



10 steps to a smooth digital process transformation

The financial industry has been increasingly focused on migrating data from disparate systems into combined universal environments. This has had a tremendous impact on daily workflows and is revolutionizing financial services.

While this migration will continue to have major benefits for both efficiency and accountholder experiences, it can be challenging. If not done properly, it can create unintended circumstances for your employees and accountholders.

This summary explores 10 essential steps to ensuring a harmonious path to digital transformation within your financial institution. Whether you're working with third-party vendors or developing systems internally, these steps will serve as a roadmap to your end goal of integrated workflows, top-notch accountholder experiences, and efficient data usage.



Your 10 Steps to Digital Transformation Success

1. An Honest Evaluation of Current Systems
2. Establish Open Lines of Communication
3. Begin with the End in Mind
4. Do the Numbers
5. Break It Down (to Build It Up)
6. Vendor Selection and Management
7. Establishing a Firm Timeline
8. Training Champions
9. Go Live – Your New Journey Begins
10. Post-implementation Reviews and Evolving Technology

step 1: an honest evaluation of current systems

Before you can determine which path your organization is going to take, you must first spend time discovering which processes and systems are holding you back. Are current systems costing too much money or diminishing service delivery?

One example is the loan origination process. Many financial institutions have replaced manual processes with more automated origination systems for both consumer and commercial loans. For the most part, their goal was to increase internal efficiency and ensure better access to data for managing portfolio risk. In the process, many also found that the new systems could ease internal workflows, reduce confusion in the lending process, and improve loan yields.

Within this step, your management team must be willing to take an honest look at current processes. The digital evolution in financial services has changed the way many institutions receive data as well as how they treat, store, and display that data.

Chances are high your institution could make significant gains in efficiency by exploring these digital technologies. On average, in-branch account opening transactions cost your institution \$4 each, whereas online and mobile banking transactions cost \$0.09 and \$0.19 per transaction.¹ Beyond cost efficiency though, many institutions have deployed new systems to reduce friction in the application process, speeding up time to money by shortening underwriting and production time, thereby enhancing applicant experiences.

Regardless of the type of system you're looking to transform, this first step provides you with a solid foundation on which to make key decisions regarding the scope of your project, and whether to build or buy any necessary solutions. If you attempt to jump into a new system without completing this step, the project will be in jeopardy from the start. You must identify where you are before you can decide where you are going.

step 2: establish open lines of communication

In any organization, change is often viewed as a disruptive force. When preparing for change, you need to consider the impact it will have on your employees as well as your accountholders. It's critical to acknowledge any fears by including them in every phase of the project.

Perhaps the worst action you can take is to execute change without including the employees who will be impacted. Involve them in all 10 steps, from fact-finding and identification onward.

True leadership involves encouraging others to take ownership of the solution. It is the process of showing the path for others to follow rather than driving them down a path they fail to understand.

Managing change of any kind in an organization requires teamwork and buy-in. It calls for key employees to become change champions, helping to light the way for others to follow.

step 3: begin with the end in mind

The late Stephen Covey stated, "To begin with the end in mind means to start with a clear understanding of your destination. It means to know where you're going so that you better understand where you are now and so that the steps you take are always in the right direction." For this reason, step one was critical to the process. When charting any course, you need to establish both a point of entry and a desired ending.

Having moved through steps one and two, step three is where you initiate one of the most critical assessments in any migration project. You begin to envision the both the accountholder's journey and your employees' journey through the new process. In this way, you begin to define what success feels like for both parties. Visualize the results you expect and the benefits they will bring to your organization. By maintaining a clear vision of your outcome, you will help to ensure your project stays on track.



Visualize the results you expect and the benefits they will bring to your organization.

Let's take account origination as an example. To envision the process means to break it down to its smallest levels.

- What do the workflows look and feel like to your employees and applicants?
- How is a request initiated?
- How do you receive financial information?
- Who touches it once it is in your institution?
- What are the potential outcomes, and how do you move the application to its final resolution?

All of these questions and more should be detailed, so you can find points of inefficiency and create a better experience.

step 4: do the numbers

Now that you understand what you need to create an optimal experience for your applicants and employees, it's time to get down to the numbers. You might have the greatest vision in the world, but if you can't afford it or it doesn't make economic sense for your organization, it may need to be scaled back. A project of any significance typically involves a financial commitment. To satisfy your board members, you will need to justify the use of those resources.

When you are lending money to businesses in your community, for example, you often expect to see a business plan, including financial forecasts, financing needs, and more. You should require no less from your team when planning for investment in new systems. Seek to understand the financial commitment over time, the cashflows associated with that commitment, and the return on investment as you move toward completion.

