



From Strategy to Execution

A Transformational Roadmap for Financial Services

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Introduction

The Road to Transformation

Why Traditional Paths to Transformation Are Not Enough

Digital transformation isn't a new concept — after all, the term was first coined over a decade ago in 2012. Despite the fact that digital transformation is an established discipline, a surprising number of transformations fail to meet their mark: [Various reports](#) place the total percentage of failed transformations between 70% and 95%. And many transformation projects that do make it near or over the finish line fail to deliver their anticipated return on investment.

79% of financial services organizations have at least 60% of their employees working from home.



Financial services organizations are no exception: According to a [research report from Forbes](#), among the banks and credit unions that are at or over three-quarters of the way through their transformation, only half have seen significant improvements in loan productivity. Of those institutions, only 28% report significant reductions in their operational expense structure, and less than 20% have generated significant increases in payments revenue and non-interest income.

The problem is two-fold: First, many organizations fail to envision their desired future state. Although they have a general idea of what they hope to achieve with each project, there's no [unifying vision](#) to anchor those goals and objectives. Think of it this way: It's difficult to plot a journey without a clear destination in mind. The end result is technical debt — a growing number of poorly integrated systems and data and departmental silos that ultimately run counter to business objectives.

Even if an organization successfully envisions its desired future state, there's a second issue to contend with: organization-wide adoption. Employees at all levels and across all departments are notoriously resistant to change — so much so that there have been [psychological studies conducted on that very subject](#). And when employees are resistant to change, they're less likely to use new systems, follow new processes, and adapt to new ways of thinking, all of which are essential for true digital transformation.

But we can't pin it all on employees. Oftentimes, this resistance to change stems from a lack of sponsorship, poor communication, and ineffective leadership, all of which can leave employees feeling unsupported at best and disrespected at worst — not exactly ideal conditions for transformation. That's why, in addition to having a clear endgame for any digital initiative, it's imperative that financial services organizations also invest heavily in [organizational change enablement](#).

These are just a few of the topics we'll cover in this eBook as we attempt to arm financial services organizations with the understanding and acumen they need to create a roadmap for the future and to successfully transform their businesses.

Major Roadblocks to Overcome

What Organizations Need to Watch for on Their Transformation Journey

No one ever said transformation would be easy — here are just some of the challenges financial services organizations can anticipate when embarking on digital initiatives:

- **Lack of Standardization:** The technology landscape has evolved organically, rather than by design. For many organizations, the breakneck pace of change over the past several years has led to a vast array of legacy applications and ad-hoc cloud deployments (there's that technical debt we referenced earlier).

And with no standardized systems, there can be no standardized processes: Operations may be managed using spreadsheets, paper-based processes, proprietary web applications, clouds apps, or all the above. This creates inconsistencies and prevents decision-makers from gaining visibility into business-critical data.

- **Limited Integration:** With a growing number of systems comes an even greater need for integration. This can quickly become a problem for financial services organizations if proprietary integrations are not readily available, if they have legacy systems that are incompatible with modern technology, or, worst of all, they rely on spreadsheet- and paper-based "solutions" to manage essential business processes. Without integrations in place, organizations run the risk of disparate (and often duplicate) data, which impedes visibility, data accuracy, and analytics efforts.
- **Cybersecurity Threats:** As a prime target for cyberattacks — the likes of which can compromise customers' financial data and irreparably damage an organization's reputation — organizations have a duty to ensure that they have the proper cybersecurity measures in place before adopting new digital tools and services.

- **Regulatory Compliance:** From FISMA and GLBA to Dodd-Frank and SOX, the financial services industry is heavily regulated, with many laws and regulations carrying severe penalties for non-compliance. Adopting new tools and technologies can lead to compliance concerns, which is why it's imperative that organizations involve their compliance team in the decision-making process before kickstarting digital initiatives.

The demand for qualified IT talent is expected to outstrip available supply until at least 2026.



