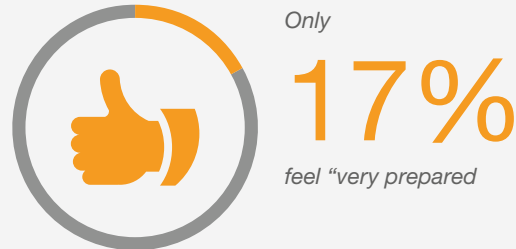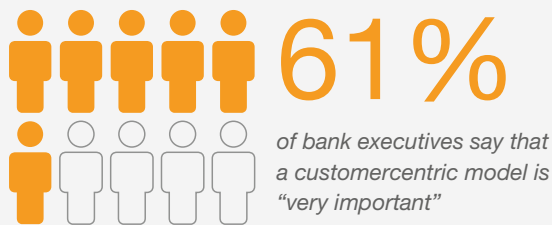# Legacy Modernization

We simplify and modernize your legacy IT landscape to increase agility and scalability

... The challenge ...

There is an urgency for the financial services industry to undergo a digital transformation, with customer needs being the driver of every decision, product, service and roll-out. Today, customers expect fit-for-purpose products, services, and exceptional ease of use from their financial services providers.

The same is reflected in PwC's report: Financial Services Technology 2020 and Beyond. Two-thirds of bank executives say that having a customer centric model is very important. Still, only a fraction of them feel very prepared for this.

61%
of bank executives say that a customercentric model is "very important"

Only
17%
feel "very prepared

Source: PwC publication – Financial Services Technology 2020 and Beyond: Embracing disruption

Clearly, IT executives are facing a significant challenge of transforming their IT into a truly customer-centric, agile and scalable cloud-based platform to ensure a very short time-to-market and global uniformity of services. However, it is their often heavily intertwined (legacy) IT landscape that proves to be a bottleneck in this journey. In addition, research underpins the claim that these same legacy issues are the cause of IT executives' headaches in terms of costs and risk, as knowledge is fading away, or gone already, and maintainability decreases.

> **Gartner predicts that "every dollar invested in digital business innovation through the end of 2020 will require enterprises to spend at least three times that to continuously modernize the legacy".**
> Source: Gartner 7 Options to Modernize Legacy Systems, June 2018

... What keeps companies from modernizing their legacy? ...

Most financial institutions are currently focusing much of their IT attention on short-term issues. Of course, this is understandable as every day, there are fires to fight, regulations to comply with, fixes to see to, fraud attempts to prevent and budgets to discuss. In order to overcome long-term challenges and realize ambitions, a well-thought out 'Master Plan' is required to solve the problems arising from the legacy IT-landscape and to prepare for the future.

Experience shows that the limited success of legacy transformation in large companies is mainly due to the following key factors:
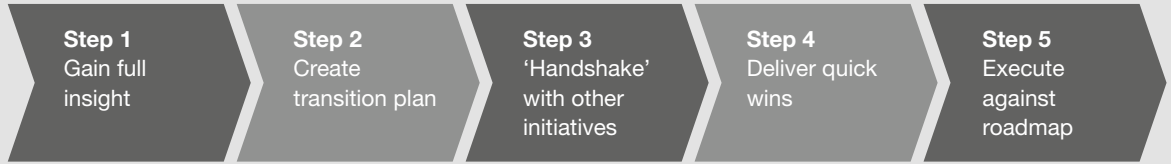- Low confidence in legacy modernization due to multiple failed initiatives in the past
- Challenges in managing and executing a Master Plan, by combining legacy modernization with other strategic roadmaps
- Understanding and managing the impact on the internal organization (finance, risk etc.), but also towards the end users (the customers)
- Limited overview and understanding of legacy functionalities combined with scarcity of knowledge of 'old' programming languages and technologies (such as mainframe with COBOL, PL1 or ALGOL)
- Limited availability of people with the right skills to manage a full-scale legacy transformation.

How can PwC help?

Our Legacy Modernization approach helps you to unravel complexity, simplify and modernize your IT landscape while managing the impact of these (internal and external) changes. We do so by applying solution patterns depending on the drivers for modernization and the (cloud-based) target stack

Our approach

The 5-step Legacy Modernization phased approach will guide you through the IT modernization in an organized way.

| Step 1 Gain full insight | Step 2 Create transition plan | Step 3 'Handshake' with other initiatives | Step 4 Deliver quick wins | Step 5 Execute against roadmap |

We start with a thorough standardized IT landscape evaluation, including maturity assessment and review of strategy and ambition. This provides insight into your IT landscape on 3 levels: Application Development Lifecycle, Applications and Technologies. By applying our solution framework, we can identify transition scenarios, and create a high-level roadmap and a business case, which we will crosscheck against other ongoing programmes. Afterwards, we will immediately deliver quick wins as this creates momentum in the organization whilst creating solutions for the remaining, more complex, dossiers. The result is a detailed roadmap to execute against. Execution will be done by an embedded team of your and our experts.

Your benefits

Deep insights
Understand exactly which functionalities are supported on your systems, how these systems are connected, and what the appropriate roadmap is to move to your target architecture

Short time to market
Benefit from a more manageable IT landscape, while building up knowledge, resulting in more capacity for delivering business changes
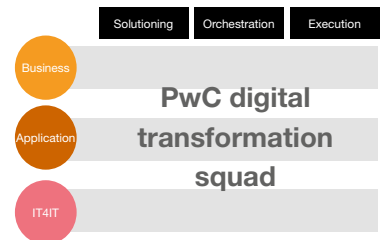
Reduced cost to serve
Legacy contracts (and licenses) are expensive and often come with a vendor lock-in. The overall maintenance and cost of change on legacy system is high due to use of older technologies. Moreover, there is a high cost to retain scarce knowledge for legacy

Reduced risk
Reduce key-man dependency with regards to knowledge and lifecycle management of applications. Operational risks caused by legacy can be mitigated

Why PwC

- We deliver through a standardized and proven approach with an experienced team
- We get the plan off paper while co-creating with your team, enhancing their capabilities along the way
- We have the digital assets as well as partnerships with a network of solution providers, which we choose objectively (vendor agnostic) ensuring you get a solution that addresses your needs
- We deliver the execution power across business, application and IT4IT competence, and have the skills to drive solutioning, accelerate decision making and execution, something that IT executives often struggle with due to the many responsibilities that they have.

| Solutioning | Orchestration | Execution |

Business
Application
IT4IT

PwC digital transformation squad

Our approach works

The Challenge

A global Dutch bank struggled with the high cost and decreasing agility of their legacy systems

How we helped

We provided insight into their IT landscape, co-created solutions for their headache applications and migrated to target

What we realized

The bank was able to migrate already 80% of their legacy applications on the mainframe by either moving functionality to an existing target, by creating a new target or by decommissioning the application. The work is still ongoing to get to 100% shortly.

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