At this point, if you are anticipating that your project will involve a third-party vendor, they should be included in the cost justification process. If a vendor can't explain their numbers in the form of ROI to your organization, don't do business with that vendor. They have not done their homework. If they don't know what impact their solution could have on your organization, how are they supposed to bring value to your team?



Seek to understand the new system's financial commitment, and its potential return on investment.

step 5: break it down (to build it up)

In step one, your team identified a process that required a new path. Now it's time to break that process down into its own incremental steps: Evaluate its strengths and weaknesses. Determine where improvements can be made. And decide how it can best benefit from digital technology.

Step five is really the culmination of steps one and three. After studying your current processes (your beginning point) and your desired outcomes (your end point), the path almost begins to define itself.

step 6: vendor selection and management

The number one word of advice when selecting a vendor is to use the team approach. Just as with the project, vendor selection should involve open and honest communication regarding vendor strengths and weaknesses as perceived by your selection team. Vendor due diligence has taken center stage due to the sheer number of emerging technologies in the financial industry. For this reason, you will find a lot of resources to help plan the vendor selection process. Many banks and credit unions have been down this path before. Don't hesitate to learn from their experiences.

Keep in mind these factors:

- **Vendor reputation and experience:** Evaluating vendor experience, industry reputation, and client references ensures a reliable partnership and long-term success.
- **Commitment to innovation:** Insight into the vendor's product roadmap and commitment to ongoing innovation are vital for staying ahead of market trends and regulatory requirements.



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A strong vendor realizes that they are a member of your team. They foster communication. They help you identify every step toward success and the actions your employees will need to take to get there.

step 7: establishing a firm timeline

Timelines are critical to set expectations for everyone in your organization, from board members to key employees and even accountholders. They help you break a very large project into more manageable pieces. More importantly, they help you know whether you are on track.

These help in the goal-setting process by providing you with mile markers along the way. More importantly, development tools can help you to overlay concurrent steps in the process. This is critical to team communication. Rare is the project where you're only doing one thing at a time.

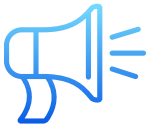
This is another area where vendors should be able to guide your team. A strong vendor realizes that they are a member of your team. They foster communication. They help you identify every step toward success and the actions your employees will need to take to get there. They then overlay those steps against their own, allowing them to formalize a final plan for complete implementation.

step 8: training champions

As you may have guessed by now, all steps are related. Through open and active communication, you have created [champions for your cause](#). You have nurtured relationships and now have people inside and outside (vendors and accountholders) your organization who also see the vision, and they believe in it.

Before you can move to final deployment, you must train all employees that will be impacted by the new systems. This is why having change champions is so important. They help create enthusiasm for the new initiative, which is necessary for final success. Most importantly, don't skimp on training.

The best systems in the world mean nothing if no one knows how to use them and why they are beneficial to your organization. Training should be comprehensive. It should show the trainees not only what they need to do to be successful, but why their



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actions have an impact. It should convert team members into champions. At that point, their enthusiasm will feed out into your accountholder base.

step 9: go live – your new journey begins

This step involves the [actual deployment](#) of your new solution, including both systems and processes. Communication is critical at this point. This step is the culmination of months or years of preparation and will be your moment of truth.

If you took any shortcuts, this is where you will have to live with the consequences. Let's say you failed to include a team whose daily workflows are impacted by your new solution. Time to backtrack. You cannot have long-term success without their buy-in and cooperation.

But let's assume you did not take shortcuts and now your vision is being realized. Take this time to celebrate the success of your team. Make special efforts to relay new processes to your accountholders. Communicate why you embarked on this journey to begin with, and how it will impact their daily lives.

Once you are done, it's time to move on to the final step.

step 10: post-implementation reviews and the role of evolving technology

Here is the most important rule of technology deployment. Never, ever, ever set your new system in concrete – these steps are never “permanently” completed. We're living in an evolutionary environment, where convenience and accessibility have become paramount. Just as ride-sharing apps transformed transportation and food delivery services changed how we dine, the digital channel is reshaping how consumers and businesses access financial services.

With the speed of technology and product enhancements today, no product is ever fully optimized – you can *a/ways* find ways to make it better and more valuable to users. Because nothing ever stays the same for long, especially in financial services.

sources

1. PWC, *Bank to the future: Finding the right path to digital transformation*, accessed September 2024.

limitless possibilities

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For more information about Jack Henry, visit jackhenry.com.