- **Lack of Expertise:** Implementing the tools and technologies to drive digital transformation requires specialized skills in areas such as data analytics, artificial intelligence, and cybersecurity — skills that in-house IT teams may lack. And hiring tech talent to cover those skills gaps is easier said than done: Despite recent tech industry layoffs, demand for qualified talent still outstrips available supply and, if [Gartner's](#) anything to go by, will continue to do so until at least 2026.
- **Customer Adoption:** Employee adoption of new systems, services, and processes is only half the battle — financial services organizations need to consider customer adoption, too. Although customers certainly benefit from digital transformation, it can be challenging for organizations to help them see the light of new technologies, which is why strong customer education and communication is key.
- **Data Management:** It's imperative that financial services organizations have access to high-quality, accurate, and consistent data to make informed decisions — but managing large volumes of data from various sources and maintaining its integrity is often easier said than done. Organizations should look to modernize their data infrastructure, not only so they can store larger volumes of data, but also so they can access the latest analytics, processing, and reporting capabilities.
- **Legacy Systems:** Many financial institutions continue to operate on outdated IT systems and infrastructure that cannot easily support new digital technologies. Upgrading or replacing these systems can be expensive and time-consuming, posing a significant barrier to digital transformation.



Prioritization for Financial Transformation

Establish the “Why,” “What” & “How” for Your Digital Initiative

Behind every digital initiative, there needs to be a clear “why,” “what,” and “how”:

- **Why** this project?
- **Why** now?
- **What** are we aiming to achieve?
- **How** do we intend to achieve it?
- **How** will this project bring us closer to our desired future state?

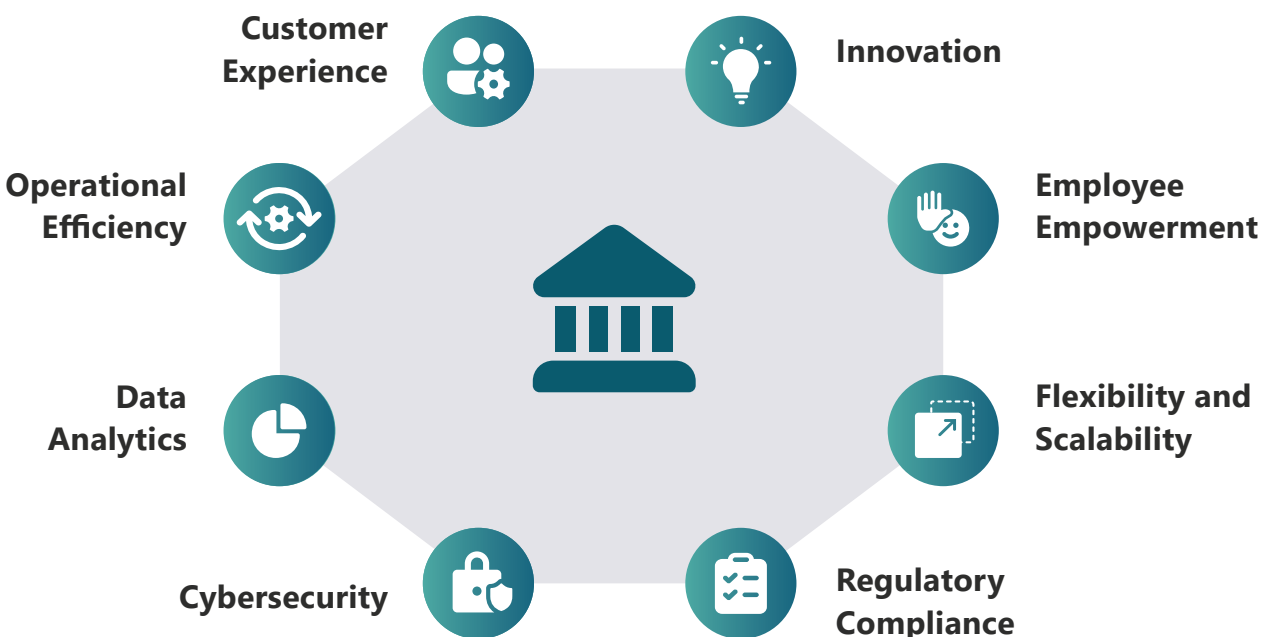
Asking these questions not only clarifies the vision for the project, but also helps change leaders set clear priorities and develop a strategic roadmap accordingly. Though the priorities for digital transformation in the financial services industry will vary depending on the specific needs and objectives of each organization, common priorities include:

