fully compliant with GDPR and lots of companies still aren't compliant with Making Tax Digital rules. On top of this, firms with a US subsidiary need to comply with SOX Compliance, while insurance businesses need to keep up to date with Solvency 2 requirements and prepare for the IFRS 17 deadline in 2023. As well as meeting the new rules, they will also need to comply with the UK GAAP, Lloyd's and Management reporting standards.

To illustrate the magnitude of these regulatory changes, implementation of the IFRS 17 standards is expected to cost global insurers \$15 billion. Making regulatory compliance even more complex is the need to collect and use data stored across various systems. During periods of lockdown, businesses became more reliant on the cloud, yet many have been left with an on-premises legacy system that is more difficult to access. To help clients overcome this challenge, we are migrating more of their systems onto the cloud to create a joined-up database. Where a legacy system remains, we can either transfer the data across or, for a more time- and cost-effective solution, we can build a connector to extract data as and when it is needed.

Cyber and data security are also becoming increasingly challenging for financial services firms to manage. Experts estimate there will be up to one trillion connected devices by 2025, which will feed huge amounts of data to businesses – data that needs to be analysed and securely

stored. Not only that, but financial services firms must find a way to better manage cybersecurity threats. Across all industries and globally, cyber-attacks increased by 29% in the first half of 2021 compared to the same period of 2020. As the attacks become more sophisticated, businesses need more intelligent systems to detect them.

Using Microsoft to navigate risk

From working with our clients, we find that compliance functions at financial services organisations are often falling behind on digital transformation. Yet for a relatively low cost, Microsoft tools can help these teams work in a more efficient and secure way.

Microsoft Dynamics 365, which encompasses CRM, and Microsoft Dynamics 365 Business Central, which incorporates ERP tools, manage security and compliance for you. The software has tools in place to control both the entry and backing up of data. There are also risk management modules available to increase security of ERP required audits. By bringing these tools into your organisation, you can streamline data gathering processes required for reporting with the peace of mind that comes from actively secure storage.

The security of these tools does, however, rely on teams following the correct processes. That is why we offer cyber security training to ensure that our clients and their colleagues recognise risks and how to mitigate them.

"As an insurance firm, we have to sustain strict compliance policies. Microsoft Azure meets a broad set of international and industry specific compliance standards, which saves a lot of time in audits."

Ben Williams, Finance Manager at Chesterfield

Improving customer experience

Digitalisation has empowered customers. It has given them more control and autonomy over managing their finances.

Now new market entrants have disrupted the financial services sector, they have also shown customers what they can expect from their providers. We're seeing the impacts of changing customer expectations in the insurance sector, in particular.

Insurance customers are looking for digital sales journeys, more customisation and a seamless claims process. EY found that 60% of consumers prefer to contact their agents or brokers digitally. Not only do customers need the means for digital communications, but they also expect any communication to be seamless and quick.

Now used to using portals and apps to manage everything from everyday banking to investments, consumers expect to be able to do the same with their insurance products. In fact, PwC noted an 80% increase (compared to 2018 data) in people willing to switch insurance providers because of a poor user interface. It's clear that intuitive websites, portals and apps are becoming more important than other aspects of a customer-provider relationship, such as trust and a straightforward claims process. Interestingly, PwC also reports a 77% increase in people wanting to submit claims on their mobile phones, suggesting that ease is an important part of their whole product experience.

Another important point to make is that consumers are not just looking for simplicity – they also want to be in control. A Deloitte survey found that product flexibility is a top priority for customers of P&C insurance. People want to be able to adjust their product as their situation changes, and will be looking for providers that have the digital solutions to make this flexibility possible.

Insurance firms, and indeed other financial services businesses, need to continually innovate at pace with fintechs in order to retain customers in the increasingly competitive market. That means making customer experiences easier and more intuitive, and ensuring your platform has the adaptability to introduce new tools when the right ones for your customers surface.

Using Microsoft to enhance customer experience

There are lots of Microsoft tools that help businesses transform their customer experiences. Dynamics 365 gives you data on your customers, helping you tweak product and service offerings to meet their evolving preferences. Power Platform also collates data across your business and puts it into easily accessible and

digestible records, again giving you insights to make informed decisions about your customer experience.

Importantly, it usually makes sense for financial services organisations to migrate to the cloud. Once your business is set up on Microsoft's cloud, you will have straightforward access to the tools and apps within it.

Microsoft customer experience tools

Tool	Description/Functionality
Dynamics 365 for Sales	Manage your sales flow seamlessly
Dynamics 365 For Marketing	Create campaigns to engage your customers and prospects
Dynamics 365 Business Central	Manage your finance in one central location
Power Apps	Download or create apps to maximise your business needs
Power BI	Expert reports in an easy to view way
Power Automate	Automate the most repetitive tasks
Microsoft 365	Combining the power of email, chat, documentation with Outlook, Word, Excel Teams and much more
Microsoft Azure	All of the above in a secure cloud environment

Given that most financial services businesses are already using Microsoft for systems like emails and spreadsheets, it is an obvious choice for many when powering up capability. As a Microsoft Gold Partner, we at Advantage Business Systems have expertise across the different programmes and can provide up-to-date advice on the latest services available.

"Global Aerospace is a Microsoft house; we operate in a Microsoft SQL Server environment. The fact that Dynamics GP is a relational database provided good compatibility and integration capabilities with all existing processing systems. The Microsoft brand also reassured us that the solution would continue to be developed into the future which allowed us to deploy the solution globally. The Microsoft Office look and feel was familiar, increasing end-user acceptance."