- **Customer Experience:** One of the most common priorities for digital transformation in the financial services industry, organizations can optimize the customer experience by developing user-friendly mobile applications, implementing virtual assistants, and utilizing other digital tools to provide a seamless, personalized experience.
- **Operational Efficiency:** Digital initiatives have the power to enhance operational efficiency by automating manual processes, eliminating unnecessary paperwork, streamlining workflows, and improving upon existing digital processes. In doing so, organizations can free up their employees to focus on value-adding activities, such as client engagement and risk management.
- **Data Analytics:** Another top priority for organizations everywhere, data analytics enables financial service organizations to gain valuable insights into customer behavior, market trends, risk exposure, and more. Armed with this information, organizations can engage in more strategic decision-making, develop more targeted products and services, and better protect themselves against risk.
- **Cybersecurity:** Speaking of risk, cybersecurity is another leading priority, with digital solutions enabling organizations to implement robust cybersecurity measures in order to protect customer data, fight fraud, and ward off cyberattacks.
- **Regulatory Compliance:** As noted, financial services organizations are subject to a wide range of laws and regulations that can have a direct impact on digital initiatives. It's imperative that organizations design digital tools and services with compliance in mind to avoid fines and reputational damage — and there are even digital solutions that can actively support organizations in their compliance initiatives.
- **Flexibility and Scalability:** Financial services organizations require the flexibility and agility to quickly adapt to changes in the marketplace and navigate complexity and scalability to sustainably support growth and demand. Digital transformation can help these companies ensure that their teams have access to the data and tools they need — no matter where they're located — and eliminate operational bottlenecks to ensure consistent delivery of IT services.

79% of financial services organizations have at least 60% of their employees working from home.



- **Employee Empowerment:** The modern workplace is digital. Research shows that [79% of financial services organizations](#) have at least 60% of their employees working from home. To support the continued push toward remote and hybrid work, financial services organizations need to replace static environments with agile, online workspaces and to design easy-to-use applications that enable business users to do their jobs more effectively and deliver high-value service across all channels.
- **Innovation:** Financial services organizations need to evolve at a breakneck pace in order to stay ahead of the curve and remain competitive. Digital transformation can help them achieve this by enabling them to explore emerging technologies, such as blockchain and artificial intelligence, and experiment with new business models and revenue streams.





Do More with Your Data

Creating a Roadmap for Data Estate Modernization

Outdated, legacy systems are often the impetus for digital transformation initiatives within the financial services sector, with many organizations seeking a home for the massive quantities of structured and unstructured data at their disposal. In order to leverage this data as a strategic asset, financial services organizations must first modernize their data estate. For this reason, data estate modernization is one of the most common forms of digital transformation.

Much like individual project priorities, each organization's path to a modernized data estate will look different depending on its needs, business objectives, and desired future state. With that said, these technical components are a common in feature in most modernization roadmaps:

- **Data Storage and Architecture:** Financial services organizations need to develop a robust data storage and architecture solution capable of handling large volumes of structure and unstructured data to support modern data management. This type of architecture includes technologies such as data lakes, data warehouses, and distributed databases, all to support real-time processing and analytics.
- **Data Lineage and Metadata Management:** Tracking the origin, movement, and transformation of data throughout its lifecycle is critical to traceability and integrity. In order to capture and maintain detailed information about data assets, such as data definitions, relationships, and usage, organizations need metadata management capabilities.
- **Data Quality:** For data estate modernization to be successful, data must be accurate, consistent, and up to date. To meet data quality standards, financial services organizations should establish strong data quality policies, leverage data profiling tools, and implement data validation processes.
- **Data Migration:** When modernizing, it's essential to develop a roadmap for migrating data from legacy systems to new, modernized platforms, ensuring that it remains accurate, consistent, and accessible at every stage of the transition process.
- **Data Integration:** Most organizations have data spread across multiple systems and platforms, which creates data silos, increases the risk of inaccurate or duplicate data, and hinders data analysis. By leveraging data integration tools, organizations can streamline the flow of data between systems and ensure that data is consistent across the organization.
- **Data Governance:** Financial services organizations require a strong data governance framework to manage data effectively. To establish such a framework, they must define data ownership, implement controls to ensure data integrity, and develop policies for managing, storing, accessing, and securing data.
- **Data Security and Privacy:** Financial institutions handle sensitive data on a daily basis and require robust security measures to protect that data from unauthorized access, breaches, and theft. These security measures include encryption, access control, and monitoring — all of which not only help keep data safe, but also promote compliance with data protection regulations such as the General Data Protection Regulation and the California Consumer Privacy Act.

- **Cloud Computing:** Cloud computing offers the agility and scalability financial services organizations need to not only support data estate modernization, but also to adapt to changes in the marketplace and achieve sustainable growth. As a result, migrating data and applications from on-premises environments into the cloud, leveraging cloud-based data management tools, and adopting cloud-based analytics platforms are all common elements of a successful digital transformation roadmap.
- **Real-time Data Processing:** Before they can analyze data, financial institutions need to process it. To that end, organizations should look to implement technologies and adopt strategies that enable them to process data in real time, allowing for faster decision-making and more agile responses to market trends and customer needs.
- **Data Analytics:** Data is an incredibly valuable asset capable of yielding insights about customer behavior, market trends, risk exposure, fraudulent activity, operational efficiency, competitive intelligence, and more. To access these insights, financial services organizations should look to implement analytics platforms to make sense of both structured and unstructured data, and visualization tools to contextualize findings.
- **Data Visualization and Reporting:** Analytics is only the beginning. Organizations also need to adopt tools and techniques that enable them to present data insights in a visually compelling and easily understandable format, thereby enabling stakeholders to make data-driven decisions.
- **Data Democratization:** Financial institutions need to provide non-technical users across the organization with self-service analytics tools and promote data literacy, thereby empowering them to access, analyze, and utilize data on their own to make informed decisions.
- **Artificial Intelligence:** AI and its various offshoots — including machine learning — have been top of mind for financial services organizations over the past few years, with new use cases emerging every day. Institutions that adopt these technologies have the opportunity to automate routine tasks, such as data processing and analysis, and to engage in more strategic decision-making through the use of algorithms and machine learning models.



Effectively Managing Organizational Change

Creating a Plan to Drive Organization-Wide Adoption

While technology holds limitless potential for financial services organizations, meaningful and lasting transformation is entirely dependent upon organization-wide adoption — that is, on employees and customers actually using the solutions they have worked so hard to implement.

As noted, people tend to be fairly set in their ways and, therefore, resistant to change. But with the right approach, organizations can convert them to new ways of thinking and doing. First, they should be aware of common obstacles to overcome — here are some of the usual suspects:



- **Lack of Understanding:** When it comes to change, understanding is half the battle. It isn't enough to make employees or customers aware of the change; organizations must help them see the necessity of it and explain what they stand to gain from it. By proactively communicating, the organization stands a better chance of securing buy-in from the jump.
- **Lack of Training and Support:** Even if end users understand the need for change, they may not know how to use the tools and services that accompany it. If organizations do not provide the appropriate training and support for new solutions, adoption is likely to fall far short of expectations. Providing end users with adequate support resources not only increases their chances of actually using new systems, but it also reduces the likelihood that they'll find those systems too difficult to use.
- **Lack of Strategy:** Digital initiatives generally consist of multiple projects, each of which come with their own set of goals, requirements, and challenges. Each of these projects should work toward a common goal — more accurately, a desired future state — and, when taken as a whole, should serve as the strategic roadmap for transformation. Without this roadmap, end users lack a clear understanding of where their organization has been or where it's headed next in its transformation journey.
- **Lack of Accountability:** For changes to back-end systems and processes to stick, employees must be held accountable and hold each other accountable. Financial services organizations can reduce the risk of employees reverting to old tools and processes by encouraging them to provide support to one another and by selecting change leaders from well-liked and well-respected members of teams.
- **Lack of Leadership:** Employees understandably look to their managers and company leadership to set the tone for change, so it's imperative for organizations to secure full stakeholder buy-in from the outset. Change leaders should not only endorse digital initiatives but convey confidence about their potential.

When preparing for digital transformation, financial services organizations should take care to develop organizational change enablement strategies that account for these and other roadblocks. One of the most popular change management models, [Prosci ADKAR](#), emphasizes that organizations need to achieve the following five outcomes for change to be successful:

A — Awareness of the need for change

D — Desire to participate and support the change

K — Knowledge on how to change

A — Ability to implement desired skills and behaviors

R — Reinforcement to sustain the change



According to the ADKAR Model, any digital transformation initiative in the financial services industry should follow a few basic steps:

- 1 Engage:** Engage with end users — either employees or customers — to learn what their needs are, what pain points they experience, and what might make their experience better. With employees, organizations should take this exercise an extra step by asking them about cultural and organizational attributes of the company, and where there's room for improvement. By engaging with end users, financial services organizations are better equipped to identify project goals and priorities and to anticipate potential challenges.
- 2 Understand:** Once a company has engaged with end users and established a need for change, the next step is to determine what change needs to take place and to envision a desired future state. To accomplish this, change leaders should ask questions such as:
 - Where do we want to go as a company?
 - What are our short- and long-term objectives?
 - How do we measure success?
 - What does the current process look like, and how can it be improved?
 - What is an ideal scenario for best serving our customers?