Jenny Shears, Systems Accountant at Global Aerospace

Creating a modern workplace

Financial firms are currently going through a seismic shift in their ways of working. The pandemic has certainly accelerated this workplace transformation, with remote and hybrid working coming through as long-term consequences. In the insurance sub-sector, for example, only 3% of firms expect all employees to come back to the office full time.

This is especially true in London, where we find that clients want to minimise commuting time for their colleagues. The shift to hybrid working will fundamentally change how internal teams work with each other.

Another key focus for financial services firms post-pandemic is organisational agility. Indeed, as many as 87% of insurers expect to hire remote employees and gig professionals in the coming years as they prepare to become more dexterous. After a challenging few years, businesses recognise the value of being able to scale up and down staff, and change strategies, when needed.

Other workplace trends have been bubbling under the surface for some time but are now becoming more pertinent. Automation is one such theme, which will only continue to gain prevalence. According to McKinsey research, by 2030 more than half of current insurance claims activities could be replaced by automation. In our experience, we have found significant gains can be made when automating processes. To give an example, we helped a client transform a 23-week mailing process into a task that takes just one day.

Businesses will have to adjust the tasks they focus on in order to get the most value from automation tools and their in-house expertise. One result of automation is the shift to rewarding work completed rather than presenteeism, which will have a knock-on effect on the way in which people manage their time and resources.

Making change positive

While many financial services organisations have been resisting change, particularly the biggest names in the business, others are finding ways to embrace it. Digitalisation plays an important role in ensuring that employees can work in the most efficient and productive way in the new landscape, which is why HR teams are driving digital transformation in many businesses.

For example, as businesses begin to hold achievements over presenteeism in high regard, HR teams need tools that enable them to measure the value of employees' input. In addition, they are looking for tools that ensure people can collaborate and be productive no matter where they are working.

There remain obstacles to remote and hybrid working that financial services firms need to tackle. With 80 percent of insurance products, sales teams that work remotely need new and effective ways of reaching out to customers. Security is another primary concern. In 2021, there was a 93% surge in ransomware attacks as criminals sought to take advantage of weakened defences caused by remote working. With any transformation, security needs to be embedded into the tools to give a business confidence across its entire platform.

Using Microsoft to support the modern workplace

All the financial services businesses we work with were already using some Microsoft programmes, but many were missing out on the full capabilities on offer. Through Microsoft 365, employees can use Outlook, the full suite of Office programmes, Teams video conferencing and OneDrive cloud storage. Through a single subscription, all employees will have the ability to easily share files and be able to meet remotely. With everyone across the business using the same programmes, it can act as a plug-in-and-go solution with no friction between employees working remotely and in the office.

By going one step further and integrating Microsoft Dynamics 365, financial services organisations can combine cloud-based ERP, CRM and Office functions. It consolidates data on everything from sales to marketing, emails, customer experience, supply chain management to HR, helping you make more informed decisions as your business evolves. At Advantage, we advise our clients on the entire tech infrastructure to ensure the tools work in tandem and streamline internal processes.

"We'd been using Dynamics GP for several years, but we had no intention of moving away from it. We know that it's a product that's perfect for growing businesses but has the functionality and scalability to grow into an enterprise-class solution."

Dan McBride, Head of IT at Walbrook

Case Studies

Global Aerospace Underwriting Managers

As the largest aviation insurance group, Global Aerospace underwrites on behalf of a number of pool members. Its financial reporting and business processes are complex, so it needed one solution that could integrate all these functions.

We helped Global Aerospace undergo a seamless transition to a new financial accounting and ERP solution. Crucially, it is multi-currency, offered flexibility and consistency, and delivered reliable and real-time business insights. The organisation now has a group-wide business management solution, which is simplifying day-to-day processes and financial reporting.

Since our initial project with Global Aerospace, we continue to support the organisation in developing its digital capabilities. Recently, we carried out an upgrade of 50 databases simultaneously across the globe.



Chesterfield

Chesterfield, an insurance broker providing bespoke solutions, asked for our help in bringing the UK team onto the same system as the US division – Microsoft Dynamics GP. After helping the UK division to integrate the system, we then went one step further to take over the hosting of Dynamics GP in Azure.

We have since drawn on our expertise to manage Dynamics GP, Azure, Managed Services and Dynamics 365 for Chesterfield. This 360-degree support has allowed Chesterfield to become cloud-ready and migrate its key data securely. At the same time, we provide IT support to ensure the team avoids lengthy downtime and further training to upskill the workforce in utilising the new tools.

We continue to support Chesterfield to this day. With IT, ERP and CRM solutions under one roof, the business now benefits from greater email flexibility, document safety and broader communications capabilities.

Futureproof your business

For many financial services businesses, digital transformation is now more of a reactive need rather than a proactive move, but the way in which you undergo a digital transformation can still be strategic.

Instead of looking for solutions as small problems arise, which can create fractures in processes, businesses should look at the bigger picture. By creating a longer-term strategy that's aligned with your business plans, you can create a tech stack that enables you to continually adapt to industry challenges and changes.

Advantage Business Systems can help your businesses devise an effective digital transformation roadmap. Our aim is not to overload you with all of Microsoft's tools – we want to help you create a tailored solution that integrates with existing systems you already find effective. We will also ensure that security and compliance are intrinsic to your digital transformation.