- 3 **Confirm:** With a clear understanding of their goals in mind, financial services organizations should prototype potential solutions to gauge the viability of change and secure stakeholder buy-in before making a capital investment. An experienced change advisor is essential at this stage of the process can help organizations visualize what's really possible using new technology.
- 4 **Implement:** This is the step of the process in which the change actually takes place, typically in the form of a new solution or process being implemented.
- 5 **Train:** Another fairly straightforward step in the process, this is where financial services organizations need to heavily invest in end user support and training. For customer-facing solutions, this might look like live support, video tutorials, knowledge bases, virtual assistants, and other self-service tools. For backend solutions, this might look like one-on-one or group training sessions, workshops, self-guided curriculum, and Q&A sessions with change leaders. To ensure that training really sticks, organizations should reinforce it at every opportunity by offering ongoing support and regular retraining.
- 6 **Measure:** The only way to gauge the success of any digital initiative is to measure its organizational, individual, and change management performance. For organizational performance, this may take the form of performance improvements, KPIs, ROI, and speed of project execution. For individual performance, it might look like total adoption, usage reports, compliance reports, and employee surveys. Finally, for change management performance, this might take the form of training session attendance, plan adherence, and business and change readiness.
- 7 **Support:** Go-live is rarely, if ever, the end of the road for any transformation project. In order to see real results, financial services organizations must provide continued support well after systems are live, and continuously reevaluate the success and trajectory of every digital initiative.



Major Technological Solutions to Consider

Discover the Power of the Microsoft Platform

Is your financial services organization looking to embark on its own transformation journey? Here are just a few of the Microsoft technologies that can help you modernize your data estate and innovate for the future:

Microsoft Fabric

[Microsoft Fabric](#) is an end-to-end analytics platform that combines the capabilities of Azure Data Factory, Azure Synapse Analytics, and Power BI into a single, unified software-as-a-service solution. Fabric takes a holistic approach to analytics and features seven core workloads that cater to the needs of data professionals. It also integrates with everyday Microsoft 365 applications and introduces OneLake, a multi-cloud cloud data lake. OneLake supports open data formats, enabling users to share data without duplication, and integrates with Azure Data Lake Storage Gen2.

Microsoft Fabric stands out by leveraging Azure OpenAI Service, providing a conversational AI assistant, Copilot, for generating data insights. Moreover, it offers a cost-effective solution by provisioning a single pool of computing power for all its workloads, allowing for the efficient utilization of unused compute resources. With its comprehensive features, Microsoft Fabric aims to empower businesses to unlock the potential of their data, streamline analytics, and foster a data-driven culture.

Microsoft Azure

Microsoft's cloud computing platform, [Azure](#), offers a range of services and tools that organizations can use to manage data and applications in the cloud and includes key features such as scalable data storage, real-time data analytics, and AI and machine learning tools.

Azure OpenAI Service

Microsoft Azure and OpenAI have partnered to provide developers and organizations with access to [cutting-edge AI capabilities](#) using the OpenAI GPT model. This partnership enables organizations to build applications that leverage GPT's natural language processing capabilities to solve complex tasks such as language translation, content summarization, and code completion.

By integrating GPT into the Azure ecosystem, developers now have seamless access to OpenAI's advanced AI models through the Azure AI platform, ensuring a highly scalable, secure, and accessible environment for AI-driven applications. Ultimately, this collaboration between Microsoft and OpenAI will empower organizations to harness the power of AI for innovation and accelerated growth, fostering a more intelligent and efficient digital landscape.

Azure Synapse Analytics

An integrated analytics service from Microsoft, [Synapse](#) brings together big data and data warehousing to provide users with a single, unified experience for ingesting, preparing, managing, and serving data for business intelligence and machine learning. With Synapse, users can query both relational and non-relational data at scale using either serverless or provisioned resources, while also benefitting from Azure Machine Learning and Power BI integrations.

Synapse is also deeply integrated with Apache Spark, offering enhanced data processing and advanced analytics, and supports real-time data streaming and integration with various sources. Synapse Analytics aims to empower organizations to build modern data ecosystems that accelerate time to insights and drive more informed decision-making.

Microsoft Purview

Part of Azure, [Microsoft Purview](#) is a data governance solution that provides financial services organizations with a unified and holistic view of all data across their data estates and provides automatic classification of sensitive data for enhanced security. Users can easily scan and catalog data from various on-prem, cloud, and SaaS sources, including databases, files, and data lakes, and set up individual policies for data usage and protection. Purview also includes a glossary feature to help users establish a common understanding of business terms and their definitions.

With Purview, organizations can gain a comprehensive understanding of the lineage and governance of data, including how it is transformed and moves throughout the organization — a must for compliance management. Best of all, Purview natively integrates with other Microsoft services, including Azure Data Factory, Power BI, and Azure Synapse Analytics, and with third-party data governance solutions, providing financial services organizations with a seamless end-to-end experience.

Power Platform

The [Power Platform](#) is a suite of low-code and no-code business application development tools that enable financial services organizations to quickly build custom business applications and automate workflows. Power Platform consists of three main components:

-  **Power Apps:** A low-code/no-code development platform for building custom business applications — without the need for traditional programming skills.
-  **Power Bi:** A business analytics service that provides companies with interactive visualizations and business intelligence capabilities, which they can use to connect to different data sources, generate custom reports and dashboards, and share insights in real time.
-  **Power Automate:** A workflow automation tool that enables organizations to build custom workflows and automate business processes across multiple systems and applications using a library of prebuilt connectors.

Microsoft Dynamics 365

[Dynamics 365](#) (D365), a cloud-based solution that unifies customer relationship management and enterprise resource planning capabilities into applications, makes real-time data accessible to the broadest possible audience and empowers data-driven decision-making across the organization. With D365, organizations can break down data

and departmental silos and provide their teams with the information they need to quickly adapt and innovate. D365 also offers a wide range of modules — including [Finance](#), [Customer Service](#), [Sales](#), [Marketing](#), and more — to support the full spectrum of business needs.

Microsoft Viva Sales

Microsoft Viva Sales streamlines sales workflows by integrating with businesses' customer relationship management (CRM) systems and Microsoft 365. Viva Sales delivers real-time business data and leverages generative AI to enhance collaboration and empower sales teams to focus on building customer relationships and closing deals. Microsoft's unique partnership with Seismic further enriches Viva Sales' capabilities by using AI-powered insights to recommend tools and resources to streamline the sales process.

Viva Sales supports various CRM systems, including D365 and Salesforce CRM, and reduces manual data entry by integrating CRMs with Outlook and Teams. The solution also offers AI-augmented customer interaction features, such as sentiment analysis, to help sales teams access strategic insights on deal wins and losses, gain a comprehensive view of sales activity, and enhance decision-making.

Microsoft 365 Copilot

[Microsoft 365 Copilot](#) is a transformative productivity tool that integrates large language models with Microsoft Graph, a hub that contains users' calendars, emails, chats, documents, and other data. Copilot integrates directly with Microsoft 365 applications, including:

-  **Word** to assist with writing, editing, and summarizing documents
-  **Excel** for data analysis
-  **PowerPoint** to build compelling presentations
-  **Outlook** for efficient email management
-  **Teams** for better meeting organization and discussion management; Copilot also introduces a new Business Chat feature to Teams, which provides users with natural language prompts for many tasks and lets users synthesize data from multiple

Copilot's capabilities also extend to Microsoft Viva, enriching workplace conversations and community engagement.



Conclusion

Design Your Roadmap for the Future

How Hitachi Solutions Drives Successful Business Outcomes

Over a decade of experience [working with financial services organizations](#), numerous [awards and recognitions](#) from Microsoft, [extensive technical expertise](#), [multiple Microsoft Specializations](#), and a dedicated [Change Advisory team](#) — these are just a few of the qualities that make Hitachi Solutions the ideal partner for your next digital initiative.

We'll help you reach your desired future state and achieve long-term, lasting transformation by developing a roadmap tailor-made to your organization's unique goals and objectives.

From workshops and design sprints to solution implementations and advisory services, Hitachi Solutions has everything your organization needs to go further, faster.

Contact Us Today to Get Started

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